NEW ISSUE - BOOK-ENTRY ONLY

RATING:
S&P: "AA"
(See "RATING" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

$8,780,000
FOLSOM PUBLIC FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS
SERIES 2019

Dated: Date of Delivery **Due: December 1, as set forth below**

The Folsom Public Financing Authority Water Revenue Refunding Bonds, Series 2019 (the "Bonds") are being issued by the Folsom Public Financing Authority (the "Authority") pursuant to the provisions of a 2019 Indenture (the "Indenture"), by and between the Authority and MUFG Union Bank, N.A., as trustee, (the "Trustee"). The Bonds are being issued (i) to pay the principal of and interest on the Authority's Water Revenue Refunding Bonds, Series 2009 (the "2009 Bonds") due on December 1, 2019 and refund the 2009 Bonds maturing after December 1, 2019 on a current basis and (ii) to pay certain costs of issuance of the Bonds.

The Bonds are limited obligations of the Authority payable solely from installment payments (the "2019 Installment Payments") to be made by the City of Folsom (the "City") under the 2019 Installment Purchase Contract (the "Contract"), by and between the Authority and the City, and certain amounts held under the Indenture. As security for the payment of the installment payments, the City has pledged a portion of the revenues of its Water System (defined in the Contract). The obligation of the City to make the 2019 Installment Payments is a special obligation of the City payable primarily from Net Revenues (defined herein) of the City's Water System and certain funds and accounts created under the Contract. The City has covenanted in the Contract that it will not issue any additional bonds, notes or other obligations that are secured by a pledge and lien on Net Revenues that is senior to the pledge and lien on Net Revenues contained in the Contract. However, under the Contract, the Bonds will be payable from the Net Revenues on a parity with the payment of the 2013 Bonds (defined herein) and any other Parity Obligations (defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Bonds will be delivered in the form of fully registered Bonds, without coupons, in denominations of five thousand dollars ($5,000) or any integral multiple thereof. The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds will not receive certificates representing their beneficial ownership in the Bonds but will receive credit balances on the books of their respective nominees. The principal of and interest on the Bonds are payable by the Trustee to Cede & Co., and such principal and interest payments, and premium, if any, are to be disbursed to the beneficial owners of the Bonds through their nominees. See APPENDIX C – "BOOK-ENTRY ONLY SYSTEM."

Interest on the Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2019. Payments of principal of and interest on the Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn remit such principal and interest to DTC Participants for subsequent distribution to the beneficial owners of the Bonds. So long as the Bonds are registered in the name of Cede & Co., all payments with respect to the Bonds will be made to DTC.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM 2019 INSTALLMENT PAYMENTS MADE BY THE CITY AND CERTAIN MONEYS HELD UNDER THE INDENTURE. THE BONDS DO NOT REPRESENT OR CONSTITUTE A DEBT OF THE CITY, THE STATE OF CALIFORNIA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF, AND SHALL BE PAYABLE SOLELY FROM THE REVENUES PLEDGED THEREFOR. THE OBLIGATION OF THE CITY TO MAKE 2019 INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION PAYABLE SOLELY FROM THE NET REVENUES OF THE WATER SYSTEM AND CERTAIN OTHER FUNDS AS PROVIDED IN THE CONTRACT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE AUTHORITY, THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE BONDS.

This cover page contains certain information for general reference only; it is not a summary of this financing. Prospective investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds will be offered when, as and if issued by the Authority and received by the initial purchasers, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its counsel and by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the City. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York, on or about October 17, 2019.

THE BONDS WERE SOLD AT COMPETITIVE BID ON SEPTEMBER 24, 2019.
INITIAL REOFFERING PRICES AND YIELDS HAVE BEEN SET BY THE INITIAL PURCHASER

Date: September 24, 2019

$8,780,000
FOLSOM PUBLIC FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS
SERIES 2019

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIPS

Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP Number† (Base: 34439N)
2019	$ 855,000	4.00%	1.10%	CK3
2020	750,000	4.00	1.15	CL1
2021	780,000	4.00	1.16	CM9
2022	810,000	4.00	1.17	CN7
2023	840,000	4.00	1.18	CP2
2024	880,000	4.00	1.19	CQ0
2025	910,000	4.00	1.20	CR8
2026	945,000	4.00	1.21	CS6
2027	985,000	4.00	1.24	CT4
2028	1,025,000	4.00	1.29	CU1

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. The Authority and the City take no responsibility for the accuracy of such numbers.

FOLSOM PUBLIC FINANCING AUTHORITY

AUTHORITY GOVERNING BOARD AND CITY COUNCIL

Kerri Howell, *Chair* and *Mayor*
Sara Aquino, *Vice Chair* and *Vice Mayor*
Roger Gaylord III, *Member* and *Council Member*
Mike Kozlowski, *Member* and *Council Member*
Ernie Sheldon, *Member* and *Council Member*

CITY STAFF

Elaine Andersen, *City Manager*
Stacey Tamagni, *Finance Director*
Steven Wang, Esq., *City Attorney*
Christa Freemantle, *City Clerk*

SPECIAL SERVICES

BOND COUNSEL TO THE AUTHORITY

Orrick, Herrington & Sutcliffe LLP

MUNICIPAL ADVISOR TO THE AUTHORITY

Fieldman, Rolapp & Associates, Inc.

TRUSTEE

MUFG Union Bank, N.A.

VERIFICATION AGENT

Causey Demgen & Moore P.C.

[THIS PAGE INTENTIONALLY LEFT BLANK]

No dealer, broker, salesman, representative of the Authority or other person has been authorized by the Authority or the City to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of, the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement does not constitute a contract between any purchaser of the Bonds, the Authority, the Authority's Municipal Advisor or the initial purchaser of the Bonds.

Statements contained in this Official Statement which involve estimates, appraisals of value, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein has been furnished by the Authority and by other sources which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Further, the information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Authority or any other parties described herein.

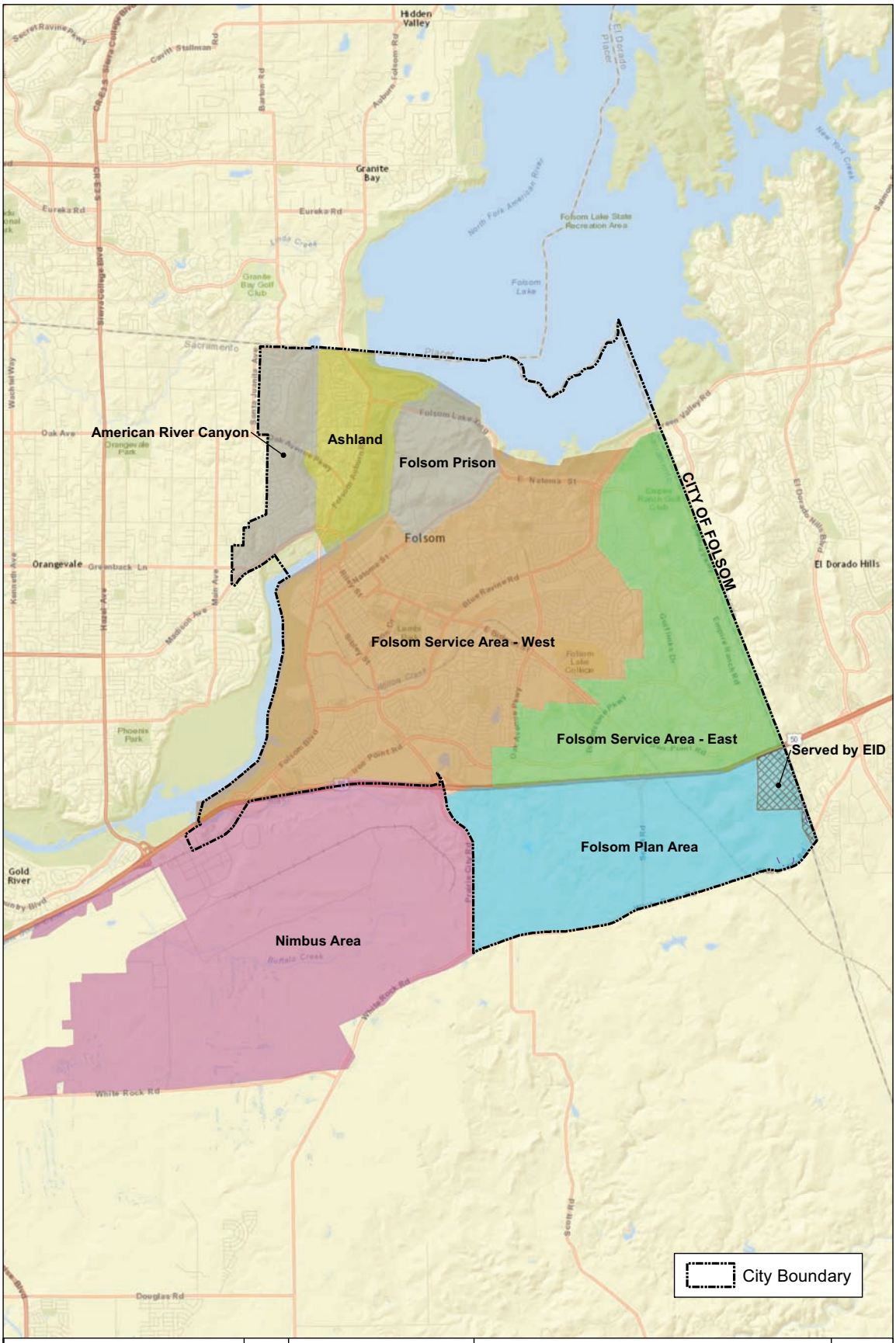
The information set forth herein has been obtained from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor shall it be construed as a representation of such by the Authority or the City. The information and expressions of opinion stated herein are subject to change without notice; and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no changes in the affairs of the City or in the condition of the Water System, since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE INITIAL PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

City of Folsom Water Service Areas



PETERSON . BRUSTAD . INC
ENGINEERING . CONSULTING

1180 Iron Point Rd., Suite 260
Folsom, CA 95630

Phone: (916) 608-2212
Fax: (916) 608-2232

N

0 0.5 1 Miles

CITY OF FOLSOM

City of Folsom Water Service Areas

FIGURE **2-1**

TABLE OF CONTENTS

Page

INTRODUCTION 1
- General 1
- The Bonds 1
- Limited Obligations 1
- Parity Obligations 2
- Continuing Disclosure 2
- Certain Information Related to this Official Statement 2

PLAN OF REFUNDING 3
ESTIMATED SOURCES AND USES OF FUNDS 4
THE BONDS 4
- General 4
- Plan of Distribution 4
- Redemption of Bonds 4
- Book-Entry Only System 4

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 5
- General 5
- Rate Covenant 5
- Parity Obligations 6

THE AUTHORITY 7
THE CITY 7
THE WATER SYSTEM 7
- General 7
- Water Supply 8
- Management of the Water System 9
- Service Area 9
- Customer Base 10
- Water System Service Fees and Charges 11
- Rate Policies and Collection Procedures 14
- Future Water System Improvements 15
- Projected Water Sales Revenues 15
- Historical Revenues, Expenditures and Debt Service Coverage 16
- Projected Revenues, Expenditures and Debt Service Coverage 17
- Regulatory Requirements 18
- Drought and Conservation Measures 18
- Employee Retirement System 19
- Insurance on the Water System 23
- Retirement Benefits 24

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS 24
- Article XIIIA of the State Constitution 24
- Article XIIIB 25
- Proposition 218 - Articles XIIIC and XIIID of the State Constitution 26
- Proposition 26 28
- Future Initiatives 28

RISK FACTORS 28
- Rate Covenant Not a Guarantee 28
- Limitations on Remedies Available 29
- Security Measures 29
- Change in Law 29

TAX MATTERS 29
CONTINUING DISCLOSURE 31
NO LITIGATION 32
APPROVAL OF LEGAL PROCEEDINGS 32
PURCHASE AND REOFFERING 32
RATING 32
PROFESSIONALS INVOLVED IN THE OFFERING 33
VERIFICATION OF MATHEMATICAL ACCURACY 33
INDEPENDENT AUDITORS 33

APPENDIX A — ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FOLSOM
APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS
APPENDIX C — BOOK-ENTRY ONLY SYSTEM
APPENDIX D — PROPOSED FORM OF BOND COUNSEL OPINION
APPENDIX E — FORM OF CONTINUING DISCLOSURE AGREEMENT
APPENDIX F — COMPREHENSIVE ANNUAL FINANCIAL REPORT, FISCAL YEAR ENDED JUNE 30, 2018

[THIS PAGE INTENTIONALLY LEFT BLANK]

$8,780,000
FOLSOM PUBLIC FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS
SERIES 2019

INTRODUCTION

This Official Statement (which includes the cover page and Appendices hereto) (this "Official Statement"), provides certain information concerning the issuance and sale of Folsom Public Financing Authority Water Revenue Refunding Bonds, Series 2019 (the "Bonds"). This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement.

General

The Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and the provisions of a 2019 Indenture (the "Indenture"), by and between Folsom Public Financing Authority (the "Authority") and MUFG Union Bank, N.A., as trustee, (the "Trustee"). The Bonds will be delivered in the form of fully registered Bonds, without coupons, in denominations of five thousand dollars ($5,000) or any integral multiple thereof. The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds will not receive certificates representing their beneficial ownership in the Bonds but will receive credit balances on the books of their respective nominees. The principal of and interest on the Bonds are payable by the Trustee to Cede & Co., and such principal and interest payments, and premium, if any, are to be disbursed to the beneficial owners of the Bonds through their nominees. See APPENDIX C – "BOOK-ENTRY ONLY SYSTEM."

The Bonds

The Bonds are being issued to provide funds (i) to pay the principal of and interest on the Authority's Water Revenue Refunding Bonds, Series 2009 (the "2009 Bonds") due on December 1, 2019 and refund the 2009 Bonds maturing after December 1, 2019 on a current basis and (ii) to pay certain costs of issuance of the Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Bonds are payable solely from the revenues consisting of installment payments (the "2019 Installment Payments") to be made by the City of Folsom (the "City") under the 2019 Installment Purchase Contract (the "Contract") between the Authority and the City. The City has pledged all Net Revenues derived from the operation of the Water System to the payment of the Bonds and any Parity Obligations (defined herein), including the 2013 Bonds (defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Limited Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM 2019 INSTALLMENT PAYMENTS MADE BY THE CITY AND CERTAIN MONEYS HELD UNDER THE INDENTURE. THE BONDS DO NOT REPRESENT OR CONSTITUTE A DEBT OF

THE CITY, THE STATE OF CALIFORNIA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF, AND SHALL BE PAYABLE SOLELY FROM THE REVENUES PLEDGED THEREFOR. THE OBLIGATION OF THE CITY TO MAKE 2019 INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION PAYABLE SOLELY FROM THE NET REVENUES OF THE WATER SYSTEM AND CERTAIN OTHER FUNDS AS PROVIDED IN THE CONTRACT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE AUTHORITY, THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE BONDS.

Parity Obligations

The City will not incur any obligations payable from Net Revenues superior to the payment of the 2019 Installment Payments; provided that the City may at any time enter into Parity Obligations to finance or refinance any Water Project if certain conditions set forth in the Contract are met. The pledge of and lien on the Net Revenues securing the 2019 Installment Payments is on parity with the security interest securing the 2013 Installment Payments required to be made under the 2013 Installment Purchase Contract (defined herein).

Continuing Disclosure

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds, and the Authority will not provide such information. The City has undertaken all responsibilities of the Authority for any continuing disclosure to Holders as described below, and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to S.E.C. Rule 15c2-12. The City has covenanted for the benefit of Holders and beneficial owners to provide certain financial information and operating data relating to the City and the Water System by not later than nine months after the end of the City's fiscal year (which shall be April 1 of each year, so long as the City's fiscal year ends on June 30) (the "Annual Report"), commencing with the fiscal year ending June 30, 2019, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed with the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB") available on the Internet at http://emma.msrb.org. Notices of Listed Events (as defined in APPENDIX E – "FORM OF CONTINUING DISCLOSURE AGREEMENT") will also be filed with the MSRB. Within the last five years, the City and certain related entities have failed to comply in certain respects with prior continuing disclosure undertakings. See "CONTINUING DISCLOSURE."

Certain Information Related to this Official Statement

Brief descriptions of the Bonds, the security for the Bonds, the Water System, the Authority and the City are included in this Official Statement together with summaries of certain provisions of the Bonds, the Indenture, the Contract and certain other documents. Such descriptions do not purport to be comprehensive or definitive. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms as set forth in the Indenture or, if not defined therein, in the Contract. See APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS — DEFINITIONS OF CERTAIN TERMS." Certain general information relating to the City is contained in APPENDIX A.

PLAN OF REFUNDING

The proceeds of the Bonds will be used to provide funds to (i) pay the principal of and interest on the 2009 Bonds due on December 1, 2019 and refund the 2009 Bonds maturing after December 1, 2019 on a current basis and (ii) pay certain costs of issuance of the Bonds. The proceeds of the 2009 Bonds were applied to refund the Authority's Water Revenue Bonds, Series 1998 (the "1998 Bonds"). The proceeds of the 1998 Bonds were applied to (i) refund certain of the City of Folsom 1976 Water Revenue Bonds, Series A and Series B and (ii) design, construct, acquire and install certain additions, betterments, extensions and improvements (the "Prior Water Project") to the Water System. Upon the issuance of the Bonds, a portion of the proceeds of the Bonds will be applied to prepay all of the Authority's payment obligations under that certain 2009 Installment Purchase Agreement, dated as of February 1, 2009, between the Authority and the City, and thereby pay when due and refund the 2009 Bonds, currently outstanding in the aggregate principal amount of $9,515,000, as set forth in the table below.

Maturity Date (December 1)	Principal Amount	Interest Rate	CUSIP Number†
2019	$ 800,000	3.500%	34439NBZ1
2020	825,000	3.750	34439NCA5
2021	855,000	4.000	34439NCB3
2022	890,000	4.000	34439NCC1
2023	925,000	4.000	34439NCD9
2024	965,000	4.000	34439NCE7
2025	1,000,000	4.125	34439NCF4
2026	1,040,000	4.200	34439NCG2
2027	1,085,000	4.250	34439NCH0
2028	1,130,000	4.300	34439NCJ6
	$9,515,000		

† CUSIP data herein are provided for convenience of reference only. The Authority and the City take no responsibility for the accuracy of such numbers.

In order to refund the 2009 Bonds, a portion of the proceeds of the sale of the Bonds will be deposited into an escrow fund held by the escrow agent. The money so deposited, together with direct obligations of the United States of America, if any, will be sufficient to pay the interest on and the principal of the 2009 Bonds as the same become due. Upon such deposit and provision for any required redemption and defeasance notices, all liability of the Authority in respect of the 2009 Bonds will cease. The owners of the 2009 Bonds will thereafter be entitled to payment from the Authority solely out of the moneys or the investments held in such escrow fund, and the 2009 Bonds will no longer be outstanding.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Bond proceeds.

Sources of Funds:	
Principal Amount of Bonds	$8,780,000.00
Plus Original Issue Premium	1,137,709.00
Total Sources	$9,917,709.00
Uses of Funds:	
Escrow Fund	$9,684,124.12
Costs of Issuance[(1)]	233,584.88
Total Uses	$9,917,709.00

(1) Includes initial purchaser's discount, Bond Counsel, municipal advisor and trustee fees, printing costs and other issuance costs.

THE BONDS

General

The Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof and shall be dated the date of delivery. The Bonds will be issued in book-entry only form and The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Bonds. So long as the Bonds are held in book-entry only form, principal of and interest on the Bonds will be paid directly to DTC for distribution to the beneficial owners of the Bonds in accordance with the procedures adopted by DTC. See APPENDIX C — "BOOK-ENTRY ONLY SYSTEM."

The Bonds will mature on December 1 in each of the years and in the respective principal amounts, and will bear interest from their dated date at the rates, as shown on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2019 (each, an "Interest Payment Date").

Plan of Distribution

The Bonds were sold at competitive bid on September 24, 2019.

Redemption of Bonds

No Optional Redemption. The Bonds are not subject to optional redemption prior to their respective stated maturities.

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of each such maturity, and will be deposited with DTC. See APPENDIX C – "BOOK-ENTRY ONLY SYSTEM."

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are limited obligations of the Authority issued under and pursuant to the Indenture, payable solely from revenues consisting of 2019 Installment Payments to be made by the City under the Contract and certain amounts held under the Indenture. The obligation of the City to make the 2019 Installment Payments constitutes a special obligation of the City payable solely from a pledge of the Net Revenues.

"Net Revenues" means, for any Fiscal Year, the Revenues during such Fiscal Year less the Maintenance and Operation Costs during such Fiscal Year.

"Revenues," for purposes of the above definition, means all gross income and revenue received by the City from the ownership or operation of the Water System, determined in accordance with Generally Accepted Accounting Principles, including all charges, fees and rates and all connection fees received by the City for water and the other services of the Water System and all proceeds of insurance covering business interruption loss relating to the Water System and all other income and revenue howsoever derived by the City from the ownership or operation of the Water System, but excluding all proceeds of taxes and all refundable deposits made to establish credit and advances or contributions or grants in aid of construction.

"Maintenance and Operation Costs" means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Water System, determined in accordance with Generally Accepted Accounting Principles, including all costs of water purchased or otherwise acquired for the Water System and all costs of treating water for the Water System and all expenses necessary to maintain and preserve the Water System in good repair and working order and including all administrative and management costs of the City that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms of the Contract or of any resolution authorizing the issuance of any Parity City Bonds or of such Parity City Bonds or of any resolution authorizing the execution of any Parity Contract or of such Parity Contract, such as compensation, reimbursement and indemnification of the trustee for any such Parity City Bonds or Parity Contract and fees and expenses of Independent Certified Public Accountants and independent engineers, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

Rate Covenant

In the Contract, the City has covenanted that it will at all times fix, prescribe and collect rates, fees and charges for the Water Service during each Fiscal Year which are reasonably fair and nondiscriminatory and which are estimated to yield Net Revenues for such Fiscal Year equal to at least the Coverage Requirement for such Fiscal Year. The City may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees and charges are estimated to be sufficient to meet the requirements of such covenant.

"Coverage Requirement" means, for any Fiscal Year or any other period, an amount of Net Revenues equal in each case to at least one hundred twenty percent (120%) of the sum of all Parity Debt Service for such Fiscal Year or such other period, as applicable.

"Parity Debt Service" generally means all net debt service on debt obligations relating to the Water System which are secured by a pledge of Net Revenues on parity with the pledge thereof to make the 2019 Installment Payments as described in APPENDIX B — "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS — DEFINITIONS OF CERTAIN TERMS," provided that the assumptions relating to debt obligations without a current interest component and to paired obligations shall not apply for purposes of the rate covenant described in this section.

Parity Obligations

The City has covenanted under the Contract that it will not incur any obligations payable from Net Revenues superior to the payment of the 2019 Installment Payments.

The Authority has previously issued its Water Revenue Refunding Bonds, Series 2013 (the "2013 Bonds") pursuant to a 2013 Indenture, dated as of July 1, 2013, between the Authority and the Trustee, secured by certain installment payments by the City of principal and interest (the "2013 Installment Payments") of the purchase price for its purchase from the Authority of certain improvements to the City's Water System, as provided in that certain 2013 Installment Purchase Contract, dated as of July 1, 2013 (the "2013 Contract"). The 2013 Bonds constitute Parity Obligations under the Contract. The 2013 Bonds are currently outstanding in the principal amount of $9,923,757. The pledge of and lien on Net Revenues securing the 2019 Installment Payments is on parity with the security interest securing the 2013 Installment Payments.

The City may at any time enter into additional Parity Obligations to finance or refinance any Water Project if certain conditions set forth in the Contract are met:

(a) The Net Revenues for the most recent audited Fiscal Year preceding the execution and delivery of such Parity Obligation, as evidenced by a special report prepared by the City or an Independent Financial Consultant, shall have satisfied the Coverage Requirement for such Fiscal Year;

(b) The Net Revenues for the most recent audited Fiscal Year preceding the execution and delivery of such Parity Obligation, as evidenced by a special report prepared by the City or an Independent Financial Consultant, shall have satisfied the Coverage Requirement for such Fiscal Year; provided, that for purposes of this clause (b), such report shall assume that (i) any increases or decreases in rates and charges for the Water Service that have become effective at any time since the first day of such Fiscal Year had been in effect since the first day of such Fiscal Year, (ii) any Parity Obligations that have been incurred since the first day of such Fiscal Year had been incurred on the first day of such Fiscal Year, and (iii) any Parity Obligation proposed to be issued had been incurred on the first day of such Fiscal Year; and

(c) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Water Project, including (after giving effect to the completion of all such uncompleted Water Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received for the Water Service and which in the opinion of the City are economically feasible and reasonably considered necessary based on projected operations for such period, shall satisfy the Coverage Requirement with respect to the estimated Parity Debt Service for each of such Fiscal Years, after giving effect to the execution of all Parity Obligations estimated to be required to be executed or issued to pay the costs of completing all uncompleted Water Projects within such Fiscal Years, assuming that all such Parity Obligations have maturities, interest rates (or Assumed Rates, in the case of Variable Interest Rate Obligations) and proportionate principal repayment provisions similar to the Parity Obligation last executed or then being executed for the purpose of acquiring and constructing any of such uncompleted Water Projects;

provided, that any Parity City Bonds may be issued or any Parity Contract may be executed and delivered without regard to the foregoing conditions if the Parity Debt Service in each Fiscal Year after the issuance of such Parity City Bonds or the execution and delivery of such Parity Contract, as the case may be, is not increased by reason of the issuance of such Parity City Bonds or the execution and delivery of such Parity Contract; and provided further, that any Parity City Bonds may be issued or any Parity Contract may be executed and delivered without regard to the foregoing conditions in order to refund Parity City Bonds or Parity Contracts then outstanding if, as a result of such refunding, an Event of Default will be cured; and provided further, that nothing contained herein shall limit the ability of the City to execute and deliver obligations secured by Net Revenues on a basis subordinate to all Parity Obligations so long as Net Revenues for the most recent Fiscal Year preceding the execution and delivery of such subordinate obligations evidenced in the same manner as described above is at least equal to 100% of all Outstanding Parity Bonds and subordinate obligations including the proposed subordinate obligations.

Notwithstanding the satisfaction of the other conditions set forth above, no Parity Obligations may be issued if any Event of Default (or any event which, with the passage of time or the giving or notice, or both, shall become an Event of Default) shall have occurred and be continuing, unless such default shall be cured upon such issuance.

THE AUTHORITY

The Authority was created by a Joint Exercise of Powers Agreement, dated September 19, 1988 (the "JPA Agreement"), between the City and the Redevelopment Agency of the City of Folsom. The JPA Agreement was entered into pursuant to the Joint Exercise of Powers Act, Chapter 5 of Division 7 of Title 1 of the Government Code of the State. The Authority was created for the purpose of facilitating financing of public improvement facilities within the City.

THE CITY

Certain economic and demographic information with respect to the City is contained in APPENDIX A. This information concerning the City is presented solely as background information.

THE WATER SYSTEM

General

The Water System conveys water through a system of pipelines from the Water Treatment Plant (described herein) to users of the treated water. Raw water flows through a pipeline totaling approximately 12,000 feet in length (the "Natoma Pipeline") from the Folsom Dam to the Water Treatment Plant. Depending on the time of the year and the water level at the Folsom Dam, raw water sometimes is diverted first to the Folsom pumping plant (the "Pumping Plant") before being conveyed through the Natoma Pipeline to the Water Treatment Plant. The Natoma Pipeline consists of approximately 4,000 linear feet of 42- inch steel above-ground pressurized pipeline and approximately 8,000 liner feet of 60-inch reinforced concrete underground pipeline. The Water System covers the entire City, excluding approximately 2,000 accounts, which are served by the San Juan Water District ("San Juan") and are identified as the "American River Canyon" area on the map included behind the cover of this Official Statement (the "Service Area Map").

At the Pumping Plant, located on the north shore of the American River, the water intake is divided into two pipelines, one delivers water to the City of Roseville and San Juan, and the second is the Natoma Pipeline. The Natoma Pipeline was constructed from 1952 through 1956, is owned by the United States and is operated by the United States Bureau of Reclamation ("Reclamation").

The Water Treatment Plant is located at the corner of East Natoma Street and Randall Drive in the City and supplies treated water to the residents and businesses in the City that are located south of the American River. Over the last 30 years, the Water Treatment Plant has been expanded from a five million gallon per day ("mgd") sedimentation and chlorination facility to the current 50 mgd conventional treatment facility.

Water Supply

The primary water supply source for the City is Folsom Reservoir, which provides the water supply for all of the City south of the American River. The City has water rights and contracts for up to 34,000 acre-feet annually ("afa") through three different contracts with Reclamation. The surface water supplies were developed through different circumstances and, as such, are subject to unique conditions and limitations. These attributes and issues affect the volume of water available under certain conditions. Surface water supply for the portions of the City north of the American River is obtained through a contract with the San Juan, and therefore is not a directly owned City supply. The surface water supplies for the City's water service areas are listed below.

- A pre-1914 appropriative water right for 22,000 afa (Agreement with Reclamation)

- A pre-1914 appropriative water right for 5,000 afa (Co-Tenancy agreement with Golden State Water Company (f/k/a Southern California Water Company, herein "GSWC"))

- A Central Valley Project ("CVP") water service contract for 7,000 afa (Partial Assignment from Sacramento County Water Agency to the City and used in the East Service Area (defined herein))

The City's 22,000 afa entitlement is based on a pre-1914 appropriative right from the South Fork of the American River established by the Natoma Water Company ("Natoma") in 1851. Natoma's original pre-1914 water right established a maximum diversion rate "to fill a Canal Eight feet wide and Four feet deep with a current running Ten miles per hour." This correlates to a diversion rate of 60 cubic feet per second and a maximum allocation of 32,000 afa. This right is held with GSWC pursuant to a co-tenancy agreement. The City's 5,000 afa entitlement is also based on Natoma's pre-1914 appropriative right from the South Fork of the American River. In November 1994, the City executed a contract with Southern California Water Company-Folsom Division ("SCWC") under which the City acquired the right to lease 5,000 afa (of SCWC's remaining 10,000 afa under the original Natoma purchase) for an indefinite period. This right is held with GSWC pursuant to a co-tenancy agreement. This water right was also formally recognized in a settlement agreement between Reclamation and the City. As authorized by Public Law No. 101-514, the City was a subcontractor under Sacramento County Water Agency's ("SCWA") CVP water-service contract for 7,000 afa. In 2016, the United States, the City and SCWA completed an assignment of this portion of SCWA's CVP water-service contract from SCWA to the City.

Under the agreements with Reclamation for 22,000 afa and 5,000 afa, Reclamation delivers this entire water supply without reduction on a permanent basis. Under the agreement with Reclamation for 7,000 afa of CVP water, this water supply faces possible reductions pursuant to Reclamation's Municipal and Industrial Water Shortage Policy. In 1994, the City entered into an agreement with GSWC to acquire the right to divert up to 5,000 afa of pre-1914 water rights annually (the "GSWC Agreement"), subject to the terms and conditions of that agreement. Under the GSWC Agreement, the City is required to pay for the entire 5,000 afa water supply regardless of whether the City is able to divert and use that amount of water. Until 2013, the City used the supplies provided in the GSWC Agreement to serve the existing portion of the City known as the East Service Area. Since that time, the water supplies under the GSWC Agreement have been used to service accounts in the Plan Service Area (defined herein).

Approximately 900 afa separate from the City's 34,000 afa of water entitlements are provided as treated water by San Juan at wholesale rates. This arrangement, which is perpetual, was included in the purchase, by the City, from San Juan for a separate water distribution system serving the portion of the City located north of the American River, which is identified herein as the Ashland Service Area.

Management of the Water System

The Water Division of the City's Environmental and Water Resources Department operates and maintains the Water System; in addition to the Water Division, the Environmental and Water Resources Department also includes a Sewer Division. The City's Finance Department is responsible for the billing and collections of water fees and charges.

Service Area

The service area of the Water System includes most of the land within the City limits and certain areas immediately west and south of the City, excluding approximately 2,000 accounts serviced by San Juan within the "American River Canyon" area identified on the Service Area Map. The Water System has the following five divisions within its service area:

- Folsom Service Area West (the "West Service Area")
- Folsom Service Area East (the "East Service Area")
- Ashland Service Area
- Nimbus Service Area
- Folsom Plan Area Service Area (the "Plan Service Area")

The four service areas located within the City's boundaries include approximately the following number of customer accounts: West Service Area – 13,680 accounts; East Service Area – 6,450 accounts; Ashland Service Area – 1,070 accounts; and Plan Service Area – 260 accounts. The Nimbus Service Area, which is within the City's water service area but is not within the City's boundaries, currently includes only a very small number of customer accounts.

The Ashland Service Area is provided with water that originates in Folsom Dam under a contract with San Juan. The East Service Area, the West Service Area, the Nimbus Service Area and the Plan Service Area are provided with water that originates in the Folsom Dam and is pumped from a single pipeline and intake into the dam and then transfers into the Natoma Pipeline.

All accounts in the City currently pay for water on a metered basis. The East Service Area has additional contracts for water supply, including the SCWA Contract, that result in additional supply related surcharges not incurred by the other Water System service areas.

Customer Base

The Water System customer base within the service areas is composed of the types of accounts and the numbers of customers as set forth in Table 1 below.

Table 1
City of Folsom Water System
Customer Base by Type of Account
(As of June 30)

	Number of Accounts				
Account Class	**2015**	**2016**	**2017**	**2018**	**2019**
Single Family Residential	17,711	17,829	17,849	18,049	18,434
Mobile Home Residential	8	8	8	8	8
Multi-Family Residential (units)	1,131	1,175	1,321	1,325	1,330
Commercial	1,294	1,437	1,472	1,475	1,670
Industrial	4	4	4	4	5
Fire Service	714	714	718	718	720
Total	**20,862**	**21,167**	**21,372**	**21,579**	**22,167**

Source: City of Folsom, Finance Department

Principal Users: Certain information regarding the ten principal users of the Water System for the year ended June 30, 2019, is set forth in Table 2 below.

Table 2
City of Folsom Water System
Ten Principal Water System Users
(Fiscal Year Ended June 30, 2019)

User	**Account Description**	**Annual Usage (in 100 Cubic Feet)**	**Revenues**
Aerojet GenCorp	Industrial	274,418.89	$ 427,307.50
City of Folsom	Municipal	267,512.24	376,694.97
Intel – Folsom, CA	Industrial	126,426.00	155,931.96
Pinebrook Mobile Home Park	Mobile Home	54,430.79	62,838.18
Empire Ranch Community Assoc.	Commercial	50,131.70	68,246.82
Folsom Lake College, CRC	School	45,472.58	85,140.19
The Falls at Willow Creek	Multi-Family	42,489.00	53,823.36
Vista Del Lago High School	School	40,385.00	81,656.10
Folsom High School	School	39,797.31	80,093.49
Kikkoman Foods Inc.	Industrial	36,800.00	54,881.46
Total		**977,863.51**	**$1,446,614.03**

Source: City of Folsom, Finance Department

New Connections Per Year. The number of new connections to the Water System within the service areas for Fiscal Years 2015 through 2019 for which connection fees were charged is set forth in Table 3 below.

Table 3
City of Folsom Water System
New Connections Per Year
(Fiscal Year 2015 through Fiscal Year 2019)

	Number of Accounts				
Account Class	**2015**	**2016**	**2017**	**2018**	**2019**
Single Family Residential	288	118	20	200	385
Mobile Home Residential	8	--	--	--	--
Multi-Family Residential (units)	19	44	146	4	5
Commercial	40	143	35	3	195
Industrial	4	--	--	--	1
Fire Service	2	--	4	--	2
Total	**361**	**305**	**205**	**207**	**588**

Source: City of Folsom, Finance Department

Water Demand. The historical average daily and maximum daily water demands as measured by the Water Treatment Plant for the past five calendar years are set forth in Table 4 below. The flow is measured in millions of gallons per day ("mgd") and acre-feet.

Table 4
City of Folsom Water System
Daily Average and Maximum Water Demands

Calendar Year	Daily Average Demand	Maximum Demand (mgd)	Annual Usage (Acre-Feet)
2014	17.3	27.8	19,418
2015	15.1	24.0	16,906
2016	16.6	32.9	18,547
2017	17.2	31.8	19,257
2018	16.3	29.6	18,238

Source: City of Folsom, Environmental and Water Resources Department

Water System Service Fees and Charges

The Water System receives moneys from two principal sources: (i) monthly water service charges and (ii) other miscellaneous receipts, including water meter installation fees, water impact fees, water connection fees and interest income.

Monthly Water Service Charges. Customers of the Water System are billed monthly based on a user classification system consisting of residential and non-residential categories. The current delinquency rate on metered bills for the Water System is approximately 0.29%.

Residential. Single family residential users of the Water System are billed a monthly fixed charge of $15.00 and a volumetric rate based on usage, as shown in Table 5 below. In addition, single family residential users are charged additional amounts for homes with swimming pools or additional lots. There are lower rates for mobile homes and low-income homes.

Table 5
City of Folsom Water System
Metered Rates
(as of July 1, 2019)

Class of Service	Current Rate
Single Family base	$15.00
Single Family Low Income base	$ 9.45
Condo/Townhome base	$ 9.45
Condo/Townhome Low Income base	$ 6.83
Commodity Charge per CCF	
0-20 CCF	$ 1.08
20-40 CCF	$ 1.30
Over 40 CCF	$ 1.60

Non-Residential Metered. Non-residential metered users of the Water System, currently commercial, industrial, schools, landscape irrigation and government users, are billed a monthly charge based on (i) water meter size and (ii) the amount of water consumed. The minimum monthly charge varies based upon meter size, from a low of $12.61 for a 5/8" meter to a high of $1,712.97 for a 12" meter. The volume charge based on water consumption is $1.12 per hundred cubic feet.

Miscellaneous Receipts. The City receives additional income from its Water System from the following sources:

Water Meter Installation Fee. The City levies a water meter installation fee for the installation of a water meter and fixed network meter reading equipment for each new parcel developed or for parcels that do not currently have a water meter installed. Metered users are charged based on the size of the water meter, and charges range from $301 for a 1" meter to $11,584 for a 10" meter.

Water Impact Fee. The City levies a one-time water impact fee (the "Water Impact Fee") on the construction of all new commercial, industrial and residential buildings that are to be served by the Water System. The Water Impact Fee was developed to provide adequate funding for the acquisition of alternative dry-year water supplies and for water conservation. The Water Impact Fee is levied in the amount of $966 per unit for single-family residences, $520 per unit for multi-family residences and $1,300 per acre for commercial and industrial/office buildings. These fees are limited solely to the West Service Area, the East Service Area and the Nimbus Service Area.

Water Connection Fee. The City levies a one-time water connection fee on the construction of all new commercial, industrial and residential buildings that are to be served by the Water System. Connection fees are one-time charges to recover costs incurred by the Water System for providing the additional capacity required by new users. These charges are levied in the amount of $3,296 per unit for single-family residences and $2,143 per unit for multi-family residences and

mobile homes. Charges for commercial/industrial connection fees range from $3,288 per 3/4" meter to $378,122 per 10" meter. These fees are limited solely to the West Service Area, the East Service Area, the Ashland Service Area and the Nimbus Service Area.

Interest Income. The Water System is part of the City's pooled equity and earns interest income on funds available for use in operations and for capital facilities projects. The total rate of return for the City's pooled equity in Fiscal Year 2019 was 2.37%.

Historical and current monthly water charges for single family residences are set forth in Table 6 below.

Table 6
City of Folsom Water System
Historical and Current Single Family Residence
Monthly Water Charges

Class of Service	2015	2016	2017	2018	2019
Single Family base	$15.00	$15.00	$15.00	$15.00	$15.00
Single Family Low Income base	9.45	9.45	9.45	9.45	9.45
Condo/Townhome base	9.45	9.45	9.45	9.45	9.45
Condo/Townhome Low Income base	6.83	6.83	6.83	6.83	6.83
Commodity Charge per CCF					
0-20 CCF	$ 1.08	$ 1.08	$ 1.08	$ 1.08	$ 1.08
20-40 CCF	$ 1.30	$ 1.30	$ 1.30	$ 1.30	$ 1.30
Over 40 CCF	$ 1.60	$ 1.60	$ 1.60	$ 1.60	$ 1.60

Source: City of Folsom, Finance Department

Comparative Monthly Water Rates. The following Table 7 sets forth a comparison of monthly water charges for a single-family residence for other water systems within northern California. The average residential water use in the City is approximately 16 centum cubic feet ("CCF") (1 CCF = 748 gallons). The comparison below uses 16 CCF for each of the agencies.

Table 7
City of Folsom
Monthly Residential Water Rates
For The Water System and
Other Northern California Water Systems
(as of July 1, 2019)

Agency	Water Rate
Sacramento Suburban Water District	$82.51
San Juan Water District	71.30
El Dorado Irrigation District	69.13
Carmichael Water District	65.13
City of Roseville	62.27
City of Sacramento	59.06
Citrus Heights Water District	55.36
Fair Oaks Water District	43.81
City of Folsom	32.28[(1)]

(1) Reflects the base monthly water charge for a single-family residence within the West Service Area, the Ashland Service Area, the Nimbus Service Area and the Plan Service Area. The base monthly water charge for a single-family residence within the East Service Area also includes an additional $4.20 surcharge due to the additional water contracts to provide water to those users.

Source: City of Folsom, Environmental and Water Resources Department

Rate Policies and Collection Procedures

Rate Setting Process. In accordance with State law, the City Council may in consultation with the City's Utility Commission, from time to time and at its discretion, fix, alter, change, amend or revise any user fees, connection charges and all other fees related to the Water System. Such charges and fees are determined by the City's Environmental and Water Resources Department, the City's Finance Department and the City Manager's Office and approved by the City Council after a public hearing is held. No other governmental authority, board, body or commission has jurisdiction over, or is required to approve, the Water System rates established by the City Council.

Collection Procedures. Charges for sewer collection, water service, solid waste disposal, a regional sanitation fee for Sacramento County, and fire sprinklers (if applicable) are consolidated on a single monthly bill. Metered accounts are billed in arrears. Such bill is due and payable 20 days after the date of billing, and a finance charge of 1.5% per month is assessed 60 days thereafter. If such bills remain unpaid on the 90th day after the bill due date, the bill is considered delinquent and water service may be terminated, subject to prior notice as provided in the City's Municipal Code. Termination of services remains in effect until the entire delinquent balance has been paid, or arrangements have been made for payment of such balance including fees and deposits. Additional remedies may include a service deposit requirement, a civil action in small claims court and/or the recording of liens against the property in receipt of unpaid service.

The delinquency rate (following the 90th day after the date of billing) for the combined billing (expressed as a percentage of annual total revenues received by the City for the use of such utility systems) was approximately 0.29% as of June 30, 2019. Over the last five years the delinquency rate has not varied substantially from year to year.

Rate Study. The City completed its most recent water rate study in September 2011 and is currently conducting new water, wastewater and solid waste rate studies. The new rate studies will include an analysis of the operational and capital needs of each division for the next five years. Each of the studies is currently expected to be completed by the end of 2019. The projected water sale revenues shown in Tables 8 and 10 below do not reflect any potential increase in water rates that may be implemented following the completion of the new water rate study.

Rate Increase Procedure. In connection with any increase in water rates, the City would be required to comply with certain provisions of the State Constitution, to the extent applicable. See "RISK FACTORS — Proposition 218 – Articles XIIIC and XIIID of the State Constitution."

Future Water System Improvements

The City does not currently expect to enter into obligations payable from Net Revenues on parity with the 2019 Installment Payments for Water System improvements. A majority of the current Water System projects are replacement or rehabilitation projects, and there will be some water treatment plant reliability and redundancy projects during the next five years. Such capital improvements are expected to be financed by a combination of grants, loans and Revenues, including development impact fees and funds collected through water rates. Below is a list of the current Water System improvement projects and those currently expected to be started within the next five years.

- Tank recoating projects
- Water line replacement projects (replacing 3,000 – 5,000 linear feet of water pipeline per year)
- Water treatment plant lime project
- Water treatment plant polymer redundancy project
- Water treatment plant Acti-Flo pretreatment project (adding redundancy and reliability to the pretreatment process)
- GSWC intertie project
- Leak detection and repair project
- Water control valve projects

Projected Water Sales Revenues

The following table projects annual water sales revenues of the Water System, which projections are based on the increases in projected water deliveries in the Water System and the current rates described above under "—Water System Service Fees and Charges."

Table 8
City of Folsom
Projected Water Sales Revenues

Fiscal Year Ending June 30	Projected Sales Revenues	Projected Increase From Prior Fiscal Year
2020	$13,806,455	1.69%[(1)]
2021	14,009,262	1.47%
2022	14,077,409	0.49%
2023	14,145,896	0.49%
2024	14,283,555	0.97%

(1) As compared to the estimated, unaudited water sales revenues of the Water System for the fiscal year ending June 30, 2019.

Source: City of Folsom, Finance Department

Historical Revenues, Expenditures and Debt Service Coverage

A summary of Water System historical revenues, maintenance and operating expenses, net revenues, debt service and debt service coverage for the Water System for the five most recent Fiscal Years is set forth in Table 9 below. The City uses the full accrual method of accounting for the Water System.

The information for Fiscal Years 2015 through 2018 is derived from financial statements of the City but does not reflect the non-cash expense for depreciation that is reflected in the financial statements.

Table 9
City of Folsom Water System
Historical Revenues, Expenditures and Debt Service Coverage
(Fiscal Years 2015 through 2019)

	2015 (audited)	2016 (audited)	2017 (audited)	2018 (audited)	2019 (estimated)[1]
REVENUES					
Water Revenues (Service Charges)	$13,105,941	$12,205,895	$13,605,851	$14,119,233	$13,576,842
Investment Income	113,025	194,758	131,346	89,984	394,745
Other Revenues[2]	1,311,125	2,617,099	4,101,907	2,767,308	1,624,741
Total Revenues[3]	**$14,530,091**	**$15,017,752**	**$17,839,104**	**$16,976,525**	**$15,596,329**
MAINTENANCE & OPERATION					
Employee Services	$ 3,525,957	$ 3,796,834	$ 3,981,259	$ 4,533,833	$ 4,591,138
Utilities	593,520	632,788	727,391	741,338	756,856
Supplies	714,794	664,649	931,957	788,599	762,151
Other Maintenance and Operations	2,553,799	1,617,877	1,436,772	1,693,874	1,685,795
Contractual Services	1,557,803	1,518,399	1,493,964	1,776,219	1,644,277
Total Expenses[3]	**$ 8,945,873**	**$ 8,230,547**	**$ 8,571,343**	**$ 9,533,863**	**$ 9,440,217**
NET REVENUES	$ 5,584,218	$ 6,787,205	$ 9,267,761	$ 7,442,662	$ 6,156,111
Debt Service[4]	$ 2,006,871	$ 2,003,679	$ 2,004,670	$ 2,007,306	$ 2,004,856
Coverage Ratio	2.78x	3.39x	4.62x	3.71x	3.07x

(1) Estimated based on results through June 30, 2019. The figures are estimates, have not been audited and may change.

(2) Includes water connection and impact fees.

(3) Totals may not sum due to rounding.

(4) For payment of debt service on the 2013 Bonds and 2009 Bonds.

Source: City of Folsom, Finance Department

Projected Revenues, Expenditures and Debt Service Coverage

The projected revenues, maintenance and operating expenses, net income and debt service coverage for Fiscal Years 2020 through 2024, assuming issuance of the Bonds and refunding of the 2009 Bonds are set forth in Table 10 below.

Table 10
City of Folsom Water System
Projected Revenues, Expenditures and Debt Service Coverage
(Fiscal Years 2020 through 2024)

	2020	2021	2022	2023	2024
REVENUES[(1)]					
Water Revenues (Service Charges)	$13,806,455	$14,009,262	$14,077,409	$14,145,896	$14,283,555
Investment Income	145,000	68,378	68,378	68,378	68,378
Other Revenues[(2)]	1,152,272	1,073,857	971,812	849,812	689,812
Total Revenues[(3)]	**$15,103,727**	**$15,151,497**	**$15,117,599**	**$15,064,086**	**$15,041,745**
MAINTENANCE & OPERATION					
Employee Services	$ 5,136,102	$ 5,363,315	$ 5,550,749	$ 5,748,913	$ 5,958,692
Utilities	775,500	791,010	806,830	822,967	839,426
Supplies	945,100	955,220	960,542	971,071	961,811
Other Maintenance and Operations	2,098,933	1,845,333	1,883,605	1,924,432	1,971,110
Contractual Services	1,984,100	1,584,100	1,619,100	1,659,924	1,687,956
Total Expenses[(3)]	**$10,939,735**	**$10,538,978**	**$10,820,827**	**$11,127,307**	**$11,418,996**
NET REVENUES	$ 4,163,992	$ 4,612,519	$ 4,296,772	$ 3,936,779	$ 3,622,749
Debt Service on Parity Obligations[(4)]	$1,890,158	$1,881,604	$1,882,985	$1,881,974	$1,878,987
Projected Debt Service Coverage	2.20x	2.45x	2.28x	2.09x	1.93x

(1) Assumes no rate increases. Increased revenues based solely on projected growth in the customer base due to development within the City.
(2) Includes projected water connection and impact fees.
(3) Totals may not sum due to rounding.
(4) Also includes debt service on 2019 Bonds.
Source: City of Folsom, Finance Department.

Regulatory Requirements

The Water Treatment Plant is subject to regulations imposed by the United States Environmental Protection Agency, the Central Valley Regional Water Quality Control Board, and the State Water Resources Control Board – Division of Drinking Water, among other State and federal agencies. The regulations imposed by these agencies deal primarily with the quantity and quality of the water that is treated and delivered by the Water System.

Drought and Conservation Measures

On May 5, 2015, the State Water Resources Control Board adopted regulations requiring water purveyors to reduce water use as a result of extreme drought conditions across the State. The City was given a target reduction of 28%. In June 2017, the drought declaration was rescinded, at which time the City had already lowered its consumption by 22%. Since June 2017, the City's water use has continued to decrease by an additional 3%.

State Senate Bill 606 (2018) and Assembly Bill 1668 (2018) (the "Water Efficiency Legislation") require the establishment of statewide water efficiency standards. The Water Efficiency Legislation requires that urban water suppliers create urban water use objectives, submit annual reports to the State Department of Water Resources on such objectives and actual water use, and establish water shortage contingency plans. The Water Efficiency Legislation also provides incentives to increase potable water reuse. The City expects to be able to implement new standards and provide reporting as required to comply with the Water Efficiency Legislation. In October 2019, the City expects to begin a pilot project with neighboring water agencies to determine how water use targets identified in the Water Efficiency Legislation can be implemented at the local level.

Employee Retirement System

Retirement Plan.

General. The City's permanent employees, including Water System employees, are covered by the California Public Employees Retirement System ("CalPERS") through agent multiple-employer defined benefit plans administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov. The foregoing internet address is included for reference only, and the information on the internet site is not incorporated by reference herein.

The Water System is a part of the City's CalPERS Miscellaneous Plan (the "Miscellaneous Plan"), therefore all related information included in this Official Statement and in Note 11 in APPENDIX F – "COMPREHENSIVE ANNUAL FINANCIAL REPORT, FISCAL YEAR ENDED JUNE 30, 2018" refers to the City as a whole, unless specifically indicated otherwise. The Water System is obligated to contribute amounts necessary to provide for normal and unfunded liability allocated to the Water System's portion of the City's required contribution to the Miscellaneous Plan as determined by CalPERS actuaries. No employees assigned to the Water System participate in the City's CalPERS Safety Plan.

Eligibility. All full-time and part-time benefited City employees are eligible to participate in the retirement program. Benefits vest after five years of service. In addition to basic retirement benefits, the retirement program also provides death and survivor's benefits. These benefit provisions and all other requirements are established by State statute and City ordinance.

About CalPERS. Along with over 3,000 other cities and local agencies, the City contracts with CalPERS for its "defined benefit" retirement plan, which covers all of its regular employees (except in rare circumstances, temporary employees are not covered by the CalPERS plan). Due to changes made by the City and through legislation, there are several CalPERS retirement benefit programs. The City enacted a 2nd tier benefit plan program that provides a lower level of benefits than the 1st tier benefit plan. This plan is available to eligible new employees who were hired after July 1, 2010 and who do not otherwise qualify for membership in the 3rd tier program that was created following the enactment of the Public Employee Pension Reform Act (AB 340) ("PEPRA") in January 2013. Under this program, employees who are considered new to the CalPERS retirement program are enrolled as required by the new law. The PEPRA program provides the lowest level of benefit of the three plans that are now in effect. The following chart summarizes these benefits, which reflect the benefit earned each year, as a percentage of the employee's qualifying salary and the normal retirement age for the program:

	1st Tier	2nd Tier	PEPRA
Miscellaneous	2.7% @ 55	2% @ 55	2% @ 62

The City's required contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. Beginning with the June 30, 2013 valuation, CalPERS no longer uses an actuarial value of assets and instead uses the market value of assets to determine contribution rates per CalPERS' direct rate smoothing policy. Under its direct rate smoothing policy, adopted in April 2013, CalPERS employs an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. In February 2018, CalPERS revised its amortization policy to reduce the amortization period for gains and losses from a 30-year period to a 20-year period, effective with its June 30, 2019 valuation. Although CalPERS has not provided the City with revised projected contributions, the reduced amortization period may result in increased required employer contributions.

The CalPERS Board of Administration has adjusted, and may in the future further adjust, certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. One of the most significant factors used in determining the liability and the funding requirements is the rate of return that investments will yield prior to making payments, known as the discount rate. CalPERS has approved a reduction in the discount rate to be used in its actuarial valuation from 7.5% to 7.0% to be applied incrementally over the three valuations from June 30, 2018 through June 30, 2020, which is expected to result in an increase in the unfunded liability and the contributions required to meet those obligations. The City has taken into account future increases in the CalPERS contribution rates in its forecasts of salary and benefit projections shown in the table under the heading, "—Projected Revenues, Expenditures and Debt Service Coverage."

Effective for the Fiscal Year ended June 30, 2015, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, affecting the reporting of pension liabilities for accounting purposes. Under GASB Statement No. 68, the City is required to report the net pension liability (i.e., the difference between the total pension liability and the pension plan's net position or market value of assets) in its financial statements.

In accordance with applicable State law, the contribution rate for all public employers is determined annually by the CalPERS actuaries and is effective on the July 1 following a notice of a change in rate. Funding contribution amounts are determined annually on an actuarial basis as of June 30 by CalPERS, which impacts participants' contribution rates two fiscal years later. The actuarially determined rate applied to annual payroll is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the actuarially determined amounts, net of contributions by employees, necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. The cost of the Miscellaneous Plan is funded through bi-weekly contributions from employees and from employer contributions by the City.

The employer contribution rates are established, and may be amended, by CalPERS. All employees contribute the full amount of the required member contribution. For Miscellaneous Plan members, the required contribution is either 6.25%, 7% or 8% of annual covered salary, depending upon which plan they participate in. The City's required contribution to CalPERS for 2019-20 for the Miscellaneous Plan is $6,418,288 and the unfunded accrued liability as of June 30, 2017, was $73,166,736.

The Water System is allocated its portion of the City's required contribution for the Miscellaneous Plan. This allocation is based on eligible employee wages. Set forth below is a table showing the City's required contributions to its CalPERS Miscellaneous Plan for the five Fiscal Years ended June 30, 2016, 2017, 2018, 2019 and 2020 and the amount in each year allocated to the Water System:

Table 11
City of Folsom Water System
Historical Employer and Employee Contribution Rates for the
City and Water System Allocation Fiscal Years 2015-16 through 2019-20

Fiscal Year	City Required Contribution	Amount Allocated to the Water System Enterprise
2015-16	$5,491,722	$ 531,707
2016-17	6,069,676	627,872
2017-18	6,619,116	700,967
2018-19	7,265,682	841,307
2019-20	8,787,461	1,137,732

Sources: CalPERS, Miscellaneous Plan of the City of Folsom, Annual Valuation Report as of June 30, 2017; City of Folsom, Finance Department.

The City has made all actuarially required payments to CalPERS for its Pension Plans on a timely basis.

CalPERS provided the City with the following projected contributions from Fiscal Year ended June 30, 2021 through June 30, 2026:

Table 12
City of Folsom
Required and Projected Future Employer Contributions
Miscellaneous Plan
Fiscal Years 2020-21 through 2025-26

Fiscal Year	Total Contributions[(1)(2)]
2020-21	$ 9,583,373
2021-22	10,064,993
2022-23	10,616,583
2024-25	10,189,197
2025-26	9,973,889

(1) Assumes 7.00% discount rate. Does not reflect potential impact of reduced amortization period of 20 years, as described above in "—Employee Retirement System—Retirement Plan."

(2) Total contribution consists of the normal cost plus the UAL payment. Figures are for the City as a whole for its Miscellaneous Plan only.

Source: CalPERS, Miscellaneous Plan of the City of Folsom, Annual Valuation Report as of June 30, 2017.

Approximately 13% of the total Miscellaneous Plan contributions are expected to be allocable to the Water System and are included in the "Employee Services" expenses in the projected debt service coverage table.

Future increases in required CalPERS contributions will impact the City's reserve levels and require future action to either reduce expenses through service reductions or increase revenues through tax or service rate increases. The City's ability to increase taxes and service rates is subject to Constitutional limitations. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." The City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

Other Post-Employment Benefits ("OPEB").

The City's Retiree Health Program is a single-employer defined benefit healthcare plan administered by the Benefit Trust Company (the "BTC"). 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 (the "OPEB Trust") and a Retirement Board of Authority ("BOA"). The BOA is made up of the Mayor, one at large Council member, City Manager, Finance Director, and the Human Resources Director. The BOA has delegated authority of the OPEB Trust to the BTC per the Futuris Trust Administrative Services Agreement (the "OPEB Trust Agreement"). The BTC has been deemed to have executed the OPEB Trust and, during the term of the OPEB Trust Agreement, the BTC has further agreed to serve as a discretionary trustee, with fiduciary oversight and authority over the operations and management of the OPEB Trust.

For Fiscal Year ended June 30, 2018, the City contributed $4,600,953 to the OPEB Trust for current premiums.

Additional information regarding the City's retirement plans and OPEB, including information regarding the assumptions used to determine the pension and OPEB liabilities and the funding requirements therefor, can be found in Note 12 and the Required Supplementary Information to the City's audited financial statements included in the City's comprehensive annual financial report for the Fiscal Year ended June 30, 2018, attached hereto as APPENDIX F.

The Water System is allocated its portion of the City's required contribution for OPEB. This allocation is based on eligible employee wages. Set forth below is a table showing the City's required and actual contributions to its OPEB Plan for the four Fiscal Years ended June 30, 2014 through 2018. Approximately 5.5% of the actual contributions in each year were allocated to the Water System.

Table 13
City of Folsom Water System
Other Post-Employment Benefits (OPEB)
Historical Employer and Employee Contribution Rates
Fiscal Years 2014-15 through 2017-18

Fiscal Year	City Required Contribution	Actual Contribution	Actual Amount Allocated to the Water System
2014-15	$3,059,979	$3,209,979	$160,499
2015-16	2,881,026	3,081,283	144,820
2016-17	3,453,878	4,053,403	186,457
2017-18	3,997,491	4,600,953	232,808

Source: City of Folsom, Finance Department.

The City projects the following OPEB contributions for calendar years 2019 through 2025:

Table 14
City of Folsom
Projected Future Employer OPEB Contributions
Fiscal Years 2018-19 through 2024-25

Fiscal Year	Total Contribution
2019	$4,497,243
2020	4,514,919
2021	4,715,664
2022	4,926,447
2023	5,147,769
2024	5,380,157
2025	5,624,165

Source: City of Folsom, Finance Department.

Approximately 6.0% of these contributions are expected to be allocable to the Water System and are included in "Employee Services" in the projected debt service coverage table.

Future increases in required OPEB contributions will impact the City's reserve levels and require future action to either reduce expenses through service reductions or increase revenues through tax or service rate increases. The City's ability to increase taxes and service rates is subject to Constitutional limitations. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." The City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

Insurance on the Water System

General. Pursuant to the Contract, the City covenants to maintain such insurance relating to the Water System that it deems necessary or advisable to protect its interest and those of the Authority and the Trustee. Such insurance shall afford protection in such amounts and against such risks as are usually

covered in the State in connection with municipal water systems similar to the Water System; provided, that any such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with municipal water systems in the State comparable to the Water System and is, in the opinion of an accredited actuary, actuarially sound.

Self-Insurance Program. The City's risk management program uses a combination of self-insurance and insurance maintained with responsible insurers to provide adequate coverage against risks usually insured by similar enterprises. The objectives and goals of the risk management program are: (a) the insurance/self-insurance program protects the building and facilities of the City, including their contents and equipment, from fire, explosion and related perils including earthquake and flood, and protects the City from claims for bodily injury and property damage that may arise from the operations of the City, including but not limited to use of its property, facilities, or vehicles; and (b) the City maintains fidelity protection (bonds, insurance and/or self-insurance) on all officers and employees handling or responsible for City funds.

Retirement Benefits

Retirement benefits for employees of the City are covered by CalPERS. Salaries and benefits, including retirement benefit funding, for City employees in the Water Division of the Utilities Department are paid from Revenues as part of "Employee Services," as identified in Tables 9 and 10 above. For information about CalPERS and the City's retirement benefits, see APPENDIX A — "ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FOLSOM—Retirement Programs" and APPENDIX F — "COMPREHENSIVE ANNUAL FINANCIAL REPORT, FISCAL YEAR ENDED JUNE 30, 2018."

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The activities of the City and the Water System, including, without limitation, the establishment of rates for water service and the issuance of bonds, are subject to a number of limitations under State law. Certain of such limitations are summarized below. Additionally, such limitations may be revised, enhanced, expanded, or otherwise altered as provided under State law, including in certain instances by legislation adopted by State, regional or local authorities, including the State legislature or the City Council, or by the voters of the State or the City themselves through the power of initiative or referendum, by voting in favor of amendments to the City's Charter, or in any other lawful manner.

Article XIIIA of the State Constitution

Section 1(a) of Article XIIIA of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIIIA), to be collected by counties and apportioned according to law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978 or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition. Section 2 of Article XIIIA defines "full cash value" to mean "the County assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State legislature to implement Article XIIIA provides that notwithstanding any

other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures which further amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIIIA. This amendment could serve to reduce the property tax revenues of the City. Other amendments permitted the State legislature to allow persons over 55 or "severely disabled homeowners" who sell their residence and buy or build another of equal or lesser value within two years in the same city, to transfer the old residence's assessed value to the new residence.

In the November 1990 election, the voters approved an amendment of Article XIIIA to permit the State legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIIIA has also been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, provided that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster. County assessors may "recapture" the reduced assessed valuation of such property up to its pre-decline value, depending on the county assessor's measurement of the value subsequently restored to such property.

Under State law, any fee that exceeds the reasonable cost of providing the service for which the fee is charged may be considered a "special tax" that must be authorized by a two-thirds vote of the electorate. Accordingly, if a portion of the City's water user rates or capacity charges were determined by a court to exceed the reasonable cost of providing service, the City might not be permitted to continue to collect that portion unless it were authorized to do so by a two thirds majority of the votes cast in an election to authorize the collection of that portion of the rates or fees. If the City were unable to obtain such a two thirds majority vote and were unable to reduce costs, such failure could adversely affect the City's ability to pay the debt service on the Series 2018 Bonds. However, the reasonable cost of providing water services has been determined by the State Controller to include depreciation and allowance for the cost of capital improvements. In addition, State courts have determined that fees such as capacity charges will not be special taxes if they approximate the reasonable cost of constructing the water system improvements contemplated by the local agency imposing the fee.

The United States Supreme Court has upheld Article XIIIA against a challenge alleging violation of equal protection under the Fourteenth Amendment to the United States Constitution.

Article XIIIB

Article XIIIB of the State Constitution limits the annual appropriations of the State and of any city, county, school district, authority, special district or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The "base year" for establishing such appropriation limit is the 1978-79 State fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if (a) the financial responsibility for a service is transferred to another public entity or to a private entity; (b) the financial source for the provision of services is transferred from taxes to other revenues; or (c) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations that are subject to Article XIIIB generally include the proceeds of taxes levied by or for the State or other entity of local government, exclusive of certain State subventions, refunds of taxes and benefit payments from retirement, unemployment, insurance and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from: (i) regulatory licenses, user charges, and user fees (but only to the extent that such proceeds exceed the cost reasonably borne by the entity in providing the service or regulation); and (ii) the investment of tax revenues. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amounts that are permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit, including payments of indebtedness that were existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters, and payments that are required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the provision of existing services more costly.

The City is of the opinion that the Water Service rates and use charges imposed by the City do not exceed the costs the City reasonably bears in providing such service.

Proposition 218 - Articles XIIIC and XIIID of the State Constitution

Proposition 218, a State ballot initiative known as the "Right to Vote on Taxes Act," was approved by the voters on November 5, 1996. The initiative added Articles XIIIC and XIIID to the State Constitution, creating additional requirements for the imposition by most local governments of "general taxes," "special taxes," "assessments," "fees," and "charges." Articles XIIIC and XIIID became effective, pursuant to their terms, as of November 6, 1996, although compliance with some of the provisions was deferred until July 1, 1997, and certain of the provisions purport to apply to any tax imposed for general governmental purposes (i.e., "general taxes") imposed, extended or increased on or after January 1, 1995 and prior to November 6, 1996.

Article XIIID imposes substantive and procedural requirements on the imposition, extension or increase of any "fee" or "charge" subject to its provisions. A "fee" or "charge" subject to Article XIIID includes any levy, other than an ad valorem tax, special tax or assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership. Article XIIID prohibits, among other things, the imposition of any proposed fee or charge, and, possibly, the increase of any existing fee or charge, in the event written protests against the proposed fee or charge are presented at a required public hearing on the fee or charge by a majority of owners of the parcels upon which the fee or charge is to be imposed. Except for fees and charges for water, sewer and refuse collection services, the approval of a majority of the property owners subject to the fee or charge, or at the option of the agency, by a two thirds vote of the electorate residing in the affected area, is required not less than 45 days following the public hearing on any such proposed new or increased fee or charge.

The California Supreme Court decisions in Richmond v. Shasta Community Services District, 32 Cal. 4th 409 (2004), and Bighorn Desert View Water Agency v. Verjil, 39 Cal. 4th 206 (2006) have clarified uncertainty surrounding the applicability of Section 6 of Article XIIID to service fees and charges. In Richmond, the Shasta Community Services District charged a water connection fee, which included a capacity charge for capital improvements to the water system and a fire suppression charge. The Court held that both the capacity charge and the fire suppression charge were not subject to Article XIIID because a water connection fee is not a property related fee or charge because it results from the property owner's voluntary decision to apply for the connection. In both Richmond and Bighorn, however, the Court stated that a fee for ongoing water service through an existing connection is imposed "as an incident of property

ownership" within the meaning of Article XIIID, rejecting, in Bighorn, the water agency's argument that consumption based water charges are not imposed "as an incident of property ownership" but as a result of the voluntary decisions of customers as to how much water to use.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano, 235 Cal. App. 4th 1493 (2015) upholding tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing services at a given level of usage. The opinion was specific to the facts of the case, including a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The City's water rates, which are described under the caption "THE WATER SYSTEM – Water System Service Fees and Charges," do not include tiered rates. The City believes that its current water rates comply with the requirements of Proposition 218, including the City of San Juan Capistrano case.

The City provides public notice of proposed water rate increases in accordance with the requirements of Article XIIID through means that include, among others, mailings to residential and commercial customers of public hearings on rate increases, followed by public hearings. The City also develops and adopts retail utility user rates and fees in accordance with the requirements of Article XIIID(6)(b) that limit property related fees and charges.

Article XIIIC extends the people's initiative power to reduce or repeal previously authorized local taxes, assessments, fees and charges. This extension of the initiative power is not limited by the terms of Article XIIIC to fees, taxes, assessment fees and charges imposed after November 6, 1996 and absent other authority could result in retroactive reduction in any existing taxes, assessments, fees or charges. In Bighorn, the Court concluded that under Article XIIIC local voters by initiative may reduce a public agency's water rates and delivery charges. The Court noted, however, that it was not holding that the authorized initiative power is free of all limitations, stating that it was not determining whether the electorate's initiative power is subject to the public agency's statutory obligation to set water service charges at a level that will "pay the operating expenses of the agency, … provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due."

On November 15, 2018, the California Court of Appeal, Third District, issued an opinion in Wilde v. City of Dunsmuir, 29 Cal. App. 5th 158 (2018) holding that taxpayers have the right to place a referendum on the ballot and vote on whether to repeal a city's water rate increases that is not curtailed by Proposition 218. The Wilde case concerned increases in water rates to fund specific water storage and delivery projects of a city, rather than funding general operations of a water system, which the court concluded were legislative in nature and subject to referendum. The Wilde court rejected the city of Dunsmuir's allegation that its rate structure was not subject to referendum under the "essential government service exception" to the voter's referendum power, stating that the water storage and delivery projects of the city were not an essential government service.

The courts have not fully interpreted the provisions of Proposition 218. The City is unable to predict how courts will further interpret Article XIIIC and Article XIIID, and what, if any, further implementing legislation will be enacted. Under the Bighorn and Wilde cases, City voters could potentially present an initiative measure at an election that reduces or repeals the City's water rates and charges, though it is not clear whether (and courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonded indebtedness. There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIIC and Article XIIID to limit the ability of the City to impose, levy, charge and collect increased fees and charges for the Water System, or to call into question water rate increases previously

adopted by the City. No assurance may be given that Articles XIIIC and XIIID will not have a material adverse impact on Revenues of the Water System.

Proposition 26

Proposition 26, which amended Article XIIIA and XIIIC of the State Constitution, was approved by the electorate at the November 2, 2010 election. Proposition 26 imposes a two thirds voter approval requirement for the imposition of fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two thirds voter approval requirement with respect to fees and charges for special purposes. According to its supporters, Proposition 26 was designed to prevent the circumvention of tax limitations imposed by the voters pursuant to Proposition 13, approved in 1978, Proposition 218, and other measures through the use of non-tax fees and charges.

Proposition 26 expressly excludes from its scope "a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the governmental entity of providing the service or product to the payor" and "assessments and property related fees imposed in accordance with the provisions of Article XIIID." The California Supreme Court has held that a fee for ongoing water service through an existing connection is imposed "as an incident of property ownership" within the meaning of Article XIIID. See "—Proposition 218." The City believes that the initiative is not intended to, and would not, apply to fees for water deliveries and services charged by the City. The City, however, is unable to predict how Proposition 26 will be interpreted by the courts to apply to the provision of water services by local governments such as the City.

Future Initiatives

Article XIIIA and Articles XIIIC and XIIID of the State Constitution were adopted pursuant to the State's constitutional initiative process. From time to time other initiative measures could be adopted by State voters, or by voters of the City, placing additional limitations on the ability of the City to increase revenues.

RISK FACTORS

The following factors, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the Bonds.

Rate Covenant Not a Guarantee

Pursuant to the Contract, the City has agreed to fix, prescribe and collect rates, fees and charges for the Water Service during each Fiscal Year which are reasonably fair and nondiscriminatory and which are estimated to yield Net Revenues for such Fiscal Year equal to at least to 120% of the sum of all Parity Debt Service for such Fiscal Year or such other period, as applicable. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Rate Covenant" above. The ability of the City to make 2019 Installment Payments depends on the ability of the Water System to generate Net Revenues in the levels required by the Indenture. The City's covenant does not constitute a guarantee that sufficient Net Revenues will be available to make the 2019 Installment Payments. Failure to receive the 2019 Installment Payments from the City may impair the Authority's ability to pay debt service on the Bonds.

Limitations on Remedies Available

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose; the exercise of judicial discretion in appropriate cases; and limitations on legal remedies against public agencies in the State. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Security Measures

The City completed a Vulnerability Assessment and a Water System Emergency Response Plan in accordance with the Environmental Protection Agency requirements that reviewed all of the City's facilities, personnel, assets, and contracts and identified potential security risks.

The East Service Area and West Service Area are currently served by a single pipeline from Folsom Lake. Although the City has constructed redundant systems and other safeguards to ensure its ability to continually deliver water to its customers, no assurance can be given that a terrorist attack against water facilities would not impair the City's ability to deliver water to its customers. A terrorist attack that materially impairs water deliveries throughout the City's system could impair the City's Revenues and impact its ability to pay its revenue obligations, including the Bonds.

The City is currently evaluating the potential for redundant water supply alternatives as a backup to the Natoma Pipeline supply to the Water Treatment Plant on Randall Drive.

Change in Law

In addition to the other limitations described herein, the State electorate or legislature could adopt a constitutional or legislative property tax decrease or an initiative with the effect of reducing revenues payable to or collected by the Authority. There is no assurance that the State electorate or legislature will not at some future time approve additional limitations that could reduce Net Revenues.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term

of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the

Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the City and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds, and may cause the City or the beneficial owners to incur significant expense.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds, and the Authority will not provide such information. The City has undertaken all responsibilities of the Authority for any continuing disclosure to Holders as described below, and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to S.E.C. Rule 15c2-12. The City has covenanted for the benefit of Holders and beneficial owners to provide the Annual Report by not later than nine months after the end of the City's fiscal year (which shall be April 1 of each year, so long as the City's fiscal year ends on June 30), commencing with the fiscal year ending June 30, 2019, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed with EMMA. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the initial purchaser of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5).

The City is committed to complete and accurate continuing disclosure in accordance with its continuing disclosure obligations under the federal securities laws, including rules and regulations promulgated by the SEC and the MSRB, as those rules may be amended from time to time. However, during the past five years, there were specific instances where complete and accurate disclosure was not achieved, including (1) a notice of listed event for a trustee name change was filed late for 4 debt issues; Union Bank changed their name to MUFG Union Bank on July 1, 2014, and the notice was posted on April 29, 2015; (2) the City failed to include revenue fund balances for certain of the Authority's revenue bonds issued in 2007 in the annual reports for Fiscal Years 2013 through 2017; and (3) a notice of listed event for a ratings upgrade on October 12, 2018, was not timely filed for certain of the Authority's water revenue bonds. The description of these instances of non-compliance in this Official Statement is not an acknowledgement that any such non-compliance was material. Further, the City has made remedial filings

to address these instances of non-compliance for those issues that are still outstanding, and has policies and procedures in place in order to achieve compliance with its continuing disclosure undertakings.

NO LITIGATION

There is no controversy or litigation now pending against the Authority or the City or, to the knowledge of their offices, threatened, restraining or enjoining the sale, execution or delivery of the Bonds or the Contract, or in any way contesting or affecting the validity of the Bonds or the Contract.

There is no litigation pending or, to the knowledge of the City, threatened, questioning the existence of the City, or the title of the offices of the City to their respective offices. There is no litigation pending or, to the knowledge of the City, threatened, questioning or affecting in any material respect the financial condition of the City's Water System. Various legal actions are pending against the City. The aggregate amount of the uninsured liabilities of the City which may result from all legal claims currently pending against the City will not, in the opinion of the City, materially affect the finances of the Water System.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority and the City by the City Attorney.

PURCHASE AND REOFFERING

The Bonds were sold at a competitive sale on September 24, 2019, and awarded to Morgan Stanley & Co., LLC (the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds at a price of $9,896,509.78, representing the principal amount of the Bonds, plus original issue premium of $1,137,709.00, less an Initial Purchaser's discount of $21,199.22.

Morgan Stanley & Co. LLC., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

RATING

S&P Global Ratings ("S&P") has assigned a municipal bond rating of "AA" to the Bonds. Certain information not included in this Official Statement was supplied by the Authority to S&P to be considered in evaluating the Bonds. The rating reflects only the views of the rating agency, and any explanation of the significance of any rating may be obtained only from such credit rating agency. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. No assurance can be given that any rating issued by a rating agency will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds. The Authority undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

PROFESSIONALS INVOLVED IN THE OFFERING

Fieldman, Rolapp & Associates, Inc., Irvine, California, has served as Municipal Advisor to the Authority with respect to the sale of the Bonds. The Municipal Advisor has assisted the Authority in the review of this Official Statement and in other matters relating to the planning, structuring, and sale of the Bonds. The Municipal Advisor has not independently verified any of the data contained herein nor conducted a detailed investigation of the affairs of the Authority to determine the accuracy or completeness of this Official Statement and assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Municipal Advisor will receive compensation from the Authority contingent upon the sale and delivery of the Bonds. Bond Counsel and Disclosure Counsel will also receive compensation from the Authority contingent upon the sale and delivery of the Bonds.

VERIFICATION OF MATHEMATICAL ACCURACY

Causey Demgen & Moore P.C. (the "Verification Agent"), upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations contained in schedules provided to them, which were prepared by the Municipal Advisor, relating to (1) the sufficiency of the anticipated receipts from federal securities and uninvested moneys deposited in the escrow fund to pay, when due, the principal and interest requirements of the 2009 Bonds and (2) the yield on the Bonds.

The report of the Verification Agent will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

INDEPENDENT AUDITORS

The City's most recent audited financial statements for the Fiscal Year ending June 30, 2018, included as APPENDIX F hereto, were prepared by the City and audited by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, Sacramento, California, independent auditors (the "Auditor").

The financial statements should be read in their entirety. The City considers its financial statements to be public information, and accordingly has neither requested nor obtained the consent of Vavrinek, Trine, Day & Co., LLP to include such financial statements herein and Vavrinek, Trine, Day & Co., LLP has not reviewed this Official Statement nor performed any procedures subsequent to rendering its opinion on such financial statements.

The execution and delivery of this Official Statement has been duly authorized by the Board of Directors of the Authority and the City Council of the City.

FOLSOM PUBLIC FINANCING AUTHORITY

By: /s/ Stacey Tamagni
Treasurer

CITY OF FOLSOM

By: /s/ Stacey Tamagni
Finance Director

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FOLSOM

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FOLSOM

This Appendix contains certain economic and demographic information relating to the City of Folsom (the "City"). 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 the Bonds. The Bonds are limited obligations of the Folsom Public Financing Authority (the "Authority") payable solely from 2019 Installment Payments made by the City and certain moneys held under the Indenture. The obligation of the City to make 2019 Installment Payments is a special obligation payable solely from the Net Revenues of the Water System and certain other funds as provided in the Installment Purchase Contract, as more fully described in the Official Statement to which this Appendix is appended. The information set forth herein that has been obtained from sources other than the City is believed to be reliable, but such information is not guaranteed as to accuracy or completeness. Statements contained herein that involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. Information contained in this Appendix A is presented as general background data. The Authority has no taxing power, and the issuance of the Bonds shall not directly or indirectly obligate the Authority, the City, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatsoever to make any appropriation for payment of the Bonds.

General

The City is located in the eastern portion of Sacramento County (the "County"), 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 30 years.

City Government

The City was incorporated in 1946 and chartered in 1990. The City's primary governing body is the City Council, composed of five members who are elected at large and who serve four-year terms. The council members choose a mayor and vice mayor from among their members. Current City Council members are:

Member	Term Expires
Kerri Howell (Mayor)	11/2022
Sarah Aquino (Vice Mayor)	11/2022
Roger Gaylord III	11/2020
Ernie Sheldon	11/2020
Mike Kozlowski	11/2022

The City operates under a Council-Manager form of government. The City Manager is responsible for daily administration of City affairs. Elaine Andersen has served as City Manager since 2018. The City Manager is appointed by and serves at the will of the City Council. The City Manager is responsible for implementation of City Council policy, enforcement of City laws and ordinances, appointment and discipline of City officers and employees, oversight of City departments, preparation and submission of the City budget to the City Council, and other related functions.

City Budget Process

The City's annual budget is adopted by the City Council on or before the last working day of June. If the City Council fails to adopt a budget by such date, the budget proposed by the City Manager shall be deemed adopted. The City Manager may transfer moneys between departments and divisions, and programs and accounts within departments and divisions, but only the City Council may by resolution transfer moneys between funds and from un-appropriated balances or fund balances to any fund or appropriation account. The City Council adopted the Fiscal Year 2019-20 budget on May 28, 2019.

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, the Chief Financial Officer and 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, Successor to the Redevelopment Agency, Special Revenue Funds, Capital Projects Funds, Proprietary Funds and Internal Service 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.

Revenues and expenditures relating to the City's general governmental operations are budgeted and accounted for in the City's General Fund, including public safety, highways and streets, health and welfare and culture and recreation. General taxes and fees support most of these activities. The City's Fiscal Year 2019-20 adopted budget includes over $209.4 million in expenditures across all funds. Of this amount, approximately $91.4 million was allocated to the General Fund of the City.

Population

The historic population of the City, the County and the State is shown in the following table.

City of Folsom, Sacramento County and State of California
Population Estimates
(As of January 1)

Year	*City of Folsom*	*Sacramento County*	*State of California*
1990 [1]	29,802	1,041,219	29,758,213
2000 [1]	51,884	1,223,499	33,873,086
2010 [1]	72,203	1,418,788	37,253,956
2015	75,687	1,484,379	38,952,462
2016	76,754	1,498,127	39,214,803
2017	77,736	1,515,015	39,504,609
2018	78,533	1,530,242	39,740,508
2019	79,835	1,546,174	39,927,315

[1] Based on United States Census Bureau data as of April 1 in such year.
Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2011-2019, with 2010 Census Benchmark, Sacramento, California, May 2019.

Building Activity

Residential building activity for the past five calendar years for the City is shown in the following table.

BUILDING PERMITS AND VALUATIONS
City of Folsom
2014-2018

	2014	*2015*	*2016*	*2017*	*2018*
Permit Valuation					
New Single-Family	$75,370,508	$70,242,595	$46,986,075	$49,876,243	$133,853,629
New Multi-Family	--	13,480,176	432,643	44,567,106	18,535,990
Res. Alterations/Additions	6,481,657	6,887,420	7,998,378	9,213,460	8,634,352
Res. Other	17,155,579	19,331,813	28,183,401	21,854,701	24,467,871
Total Residential [1]	$99,007,744	$109,942,004	$83,600,497	$125,511,510	$185,491,842
New Commercial	$11,455,122	$1,737,897	$5,480,843	$1,440,277	$735,936
New Industrial	1,250,000	--	--	3,374,395	--
Comm./Ind. Alterations/Additions	16,513,432	37,337,665	36,482,804	21,432,333	19,013,485
Other Comm./Ind.	5,833,657	8,583,955	26,082,335	14,023,780	9,171,404
Total Non-Residential [1]	$35,052,211	$47,659,517	$68,045,982	$40,270,785	$28,920,825

[1] Totals may not add to sum because of rounding.
Source: City of Folsom.

Employment

The table below reflects recent employment information for the City's largest employers, as of December 31, 2018.

PRINCIPAL EMPLOYERS
City of Folsom
As of December 31, 2018

Business Name	Number of Employees	Percent of Total Employment
Intel Corporation	6,200	17.92%
California State Prison	1,174	3.39
Folsom State Prison	1,114	3.22
Folsom Cordova Unified School District [1]	1,062	3.07
Mercy Hospital of Folsom	757	2.19
California Independent System Operator	617	1.78
City of Folsom	440	1.27
SAFE Credit Union [2]	360	1.04
Micron Technology, Inc.	350	1.01
Costco Wholesale	300	0.87
Total Top Employers	12,374	35.76%
Total Labor Force [3]	34,600	100.00%

[1] Includes all certificated, classified and yard duty supervisors in Folsom only.
[2] Includes corporate and Folsom branch employees.
[3] Total City labor force data provided by EDD Labor Force Data, March 2017.
Source: Avenu Insights & Analytics.

The unemployment rate in the Sacramento—Roseville—Arden-Arcade, CA Metropolitan Statistical Area ("Sacramento MSA"), which includes Sacramento, Placer, El Dorado, and Yolo Counties, was 3.7% in 2018, down from the 2017 estimate of 4.5%. This compares with an unadjusted unemployment rate of 4.2% for California and 3.9% for the nation during the same period. The unemployment rate was 3.6% in El Dorado County, 3.1% in Placer County, 3.8% in Sacramento County and 4.2% in Yolo County.

The table below provides information about employment rates and employment by industry type for the Sacramento MSA for calendar years 2014 through 2018.

Sacramento—Roseville—Arden-Arcade, CA Metropolitan Statistical Area
Labor Force, Employment and Unemployment Yearly Average [1]

	2014	***2015***	***2016***	***2017***	***2018***
Civilian Labor Force [2]	1,044,700	1,053,800	1,069,300	1,076,500	1,095,800
Employment	970,300	992,100	1,012,900	1,027,600	1,055,100
Unemployment	74,400	61,700	56,400	48,900	40,600
Unemployment Rate	7.1%	5.9%	5.3%	4.5%	3.7%
Wage and Salary Employment [3]					
Total Farm	9,200	9,400	9,700	9,800	9,100
Mining and Logging	400	400	400	400	500
Construction	45,600	50,300	55,000	58,700	63,600
Manufacturing	35,400	36,400	36,200	35,700	36,100
Wholesale Trade	24,100	24,400	25,500	26,500	28,500
Retail Trade	95,300	98,000	100,500	101,400	102,300
Transportation, Warehousing and Utilities	23,600	24,600	26,000	26,700	29,100
Information	13,900	14,100	13,800	12,500	12,300
Finance and Insurance	35,600	37,100	37,300	37,200	37,100
Real Estate and Rental and Leasing	13,400	13,800	14,500	15,200	16,800
Professional and Business Services	118,300	120,300	128,100	130,600	135,700
Educational and Health Services	134,300	140,100	145,600	152,800	159,500
Leisure and Hospitality	91,800	95,400	99,800	103,300	106,300
Other Services	30,300	30,900	31,700	33,000	34,200
Federal Government	13,600	13,700	14,000	14,200	14,100
State Government	113,400	115,300	116,600	118,400	120,500
Local Government	100,800	102,900	104,000	102,600	102,900
Total, All Industries [4]	898,800	927,100	958,700	978,800	1,008,700

[1] Data not adjusted for seasonality.
[2] Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
[3] Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
[4] Data may not add due to rounding.
Source: State of California Employment Development Department.

Retirement Programs

General. The City contributes to two plans in the California Public Employees' Retirement System ("CalPERS"). The safety plan covers all of the City's full-time sworn uniformed fire employees, sworn uniformed police employees, and all chiefs in both departments. The miscellaneous plan covers all remaining eligible employees.

As of June 30, 2017, the date of the most recent actuarial study report, the safety plan and the miscellaneous plan were 62.2% funded and 65.1% funded, respectively. For the safety plan, the actuarial accrued liability was $185.4 million and the market value of assets was $115.4 million, resulting in an unfunded actuarial accrued liability ("UAAL") of $70.0 million. For the miscellaneous plan, the actuarial accrued liability was $209.7 million and the market value of assets was $136.5 million, resulting in a UAAL of $73.2 million.

For the year ended June 30, 2018, the City's annual pension cost of $6,574,602 for the safety plan and $6,531,894 for the miscellaneous plan were equal to the City's required contributions. Based on the City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018 (the "Fiscal Year 2018 CAFR"), the three-year trend information for the safety and miscellaneous plans combined is as follows:

Fiscal Year Ended	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Obligation
6/30/2016	$10,070,354	100%	–
6/30/2017	11,680,369	100%	–
6/30/2018	13,106,496	100%	–

Other Post-Employment Benefits. In 2004, the Government Accounting Standards Board ("GASB") issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions ("GASB 45"). GASB 45 requires governmental agencies to change their accounting for Other Post-Employment Benefits ("OPEB") from a pay-as-you-go to an accrual basis. The City has implemented the requirements of GASB 45, including financial statement reporting and disclosure requirements. Among other things, employers that participate in single-employer or agent multiple-employer defined benefit OPEB plans are required to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting. Annual OPEB cost is equal to the employer's annual required contribution to the plan, with certain adjustments. The annual required contribution 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 30 years. An employer's net OPEB obligation is defined as the cumulative difference between annual OPEB cost and the employer's contributions to a plan.

The City sponsors and administers a single-employer defined benefit post-employment healthcare plan (the "Healthcare Plan") to provide healthcare insurance benefits to eligible retired employees and their dependents. The City pre-funds the Healthcare Plan though a Futuris Public Entity Investment Trust and a Retirement Board of Authority made up of the Mayor, one at large City Council member, the City Manager, the Finance Director, and the Human Resources Director. The Retirement Board of Authority delegated authority of the trust to the Benefit Trust Company. 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 City Council. For Fiscal Year 2018, the City contributed $4,600,953 to the plan for current premiums.

For more information regarding the City's OPEB liabilities, see note 12 to the City's Fiscal Year 2018 CAFR.

Capital Improvement Program

The City's Capital Improvement Program ("CIP") is a multi-year plan that forecasts spending for all anticipated capital projects and is considered to be the link between the City's development and financing planning process. CIP funding comes mainly from impact fees and a number of other special revenue funds, as well as grants and loans. Within each program category, the City identifies resources that it will commit to priority capital projects. CIP costs include both one-time expenses and recurring expenses related to capital rehabilitation. The City's CIP for Fiscal Year 2020 is approved at $39.9 million, which is approximately 4% less than the City's approved CIP for Fiscal Year 2019 of $41.7 million.

Investment Policy

The City's Investment Policy is codified in Section 3.030.30 of the City of Folsom Municipal Code and is set forth below:

It is the primary duty of the city officers having responsibility for investing city moneys to protect, preserve and maintain cash and investments placed in their trust on behalf of the citizens of the city. To that end, those investment officers shall comply with the following guidelines and procedures:

A. Interest yield on investments shall be secondary to the basic requirements of safety and liquidity of moneys.

B. The city investment portfolio shall be designed to equal or exceed the rate of return of the state's local agency investment fund (LAIF) throughout budgetary and economic cycles, taking into account the city's risk constraints, cash flow characteristics of the investment portfolio, this chapter, this code and state law.

C. The city investment portfolio shall be diversified to minimize risks regarding specific security types or individual financial institutions.

D. All city investment officers shall adhere to the guidance provided by the "prudent investor standard" as set out in the California Government Code Section 53600.3.

E. All participants in the investment process shall act as custodians of the public trust. Investment officers shall recognize that the investment portfolio is subject to public review and evaluation.

F. The city's chief investment officer shall quarterly submit an investment report to the city council, which report shall include all required elements as prescribed by California Government Code Section 53646. The city's chief investment officer shall monthly submit a report of transactions to the city council as prescribed in California Government Code Section 53607. In both instances the city chief investment officer may include such other information as deemed appropriate.

G. The finance director shall develop a system of internal controls over investments, which control system shall be documented in writing according to California Debt and Investment Advisory Commission guidelines. The system shall be designed to prevent losses of public moneys arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by city employees or officers.

H. Financial institutions in which the city has investments shall be monitored as to financial condition throughout the period in which the city has moneys deposited or invested, to assure that the condition of the institution does not materially deteriorate so as to risk the city's investments.

I. A statement of investment policy shall be developed, and changes to the policy submitted to the city council as needed.

J. Security purchases and holdings shall be maintained within the limits permitted by the City Charter, this chapter and the California Government Code, whichever is the most restrictive both as to percentages of the total investment portfolio which might be invested in the various types of securities and as to the maximum length of maturity.

The following table shows the type of investments and other information on the portfolio as of June 30, 2018.

CITY OF FOLSOM
PORTFOLIO SUMMARY
As of June 30, 2018

Investments by Fair Value Level	**Balance**
City Pooled Investments	
Certificate of Deposit	$12,832,785
Commercial Paper	19,779,083
Corporate Notes	31,505,662
Municipal Obligations (City)	41,290,608
Municipal Obligations (FRFA)	57,248,324
Municipal Obligations (FPFA)	79,134,827
Federal Home Loan Mortgage Co.	--
Federal National Mortgage Association	--
Investments Not Measured at Fair Value or Subject to Fair Value Hierarchy	
Local Agency Investment Funds	28,688,610
Money Market Mutual Funds	3,095,678
Total Investments Not Measured at Fair Value or Subject to Fair Value Hierarchy	31,784,288
Total City's Pooled Investments	273,575,577
Investments Held with Fiscal Agent Not Measured at Fair Value	
JPA (CAMP)	2,071,051
Money Market Mutual Funds	29,859,080
Investments Held with Fiscal Agent by Fair Value Level	
OPEB Plan Investments – Mutual Funds	5,593,010
Total Investments Held with Fiscal Agents	37,523,141
Total Investments	**$311,098,718**

Source: City of Folsom.

Insurance, Risk Pooling and Joint Powers Arrangements

The City participates in pooled insurance programs offered by the Northern California Cities Self Insurance Fund ("NCCSIF"), a joint powers agency that provides the City with a shared risk layer of coverage above its self-insured $100,000 retention for liability and workers' compensation. NCCSIF also provides claims servicing to the City for its banking layer, which represents the City's self-insurance. NCCSIF consists of 18 member cities, all located within California, and is governed by a board of directors appointed by the member cities. It provides pooled claims processing administrative services, risk management services, and actuarial studies. The City's deposit for the fiscal year ended June 30, 2018, was $3,031,855, and for the fiscal year ended June 30, 2017, was $3,557,006. For the Fiscal Year ended June 30, 2018, NCCSIF had net assets of $15,618,990 and a net loss of $377,089.

Sales Taxes

The following table shows taxable transactions in the City during calendar years 2013 through 2018.

TAXABLE SALES
City of Folsom
2013-2018
(in Thousands)

Year	*Retail Permits*	*Retail and Food Taxable Transactions*	*Total Permits*	*Total Outlets Taxable Transactions*
2013	1,559	$1,460,551	2,118	$1,576,337
2014	1,631	1,493,603	2,198	1,619,732
2015	1,649	1,494,540	2,454	1,666,468
2016	1,588	1,550,541	2,404	1,782,959
2017	1,600	1,611,484	2,191	1,892,091
2018	1,850	1,765,479	2,576	1,976,710

Source: City of Folsom.

Community Facilities

The four-county Sacramento Metropolitan Area offers multiple parks, playgrounds, theaters and golf courses. Recreational activities offered along the American and Sacramento Rivers include fishing, swimming, boating, biking, horseback riding and hiking. Varied cultural opportunities include art galleries and museums, two major symphonies, three ballet companies, scores of movie theaters showing first run films and many theater groups offering live stage plays. In February 2011, the $50 million performing arts complex Harris Center – Three Stages at Folsom Lake College opened. The state of the art facility is one of the largest college performing arts centers in the state and hosts theatre, symphonies, and ballets.

Media outlets in the four-county area consist of more than 30 newspapers, nine television stations (four network, four independent, one public) and 30 radio stations.

Education

The Folsom-Cordova Unified School District operates schools both in the City and in the Sacramento suburb of Rancho Cordova, which borders the City to the west. In the City, the school district now has three high schools, two middle schools, and ten elementary schools.

Institutions of higher learning situated in the Sacramento area include California State University, Sacramento, and the University of California at Davis, which includes a medical school and law school. Private universities, such as William Jessup University, the University of Sacramento, and National University also have campuses in the Sacramento region. Other institutions include the McGeorge School of Law (University of the Pacific), and extensions and satellites of schools such as the University of Southern California, University of San Francisco, Golden Gate University, and Drexel University among others. There are a number of Community Colleges in the region, including Folsom Lake College. In addition to the main campus located within the City, the Folsom Lake College operates the El Dorado and Rancho Cordova centers and enrolls more than 8,000 students.

Utilities

The City's water treatment plant produces and delivers high-quality drinking water, supplying water to the portion of the City south of the American River. The Water Division of the City's Environmental and Water Resources Department inspects and maintains the over 365 miles of water mains, 21,177 service connections and 3,434 fire hydrants. The City provides sewage collection services for the entire City. The Sewer Division of the City's Environmental and Water Resources Department inspects and maintains 285 miles of pipeline, 14 lift stations, and over 23,506 connections. Sewage treatment is provided by the Sacramento Regional County Sanitation District.

The City also provides solid waste collection services. The Solid Waste Division of the City's Public Works Department operates a fleet of solid waste vehicles for collection, as well as providing recycling, household hazardous waste pickup and disposal, and neighborhood clean-up services for the entire City.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Indenture and the Contract referred to in the Official Statement (and referred to herein as the 2019 Indenture and the 2019 Contract, respectively). This summary does not purport to be complete or definitive and is qualified in its entirety by reference to such documents, copies of which are on file and available for inspection at the Designated Corporate Trust Office of the Trustee.

DEFINITIONS OF CERTAIN TERMS

"1998 Contract" means that certain 1998 Installment Purchase Contract, dated as of November 1, 1998, by and between the City and the Authority.

"1998 Water Project" means those certain additions, betterments, extensions and improvements to the Water System consisting of the expansion of the City's Water Treatment Plant from a capacity of 25 million gallons per day ("mgd") to a capacity of 40 mgd, and the replacement and rehabilitation of a portion of the existing Natoma Pipeline, together with the refinancing of the City's outstanding 1976 Water Revenue Bonds, Series A and Series B, necessary for the City to purchase the foregoing improvements under the 1998 Contract.

"2009 Contract" means that certain 2009 Installment Purchase Contract dated as of December 1, 2009, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance therewith.

"2013 Bonds" means all water revenue bonds of the Authority authorized, issued and delivered under the 2013 Indenture that are at any time outstanding pursuant thereto.

"2013 Contract" means that certain 2013 Installment Purchase Contract, dated as of July 1, 2013, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance therewith.

"2013 Indenture" means that certain 2013 Indenture, dated as of July 1, 2013, by and between the Authority and MUFG Union Bank, N.A. (formerly Union Bank, N.A.), as originally executed and as it may from time to time be amended in accordance therewith.

"2019 Bonds" means all bonds of the Authority authorized, issued and delivered under the 2019 Indenture in accordance with the provisions of the 2019 Indenture that are at any time Outstanding pursuant thereto.

"2019 Contract" means that certain 2019 Installment Purchase Contract, dated as of October 1, 2019, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance therewith.

"2019 Indenture" means that certain 2019 Indenture, dated as of October 1, 2019, by and between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Indentures executed pursuant to the provisions thereof.

"2019 Installment Payment Fund" means the Folsom Public Financing Authority 2019 Installment Payment Fund established pursuant to the provisions of the 2019 Indenture concerning receipt and deposit of 2019 Installment Payments.

"2019 Installment Payments" means the Parity Installment Payments scheduled to be paid by the City under the 2019 Contract.

"Accountant's Report" means an audited financial report prepared and signed by an Independent Certified Public Accountant.

"Act" means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended) and all laws amendatory thereof or supplemental thereto.

"Assumed Rate" means an assumed interest rate on a Variable Interest Rate Obligation for any period with respect to which the actual Variable Interest Rates on such Variable Interest Rate Obligation cannot be determined (including prospective periods and prior periods during which there were no actual Variable Interest Rates), and is equal to the SIFMA Index, or if such index ceases to be published, any other index reasonably estimated to approximate the rates reflected in the SIFMA Index, as selected by the Authority.

"Authority" means the Folsom Public Financing Authority, a joint exercise of powers entity duly organized and existing under and by virtue of the Act.

"Balloon Obligation" means any Parity Obligation designated as such in such obligation or in the related Issuing Document.

"Business Day" means any day (other than a Saturday, a Sunday or a legal holiday) on which the Trustee is open for business at its Designated Corporate Trust Office.

"Certificate of the Authority" means an instrument in writing signed by the Treasurer, or by any other officer of the Authority duly authorized by the Authority for that purpose.

"City" means the City of Folsom, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State.

"City Revenue Fund" means the City of Folsom Water Revenue Fund continued pursuant to the 2009 Contract and further continued under the 2019 Contract.

"Code" means the Internal Revenue Code of 1986 and the regulations of the United States Department of the Treasury issued thereunder, and reference to any particular section of the Code shall include reference to all successor sections of the Code.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority or the City related to the authorization, execution and delivery of the 2019 Contract, the 2019 Indenture and the sale of the 2019 Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial charges and fees of the Trustee, legal charges and fees, fees and disbursements of consultants and professionals, fees and expenses of the underwriter of the 2019 Bonds, and charges and fees for preparation, execution and safekeeping of the 2019 Bonds, and any other charge, cost or fee in connection with the original execution and delivery of the 2019 Bonds.

"Costs of Issuance Fund" means the Folsom Public Financing Authority Water Revenue Refunding Bonds, Series 2019 Costs of Issuance Fund established pursuant to the provisions of the 2019 Indenture concerning procedure for the issuance of 2019 Bonds.

"Coverage Requirement" means, for any Fiscal Year or any other period, an amount of Net Revenues equal to at least one hundred twenty percent (120%) of the sum of all Parity Debt Service for such Fiscal Year or such other period, as applicable.

"Date of Operation" means, with respect to any uncompleted Water Project, the estimated date by which such Water Project will have been completed and, in the opinion of the City, will be ready for use and operation by the City.

"Defeasance Obligations" means each of the following or any combination thereof: (1) non-callable direct obligations of the United States of America ("Treasuries"), (2) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (3) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (4) securities eligible for "AAA" defeasance under then existing criteria of S&P.

"Designated Corporate Trust Office" means the corporate trust office of the Trustee in San Francisco, California; provided, that for purposes of the registration, transfer, exchange, payment or surrender of the 2019 Bonds, the term "Designated Corporate Trust Office" means the corporate trust office of the Trustee in Los Angeles, California, or such other office designated by the Trustee from time to time.

"Escrow Agent" means an escrow agent appointed and acting in accordance with the 2019 Indenture and which shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars ($50,000,000), subject to supervision or examination by a federal or state banking authority, and having the corporate power and authority to accept the trusts created by a deposit made pursuant to the provisions of the 2019 Indenture concerning discharge of 2019 Bonds. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this definition the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

"Escheat Period" means, with respect to any money held by the Trustee in trust for the payment of the interest on or principal of or redemption premiums, if any, on 2019 Bonds, a period beginning on the date such payment was due and ending on the date sixty (60) days prior to the date on which such money would escheat to the State by operation of applicable law.

"Event of Default" pursuant to the 2019 Indenture means an event defined as such in the provisions of the 2019 Indenture concerning events of default and acceleration of maturities and, pursuant to the 2019 Contract, means an event defined as such in the provisions of the 2019 Contract concerning events of default and remedies of the Authority.

"Federal Securities" means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal, or securities evidencing direct ownership

interests in such obligations or in specified portions of the interest on or principal of such obligations that are held by a custodian in safekeeping on behalf of the owners of such securities.

"Fiscal Year" means the twelve-month period terminating on June 30 of each year, or any other annual accounting period thereafter selected and designated by the City or the Authority as its Fiscal Year in accordance with applicable law.

"Fitch" means Fitch Ratings, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, but only to the extent that such entity is then rating any Parity Bonds at the request of the Authority.

"Generally Accepted Accounting Principles" means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

"Holder" means any person who shall be the registered owner of any Outstanding 2019 Bond.

"Independent Certified Public Accountant" means, when used in connection with the 2019 Indenture, any firm of certified public accountants duly licensed and entitled to practice and practicing as such under the laws of the State, appointed and paid by the Authority, and each of whom:

(1) is in fact independent and not under the domination of the Authority;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority; and

(3) is not connected with the Authority as a member, officer or employee of the Authority, but which firm may be regularly retained by the Authority to audit the accounting records of the Authority and make reports thereon to the Authority;

and, when used in connection with the 2019 Contract, means any firm of certified public accountants duly licensed and entitled to practice and practicing as such under the laws of the State, appointed and paid by the City, and each of whom:

(1) is in fact independent and not under the domination of the City;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as a councilmember, officer or employee of the City, but which firm may be regularly retained by the City to audit the accounting records of the City and make reports thereon to the City.

"Independent Financial Consultant" means any financial consultant specializing in municipal finance, appointed and paid by the City, and who:

(1) is in fact independent and not under the domination of the City;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as a councilmember, officer or employee of the City, but may be regularly retained by the City to provide consulting services.

"Interest Account" means the account within the 2019 Installment Payment Fund by that name established pursuant to the provisions of the 2019 Indenture concerning the establishment and maintenance of accounts for use of money in the 2019 Installment Payment Fund.

"Interest Payment Date" means a date on which interest is due on the 2019 Bonds, being June 1 and December 1 of each year to which reference is made, commencing on December 1, 2019.

"Issuing Document" means any indenture, trust agreement or other document that provides for the issuance of Parity Bonds or Parity Obligations.

"Maintenance and Operation Costs" means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Water System, determined in accordance with Generally Accepted Accounting Principles, including all costs of water purchased or otherwise acquired for the Water System and all costs of treating water for the Water System and all expenses necessary to maintain and preserve the Water System in good repair and working order and including all administrative and management costs of the City that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms of the 2019 Contract or of any resolution authorizing the issuance of any Parity City Bonds or of such Parity City Bonds or of any resolution authorizing the execution of any Parity Contract or of such Parity Contract, such as compensation, reimbursement and indemnification of the trustee for any such Parity City Bonds or Parity Contract and fees and expenses of Independent Certified Public Accountants and independent engineers, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

"Moody's" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then "Moody's" shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Authority.

"Net Revenues" means, for any Fiscal Year, the Revenues during such Fiscal Year less the Maintenance and Operation Costs during such Fiscal Year.

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, retained by the Authority.

"Outstanding" means, when used with reference to 2019 Bonds and subject to the provisions of the 2019 Indenture concerning disqualified 2019 Bonds, all 2019 Bonds except –

(1) 2019 Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) 2019 Bonds paid or deemed to have been paid within the meaning of the provisions of the 2019 Indenture concerning discharge of 2019 Bonds; and

(3) 2019 Bonds in lieu of or in substitution for which other 2019 Bonds shall have been executed, issued and delivered by the Authority pursuant to the 2019 Indenture.

"Parity Bonds" means the 2013 Bonds, the 2019 Bonds and all other water revenue bonds of the Authority secured by Parity Installment Payments.

"Parity City Bonds" means all water revenue bonds of the City authorized, executed, issued and delivered by the City under and pursuant to applicable law which are secured by a pledge of and lien on the Net Revenues on parity with the security for the Parity Installment Payments.

"Parity Contracts" means the 2013 Contract, the 2019 Contract and all other installment purchase contracts executed by the City under and pursuant to applicable law, the installment payments under which are secured by a pledge of and lien on the Net Revenues on parity with the security for the 2013 Installment Payments, the 2019 Installment Payments and the Parity City Bonds.

"Parity Debt Service" means, with respect to any Parity Obligation for any period of calculation, those portions of the payments of interest on and principal and redemption premiums, if any, required to be made during such period under such Parity Obligation, less any such interest that is to be paid from proceeds of such Parity Obligation, less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds and capitalized interest funds established for such Parity Obligation; provided, that for purposes of the calculation of Parity Debt Service, the following shall apply:

(A) Interest on Variable Interest Rate Obligations. Interest on any Variable Interest Rate Obligation shall be deemed to be at the following interest rate or rates:

(1) for periods with respect to which the actual Variable Interest Rates on such Variable Interest Rate Obligation can be determined, the interest rates on such contract shall be such actual Variable Interest Rates for such periods; provided that if the Variable Interest Rate Obligations have been outstanding for at least 12 months, the interest rate shall be the average rate over the 12 months immediately preceding the date of calculations; and

(2) for periods with respect to which the actual Variable Interest Rates on such Variable Interest Rate Obligation cannot be determined (including prospective periods and prior periods during which there was no actual Variable Interest Rate), the Variable Interest Rate on such obligation shall be the Assumed Rate.

(B) Interest on Parity Obligations with respect to which a Payment Agreement is in force. For purposes of the definition of Parity Debt Service, interest deemed to be payable on any Parity Obligation with respect to which a Payment Agreement is in force shall be based on the net economic effect on the City expected to be produced by the terms of such Parity Obligation and such Payment Agreement, including but not limited to the effects that (i) such Parity Obligation would, but for such Payment Agreement, be treated as an obligation bearing interest at a Variable Interest Rate instead shall be treated as an obligation bearing interest at a fixed interest rate, and (ii) such Parity Obligation would, but for such Payment Agreement, be treated as an obligation bearing interest at a fixed interest rate instead shall be treated as an obligation bearing interest at a Variable Interest Rate; and accordingly, the amount of interest

deemed to be payable on any Parity Obligation with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in such Parity Obligation plus the applicable Payment Agreement Payments minus the applicable Payment Agreement Receipts, and for the purpose of calculating as nearly as practicable the Payment Agreement Receipts and the Payment Agreement Payments under such Parity Obligation, the following assumptions shall be made:

(1) City Obligated to Pay Net Variable Payments. If a Payment Agreement has been entered into by the City with respect to a Parity Obligation resulting in the payment of a net variable interest rate with respect to such Parity Obligation and Payment Agreement by the City, the interest rate on such Parity Obligation for future periods when the actual interest rate cannot yet be determined shall be assumed, during the period the Payment Agreement is in effect, to be equal to the sum of (i) the fixed rate or rates stated in such Parity Obligation, minus (ii) the fixed rate paid by the Qualified Counterparty to the City, plus (iii) the lesser of (A) the interest rate cap, if any, provided by a Qualified Counterparty with respect to such Payment Agreement (but only during the period that such interest rate cap is in effect) and (B) the Assumed Rate; and

(2) City Obligated to Pay Net Fixed Payments. If a Payment Agreement has been entered into by the City with respect to a Parity Obligation resulting in the payment of a net fixed interest rate with respect to such Parity Obligation and Payment Agreement by the City, the interest on such Parity Obligation shall be included in the calculation of the Parity Debt Service during the period the Payment Agreement is in effect by including for each calculation period an amount equal to the amount of interest payable at the fixed interest rate pursuant to such Payment Agreement;

(C) For purposes of any Parity Obligation or portions thereof the debt service requirements under which contain no current interest component but which are sold at a discount and which discount accretes with respect to such Parity Obligation or portions thereof, such accreted discount shall be treated as interest in the calculation of Parity Debt Service;

(D) For purposes of any Parity Obligations that constitute paired obligations, the interest rate on such Parity Obligations shall be the resulting linked rate or the effective fixed interest rate to be paid by the City with respect to such paired obligations; and

(E) The amount on deposit in a debt service reserve fund with respect to a Parity Obligation on any date of calculation of Parity Debt Service shall be deducted from the amount of principal due at the final maturity of such Parity Obligation to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in inverse order of due date, until such amount is exhausted.

"Parity Installment Payment Fund" means the Folsom Public Financing Authority Parity Installment Payment Fund established pursuant to the provisions of the 2019 Indenture concerning receipt and deposit of revenues in the 2019 Installment Payment Fund.

"Parity Installment Payments" means the installment payments payable under the 2019 Contract and all other Parity Contracts.

"Parity Obligations" means all Parity Contracts, all Parity City Bonds and the scheduled payments under any Payment Agreement which have been designated by the City as a "Parity Obligation" in the Payment Agreement or in the Parity Contract or Issuing Document for the related Parity Obligations.

"Payment Agreement" means a written agreement for the purpose of managing or reducing the City's exposure to fluctuations in interest rates or for any other interest rate, investment, asset or liability managing purposes, entered into either on a current or forward basis by the City and a Qualified Counterparty as authorized under any applicable laws of the State in connection with, or incidental to, the entering into of any Parity Obligation, that provides for an exchange of payments based on interest rates, ceilings or floors on such payments, options on such payments or any combination thereof, or any similar device.

"Payment Agreement Payments" means the amounts periodically required to be paid by the City to all Qualified Counterparties under all Payment Agreements.

"Payment Agreement Receipts" means the amounts periodically required to be paid by all Qualified Counterparties to the City under all Payment Agreements.

"Permitted Investments" means any of the following obligations to the extent then authorized by law for the investment of money of the Authority:

(1) Direct obligations (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America;

(2) Direct obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America:

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Rural Economic Community Development Administration (formerly the Farmers Home Administration)
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than three hundred sixty (360) days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank):

(5) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than two hundred seventy (270) days after the date of purchase;

(6) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or an affiliate provides investment management or other services but excluding funds with a floating net asset value;

(7) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in such irrevocable instructions, as appropriate;

(8) General obligations of states with a rating of at least "A2/A" or higher by both Moody's and S&P;

(9) Investment agreements (supported by appropriate opinions of counsel) with notice to S&P;

(10) Shares in the California Asset Management Program (established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State) that

invests exclusively in investments permitted by Section 53635 of the Government Code of the State, as now existing and as it may be amended from time to time;

(11) The Local Agency Investment Fund (established under Sections 53600-53609 of the California Government Code, as amended or supplemented from time to time); and

(12) Other forms of investment agreements (including repurchase agreements) with notice to S&P.

The value of the above investments shall be determined at fair market value.

"Principal Subaccount" means the subaccount within the Redemption Account by that name established pursuant to the provisions of the 2019 Indenture concerning establishment and maintenance of accounts for use of money in the 2019 Installment Payment Fund.

"Qualified Counterparty" means a counterparty to a Payment Agreement (1) (a) which is rated at least equal to the ratings assigned by each of the Rating Agencies to the Parity Bonds (without regard to any gradations within a rating category and without regard to any credit enhancement thereof), (b) the senior debt obligations of which are rated at least equal to the ratings assigned by each of the Rating Agencies to the Parity Bonds (without regard to any gradations within a rating category and without regard to any credit enhancement thereof), or guaranteed by an entity so rated, (c) whose obligations under the Payment Agreement are guaranteed for the entire term of the Payment Agreement by a bond insurer or other institution which has been assigned a credit rating at least equal to the ratings assigned by each of the Rating Agencies to the Parity Bonds (without regard to any gradations within a rating category and without regard to any credit enhancement thereof), or (d) the obligations of which under the Payment Agreement are collateralized in such a manner as to obtain a rating at least equal to the ratings assigned by each of the Rating Agencies to the Parity Bonds (without regard to any gradations within a rating category and without regard to any credit enhancement thereof), and (2) which is otherwise qualified to act as the counterparty under a Payment Agreement with the City under the Charter and all applicable policies of the City, and under all applicable laws of the State.

"Rating Agencies" means collectively Fitch, Moody's and S&P, together with any other nationally recognized municipal securities rating agency or agencies selected by the Authority that is then rating any Parity City Bonds or bonds secured by Parity Installment Payments at the request of the Authority.

"Record Date" means, with respect to any Interest Payment Date, the day of the month that is the fifteenth (15th) day of the month prior to such Interest Payment Date.

"Redemption Account" means the account within the 2019 Installment Payment Fund by that name established pursuant to the provisions of the 2019 Indenture concerning establishment and maintenance of accounts for use of money in the 2019 Installment Payment Fund.

"Representation Letter" means the blanket letter of representation from the Authority to The Depository Trust Company, New York, New York, relating to its book-entry securities.

"Revenues," when used in connection with the 2019 Indenture, means all 2019 Installment Payments paid by the City and received by the Authority, its successors and assigns under the 2019 Contract, together with all income from any investment pursuant to the provisions of the 2019 Indenture concerning the deposit or investment of money in accounts and funds, of any money in any

account or fund established pursuant thereto. When used in connection with the 2019 Contract, "Revenues" means all gross income and revenue received by the City from the ownership or operation of the Water System, determined in accordance with Generally Accepted Accounting Principles, including all charges, fees and rates and all connection fees received by the City for water and the other services of the Water System and all proceeds of insurance covering business interruption loss relating to the Water System and all other income and revenue howsoever derived by the City from the ownership or operation of the Water System, but excluding all proceeds of taxes and all refundable deposits made to establish credit and advances or contributions or grants in aid of construction.

"S&P" means S&P Global, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then "S&P" shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Authority.

"SIFMA Index" means on any date, a rate determined on the basis of the seven day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by The Bond Market Association ("SIFMA") or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the City and effective from such date.

"State" means the State of California.

"Supplemental Indenture" means any indenture, duly executed and delivered by the Authority and the Trustee and in full force and effect, which is amendatory of the 2019 Indenture or supplemental thereto; but only if and to the extent that such Supplemental Indenture is specifically authorized thereunder.

"Tax Certificate" means the Tax Certificate delivered by the Authority at the time of the issuance and delivery of the 2019 Bonds, as the same may be amended or supplemented in accordance with its terms.

"Termination Payments" means any payments due and payable to a Qualified Counterparty in connection with the termination of a Payment Agreement.

"Treasurer" means the Treasurer of the Authority.

"Trustee" means MUFG Union Bank, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, at its Designated Corporate Trust Office, or any successor Trustee which may at any time be substituted in place of the original or any successor Trustee under the 2019 Indenture as provided in provisions of the 2019 Indenture concerning the Trustee.

"Variable Interest Rate" means any variable interest rate or rates to be paid under any Parity Obligation, the method of computing which variable interest rate shall be as specified in such obligation, which obligation shall also specify either (i) the payment period or periods or time or manner of determining such period or periods or time for which each value of such variable interest rate shall remain in effect, and (ii) the time or times based upon which any change in such variable interest rate shall become effective, and which variable interest rate may, without limitation, be based on the interest rate on certain bonds or may be based on interest rate, currency, commodity or other indices.

"Variable Interest Rate Obligations" means, for any period of time, any Parity Obligations that bear a Variable Interest Rate during such period, except that no such obligation shall be treated as a Variable Interest Rate Obligation if the net economic effect of interest rates on any particular payments and interest rates on any other payments of the same obligation, as set forth in such obligation, or the net economic effect of a Payment Agreement with respect to any particular Parity Obligation, in either case is to produce a substantially fixed interest rate obligation, and any Parity Obligation with respect to which a Payment Agreement is in force shall be treated as a Variable Interest Rate Obligation if the net economic effect of the Payment Agreement is to produce a substantially Variable Interest Rate Obligation.

"Water Project" means any additions, betterments, extensions or improvements to the Water System designated by the City Council of the City as a designated Water Project for the City, the cost of the purchase of which is to be paid for by the proceeds of any Parity City Bonds or any Parity Contracts.

"Water Service" means the commodity and the collection, conservation, production, storage, treatment, transmission, supply and distribution services furnished, made available or provided by the Water System.

"Water System" means all facilities for obtaining, storing, treating and delivering municipal water now owned or operated by the City, and all other properties, structures or works thereafter acquired and constructed by the City and determined to be a part of the Water System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof thereafter acquired or constructed.

"Written Request of the Authority" means an instrument in writing signed by the Treasurer, or by any other officer of the Authority duly authorized by the Authority for that purpose.

THE 2019 INDENTURE

Equal Security

In consideration of the acceptance of the 2019 Bonds by the Holders thereof, the 2019 Indenture shall be deemed to be and shall constitute a contract by and among the Authority, the Trustee and the Holders from time to time of all 2019 Bonds authorized, executed, authenticated and delivered under the 2019 Indenture and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all 2019 Bonds which may from time to time be authorized, executed, authenticated and delivered thereunder, subject to the agreements, conditions, covenants and terms contained therein; and all agreements and covenants set forth therein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Holders of the 2019 Bonds without distinction, preference or priority as to security or otherwise of any 2019 Bonds over any other 2019 Bonds by reason of the number or date thereof or the time of authorization, sale, execution, authentication or delivery thereof or for any cause whatsoever, except as expressly provided in the 2019 Indenture or therein.

Pledge of Revenues

All Revenues received by the Authority are assigned pursuant to the 2019 Indenture by the Authority to the Trustee for the benefit of the Holders of the 2019 Bonds, and are irrevocably pledged to the payment of the interest on and principal of and redemption premiums, if any, on the 2019 Bonds as provided in the 2019 Indenture, and the Revenues shall not be used for any other purpose while any of the

2019 Bonds remain Outstanding; provided, that out of the Revenues there may be applied such sums for such purposes as are permitted under the 2019 Indenture. Such pledge shall constitute a first pledge of and charge and lien upon the Revenues and all money on deposit in the accounts and funds established under the 2019 Indenture for the payment of the interest on and principal of and redemption premiums, if any, on the 2019 Bonds in accordance with the terms of the 2019 Indenture and the 2019 Bonds. The Authority (to the extent of its rights, if any, in the 2019 Installment Payment Fund and all money on deposit in the accounts and funds established under the 2019 Indenture, although it is the intent of the parties thereto that the Authority not have any right, title or interest in or to the 2019 Installment Payment Fund or such money) pledges and grants a lien on and a security interest in the 2019 Installment Payment Fund and such money to the Trustee for the benefit of the Holders.

Receipt and Deposit of Revenues in the 2019 Installment Payment Fund

In order to carry out and effectuate the pledge, charge and lien contained in the 2019 Indenture, the Authority agrees and covenants that all Revenues when and as received by the Authority will be forthwith transferred by the Authority to the Trustee for deposit in the "Folsom Public Financing Authority 2019 Installment Payment Fund," which fund is created pursuant to the 2019 Indenture and which fund the Authority agrees and covenants to maintain with the Trustee so long as any 2019 Bonds are Outstanding under the 2019 Indenture. All money in the 2019 Installment Payment Fund shall be accounted for through and held in trust in the 2019 Installment Payment Fund by the Trustee, and the Authority shall have no beneficial right or interest in any money in the 2019 Installment Payment Fund except only as provided in the 2019 Indenture. All Revenues, whether received by the Authority or deposited with the Trustee as provided in the 2019 Indenture, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses set forth in the 2019 Indenture, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

Establishment and Maintenance of Accounts

All money in the 2019 Installment Payment Fund shall be set aside by the Trustee in the following respective special accounts within the 2019 Installment Payment Fund (each of which is created pursuant to the 2019 Indenture and each of which the Trustee covenants and agrees to cause to be maintained) in the following order of priority: (a) Interest Account and (b) Redemption Account. All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized in the provisions of the 2019 Indenture summarized in this section.

(a) Interest Account. On June 1 and December 1 of each year, beginning on December 1, 2019, the Trustee shall set aside from the 2019 Installment Payment Fund and deposit in the Interest Account an amount of money which is equal to the amount of interest becoming due and payable on all Outstanding 2019 Bonds on such June 1 or December 1, as the case may be; provided, that no such deposit need be made in the Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding 2019 Bonds on such Interest Payment Date. All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2019 Bonds as it shall become due and payable (including accrued interest on any 2019 Bonds purchased or redeemed prior to maturity).

(b) Redemption Account. On December 1 of each year, beginning on December 1, 2019, the Trustee shall set aside from the 2019 Installment Payment Fund and deposit in the Principal Subaccount of the Redemption Account an amount of money equal to the principal amount of all Outstanding 2019 Bonds maturing on such December 1; provided, that no such deposit need be made in the Principal Subaccount on December 1 of any year if the amount contained in the Principal Subaccount

therein is at least equal to the aggregate amount of the principal of all Outstanding 2019 Bonds maturing by their terms on such December 1. All money in the Principal Subaccount in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the 2019 Bonds as they shall become due and payable, whether at maturity or on prior redemption.

Punctual Payment and Performance

The Authority will punctually pay the interest on and principal of and redemption premium, if any, to become due on every 2019 Bond issued under the 2019 Indenture from the Revenues in strict conformity with the terms thereof and of the 2019 Bonds, and will faithfully observe and perform all the agreements, conditions, covenants and terms to be observed or performed by it contained in the 2019 Indenture and in the 2019 Bonds.

Assignment of 2019 Contract

Pursuant to the 2019 Indenture, the Authority transfers, assigns and sets over to the Trustee all of the 2019 Installment Payments and other Revenues and any and all rights and privileges it has under the 2019 Contract including, without limitation, the right to collect and receive directly all of the 2019 Installment Payments and the right to hold and enforce any security interest, and any 2019 Installment Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall take all steps, actions and proceedings required to be taken as provided in any Opinion of Counsel delivered to it, reasonably necessary to maintain in force for the benefit of the Holders the Trustee's rights in and priority to the following security granted to it for the payment of the 2019 Bonds: the Trustee's rights as assignee of the 2019 Installment Payments and other Revenues and all other rights and privileges under the 2019 Contract and as beneficiary of any other rights to security for the 2019 Bonds which the Trustee may receive in the future.

The Trustee may, in performing the obligations described in the paragraph above, rely and shall be protected in acting or refraining from acting upon an Opinion of Counsel.

Against Encumbrances

The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided in the 2019 Indenture, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the 2019 Bonds.

Tax Covenants

The Authority will not use or permit the use of any proceeds of 2019 Bonds or any funds of the Authority, directly or indirectly, to acquire any securities or obligations and will not take or permit to be taken any other action or actions which would cause any 2019 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, "private activity bonds" within the meaning of Section 141(a) of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and any applicable requirements thereunder and under Section 103(c) of the Code. The Authority will observe and will not violate the requirements of Section 148 of the Code and any applicable regulations thereunder, and the Authority will comply with all requirements of Sections 148 and 149(b) of the Code and any applicable regulations thereunder to the extent applicable to the 2019 Bonds. In the event that at any time the Authority is of the opinion that for purposes of its tax covenants that it is necessary to restrict or to limit the yield on the investment of any money held by the Trustee under the 2019 Indenture, the Authority

shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

The Authority will comply with the provisions and procedures of the Tax Certificate, and the Trustee shall only be obligated to follow the directions of the Authority agreed to be followed by it under the 2019 Indenture.

The Authority will not use or permit the use of any proceeds of the 2019 Bonds or any funds of the Authority, directly or indirectly, in any manner, and will not take or omit to take any action that would cause any of the 2019 Bonds to be treated as an obligation not described in Section 103(a) of the Code and any applicable regulations thereunder or which would affect the exemption of interest on the 2019 Bonds from State personal income taxes.

Notwithstanding any provisions summarized in this section, if the Authority provides the Trustee with an Opinion of Counsel that any specified action required under the provisions summarized in this section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest with respect to the 2019 Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of the provisions summarized in this section, and, notwithstanding the provisions of the 2019 Indenture concerning amendments thereof, the tax covenants under the 2019 Indenture shall be deemed to be modified to that extent.

Accounting Records and Reports

The Authority will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions. Not more than two hundred ten (210) days after the close of each Fiscal Year, the Authority will furnish or cause to be furnished to the Trustee audited financial statements for such Fiscal Year prepared by an Independent Certified Public Accountant. The Authority will also keep or cause to be kept such other information as required under the Tax Certificate, and the Trustee shall have no duty to review or examine such statements.

Prosecution and Defense of Suits

The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Revenues or to the extent involving the failure of the Authority to fulfill its obligations under the 2019 Indenture; provided, that the Trustee or any affected Holder at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of any such failure by the Authority, and will indemnify and hold harmless the Trustee against any attorney's fees or other expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions under the 2019 Indenture, except for any loss, cost, damage or expense resulting from the negligence or willful misconduct of the Trustee.

Amendments to 2019 Contract

The Authority will not supplement, amend, modify or terminate any of the terms of the 2019 Contract, or consent to any such supplement, amendment, modification or termination, without the prior written consent of the Trustee, which consent shall be given only if (a) such supplement, amendment, modification or termination will not materially adversely affect the interests of the Holders

or result in any material impairment of the security given in the 2019 Indenture for the payment of the 2019 Bonds, or (b) the Trustee first obtains the written consent of the Holders of a majority in aggregate principal amount of the 2019 Bonds then Outstanding to such supplement, amendment, modification or termination; provided, that no such supplement, amendment, modification or termination shall reduce the amount of 2019 Installment Payments to be made to the Authority by the City pursuant to the 2019 Contract, or extend the time for making such 2019 Installment Payments, or permit the creation of any lien prior to the lien created by the 2019 Contract on the revenues of the Water System without the written consent of the Holders of all the 2019 Bonds then Outstanding.

Continuing Disclosure

Pursuant to the 2019 Contract, the City has undertaken all responsibility for compliance with continuing disclosure requirements related to the 2019 Bonds. Notwithstanding any other provision of the 2019 Indenture, failure of the City to comply with its continuing disclosure undertaking shall not be considered an Event of Default under the 2019 Indenture; provided, that any Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under its continuing disclosure undertaking.

Further Assurances

Whenever and so often as reasonably requested to do so by the Trustee or any Holder, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Holders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the 2019 Indenture.

Amendment of the 2019 Indenture

The 2019 Indenture and the rights and obligations of the Authority and of the Holders may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Holders of a majority in aggregate principal amount of the 2019 Bonds then Outstanding, exclusive of 2019 Bonds disqualified as provided in the provisions of the 2019 Indenture concerning the disqualified 2019 Bonds, are filed with the Trustee; provided, that before executing any such Supplemental Indenture the Trustee shall first be provided at the Authority's expense with an Opinion of Counsel that such Supplemental Indenture is permitted by the 2019 Indenture, on which opinion the Trustee may conclusively rely. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any 2019 Bond without the express written consent of the Holder of such 2019 Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided in the 2019 Indenture superior to or on a parity with the pledge, charge and lien created by the 2019 Indenture for the benefit of the 2019 Bonds, or (3) reduce the percentage of 2019 Bonds required for the written consent to any such amendment, or (4) modify any duties or obligations of the Authority or the Trustee without their prior written assent thereto, respectively.

The 2019 Indenture and the rights and obligations of the Authority and of the Holders may also be amended at any time by a Supplemental Indenture which shall become binding upon adoption without the consent of any Holders, but only to the extent permitted by law, for any purpose that will not materially adversely affect the interests of the Holders, including (without limitation) for any one or more of the following purposes:

(a) to add to the agreements and covenants required in the 2019 Indenture to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved in the 2019 Indenture to or conferred therein on the Authority;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the 2019 Indenture or in regard to questions arising under the 2019 Indenture which the Authority may deem desirable or necessary and not inconsistent with the 2019 Indenture;

(c) to add to the agreements and covenants required in the 2019 Indenture, such agreements and covenants as may be necessary to qualify the 2019 Indenture under the Trust Indenture Act of 1939;

(d) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion of interest on the 2019 Bonds from gross income for federal income tax purposes under the Code or the exemption of such interest from State personal income taxes;

(e) to make such amendments or supplements as may be necessary or appropriate to maintain any then current rating on the 2019 Bonds; or

(f) to add to the rights of the Trustee;

provided, that before executing any such Supplemental Indenture the Trustee shall first be provided at the Authority's expense with an Opinion of Counsel that such Supplemental Indenture is permitted by the 2019 Indenture, on which opinion the Trustee may conclusively rely.

Disqualified 2019 Bonds

2019 Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding 2019 Bonds, and shall not be entitled to consent to or take any other action provided in the 2019 Indenture.

Book-Entry Only System; Discontinuance of Book-Entry Only System

So long as all 2019 Bonds Outstanding are registered in the name of any nominee of Depository Trust Company, New York, New York ("DTC"), all payments with respect to the interest on and principal of and redemption premiums, if any, on the 2019 Bonds and all notices with respect to the 2019 Bonds shall be made and given to DTC as provided in the Representation Letter.

In the event that the Authority determines that it is in the best interests of the beneficial owners of the 2019 Bonds that they be able to obtain definitive 2019 Bonds, the Trustee shall, upon receipt of a Written Request of the Authority, so notify DTC, whereupon DTC shall notify the Participants (which shall mean, for purposes of this section, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC) of the availability through DTC of definitive 2019 Bonds, and in such event, the 2019 Bonds will be transferable in accordance with the provisions of the 2019 Indenture summarized in the last paragraph of this section. DTC may determine to discontinue providing its services with respect to the 2019 Bonds at any time by giving written notice of such discontinuance to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law, and in such event the 2019 Bonds will be transferable in accordance with the provisions of the 2019 Indenture described in the last paragraph of this section. Whenever DTC requests the Authority and the Trustee to do so, the Authority

and the Trustee will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the 2019 Bonds then Outstanding, and in such event, the 2019 Bonds will be transferable to such securities depository in accordance with the provisions of the 2019 Indenture described in the last paragraph of this section, and thereafter all references in the 2019 Indenture to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

In the event that any transfer or exchange of 2019 Bonds is authorized under the provisions of the 2019 Indenture describing the use of the book-entry system for the 2019 Bonds, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the 2019 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of the 2019 Indenture relating to the transfer and payment and exchange of the 2019 Bonds. In the event that definitive 2019 Bonds are issued to Holders other than Cede & Co., its successor as nominee of DTC as Holder of all the 2019 Bonds, another securities depository as Holder of all the 2019 Bonds, or the nominee of such successor securities depository, the provisions of the 2019 Indenture relating to the transfer and payment and exchange of the 2019 Bonds shall also apply to, among other things, the registration, exchange and transfer of the 2019 Bonds and the method of payment of the interest on and principal of and redemption premiums, if any, on the 2019 Bonds.

Endorsement or Replacement of 2019 Bonds After Amendment

After the effective date of any action taken as provided in the 2019 Indenture, the Authority may determine that the 2019 Bonds may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Holder of any Outstanding 2019 Bonds and presentation of his 2019 Bond for such purpose at the Designated Corporate Trust Office of the Trustee, a suitable notation as to such action shall be made on such 2019 Bond. If the Authority shall so determine, new 2019 Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Outstanding 2019 Bond a new 2019 Bond or 2019 Bonds shall be exchanged at the Designated Corporate Trust Office of the Trustee without cost to each Holder for its 2019 Bond or 2019 Bonds then Outstanding upon surrender of such Outstanding 2019 Bonds.

Amendment by Mutual Consent

The provisions of the 2019 Indenture regarding amendments shall not prevent any Holder from accepting any amendment as to the particular 2019 Bonds held by him; provided, that due notation thereof is made on such 2019 Bonds.

Events of Default and Acceleration of Maturities

If one or more of the following events (defined in the 2019 Indenture to constitute "Events of Default") shall happen, that is to say:

(a) if default shall be made by the Authority in the due and punctual payment of the interest on any 2019 Bond when and as the same shall become due and payable;

(b) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any 2019 Bond when and as the same shall become due and payable, whether at maturity or by proceedings for redemption;

(c) if default shall be made by the Authority in the performance of any of the other agreements or covenants contained in the 2019 Indenture required to be performed by the Authority, and such default shall have continued for a period of thirty (30) days after the Authority shall have been given notice in writing of such default by the Trustee;

(d) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or

(e) If an Event of Default (as that term is defined in the 2019 Contract) has occurred under the 2019 Contract;

then and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the 2019 Bonds then Outstanding, shall, by notice in writing to the Authority, declare the principal of all 2019 Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained in the 2019 Indenture or in the 2019 Bonds to the contrary notwithstanding; provided, that such provision is subject to the condition that if at any time after the principal of the 2019 Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the Authority shall deposit with the Trustee a sum sufficient to pay all matured interest on all the 2019 Bonds and all principal of the 2019 Bonds matured prior to such declaration, with interest at the rate borne by such 2019 Bonds on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the 2019 Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Holders of not less than a majority in aggregate principal amount of 2019 Bonds then Outstanding, by written notice to the Authority and to the Trustee, may, on behalf of the Holders of all the 2019 Bonds then Outstanding, rescind and annul such declaration and its consequences; and provided further, that no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration

All money in the accounts and funds established under the 2019 Indenture upon the date of the declaration of acceleration by the Trustee and all Revenues thereafter received by the Authority under the 2019 Indenture shall be transmitted to the Trustee and shall be applied by the Trustee in the following order:

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of the 2019 Indenture regarding default and remedies, including any outstanding fees and expenses of the Trustee and including reasonable compensation to its accountants and counsel, and thereafter to the payment of the costs and expenses of the Holders in providing for the declaration of such Event of Default, including reasonable compensation to their accountants and counsel; and

Second, upon presentation of the several 2019 Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the 2019 Bonds for interest and principal and redemption premium, if any, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such 2019 Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the 2019 Bonds, then to the payment of such interest, principal, redemption premium, if any, and (to the extent permitted by law) interest on overdue interest, principal and redemption premium, if any, without preference or priority among such interest, principal, redemption premium, if any, and interest on overdue interest, principal and redemption premium, if any, ratably to the aggregate of such interest, principal, redemption premium, if any, and interest on overdue interest and principal.

Institution of Legal Proceedings by Trustee

If one or more of the Events of Default shall happen and be continuing, the Trustee may, and upon the written request of the Holders of a majority in principal amount of the 2019 Bonds then Outstanding (so long as the Trustee is indemnified to its satisfaction therefor) shall, proceed to protect or enforce its rights or the rights of the Holders of 2019 Bonds under the 2019 Indenture by a suit in equity or action at law, either for the specific performance of any agreement or covenant contained in the 2019 Indenture, or in aid of the execution of any power in the 2019 Indenture granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties under the 2019 Indenture.

Non-Waiver

Nothing in the 2019 Indenture or in the 2019 Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the 2019 Bonds to the respective Holders of the 2019 Bonds at the respective dates of maturity or upon prior redemption as provided in the 2019 Indenture from the Revenues and the funds held in the accounts and funds as provided therein pledged for such payment, or (except as provided in the provisions of the 2019 Indenture concerning limitation on the Holders' rights to sue) shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the 2019 Indenture and in the 2019 Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Holder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Holders by the Act or by the 2019 Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Actions by Trustee as Attorney-in-Fact

Any action, proceeding or suit which any Holder shall have the right to bring to enforce any right or remedy under the 2019 Indenture may be brought by the Trustee for the equal benefit and protection of all Holders, whether or not the Trustee is a Holder, and the Trustee is appointed (and the successive Holders, by taking and holding the 2019 Bonds issued under the 2019 Indenture, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Holders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Holders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Remedies Not Exclusive

No remedy in the 2019 Indenture conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the 2019 Indenture or now or thereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Limitation on 2019 Bondholders' Right to Sue

No Holder of any 2019 Bond issued under the 2019 Indenture shall have the right to institute any suit, action or proceeding, at law or equity, for any remedy under the 2019 Indenture unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Holders of at least a majority in aggregate principal amount of all the 2019 Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the 2019 Indenture or to institute such suit, action or proceeding in its own name; (c) such Holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses, claims and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and such tender of indemnity shall have been made to, the Trustee.

Each such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of 2019 Bonds of any remedy under the 2019 Indenture; it being understood and intended that no one or more Holders shall have any right in any manner whatever by his or their action to enforce any right under the 2019 Indenture except in the manner in the 2019 Indenture provided, and that all proceedings at law or in equity to enforce any provision of the 2019 Indenture shall be instituted and maintained in the manner therein provided and for the equal benefit of all Holders of Outstanding 2019 Bonds.

Discharge of 2019 Bonds

(a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding 2019 Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated in the 2019 Indenture and therein, then the Holders of such 2019 Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided in the 2019 Indenture, and all agreements, covenants and other obligations of the Authority to the Holders of such 2019 Bonds under the 2019 Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Authority all money or

securities held by it pursuant to the 2019 Indenture which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such 2019 Bonds and for the payment of any fees and expenses of the Trustee.

(b) Any Outstanding 2019 Bonds shall prior to the maturity dates or redemption dates thereof be deemed to have been paid within the meaning of and with the effect described in subsection (a) of this section if there shall be on deposit with the Trustee money which is sufficient to pay the interest on and principal of and redemption premiums, if any, on such 2019 Bonds on and prior to the maturity dates or redemption dates thereof.

(c) Any Outstanding 2019 Bonds shall prior to the maturity dates or redemption dates thereof be deemed to have been paid within the meaning of and with the effect described in subsection (a) of this section (except that the Authority shall remain liable for the payment of such 2019 Bonds, but only out of the money or securities deposited with the Trustee or an Escrow Agent) if: (1) in case any of such 2019 Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice of such redemption in accordance with the provisions of the 2019 Indenture; (2) there shall have been deposited with the Trustee or with an Escrow Agent in trust for the benefit of the Holders thereof either (A) money in an amount which shall be sufficient or (B) Defeasance Obligations, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee or such Escrow Agent at the same time, will be sufficient, in the opinion of an Independent Certified Public Accountant, addressed to the Trustee, to pay when due the interest to become due on such 2019 Bonds on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and redemption premiums, if any, to become due on such 2019 Bonds on such maturity dates or redemption dates; (3) in the event such 2019 Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable a notice to the Holders of such 2019 Bonds that the deposit required by clause (2) above has been made with the Trustee or such Escrow Agent and that such 2019 Bonds are deemed to have been paid and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such 2019 Bonds; and (4) the Authority and the Trustee shall have entered into an escrow trust agreement providing for the deposit described in clause (2) above.

(d) After the payment of the interest on and principal of and redemption premiums, if any, on the 2019 Bonds as described in this section, the Trustee shall, after the payment of all amounts due the Trustee under the 2019 Indenture, execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence the discharge and satisfaction of the 2019 Indenture, and the Trustee shall pay over or deliver to the Authority all money or deposits or investments held by it pursuant to the 2019 Indenture which are not required for the payment of the interest and principal and redemption premiums, if any, on the 2019 Bonds.

Unclaimed Money

Anything contained in the 2019 Indenture to the contrary notwithstanding, if any money is held by the Trustee in trust for the payment and discharge of the interest on or principal of or redemption premiums, if any, on any of the 2019 Bonds after the date when the interest on or principal of or redemption premiums, if any, on such 2019 Bonds has become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, and remains unclaimed for the Escheat Period, such money shall be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders shall not look to the Trustee for the payment of the interest on or principal of or redemption premiums, if any, on such

2019 Bonds; provided, that before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, cause to be mailed to all Holders a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of each such notice, the balance of such money then unclaimed will be returned to the Authority.

Liability of Authority Limited to Revenues and Certain Other Funds

Notwithstanding anything contained in the 2019 Indenture, the Authority shall not be required to advance any money derived from any source other than the Revenues and the funds held in the accounts and funds as provided in the 2019 Indenture for the payment of the interest on or principal of or redemption premiums, if any, on the 2019 Bonds or for the performance of any agreements or covenants in the 2019 Indenture contained; provided, that the Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring an indebtedness.

The 2019 Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any redemption premiums thereon, solely from the Revenues and the funds held in the accounts and funds provided in the 2019 Indenture, and the Authority is not obligated to pay such interest, principal or redemption premiums, if any, on the 2019 Bonds except from the Revenues and such funds. All the 2019 Bonds are equally and ratably secured by a pledge of and charge and lien upon the Revenues and such funds, and the Revenues and such funds constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the 2019 Bonds as provided in the 2019 Indenture. The full faith and credit of the Authority is not pledged for the payment of the interest on or principal of or redemption premiums, if any, on the 2019 Bonds, and no tax shall ever be levied or collected to pay the interest on or principal of or redemption premiums, if any, on the 2019 Bonds. The 2019 Bonds are not secured by a legal or equitable pledge of or charge or lien upon any property of the Authority or any of its income or receipts except the Revenues and such funds, and neither the payment of the interest on or principal of or redemption premiums, if any, on the 2019 Bonds is a debt, liability or general obligation of the Authority.

Benefits of the 2019 Indenture Limited to Parties and Beneficiaries

Nothing contained in the 2019 Indenture is intended or shall be construed to confer upon, or to give or grant to, any person or entity other than the Authority, the Trustee and the Holders any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation thereof; and all covenants, stipulations, promises and agreements contained in the 2019 Indenture by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, Trustee and the Holders.

Waiver of Personal Liability

No member, officer or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the 2019 Bonds by reason of their issuance, but nothing in the 2019 Indenture contained shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or the 2019 Indenture.

Deposit or Investment of Money in Accounts and Funds

Subject to the provisions of the 2019 Indenture concerning tax covenants, all money held by the Trustee in any of the accounts or funds established pursuant thereto shall be invested in those

Permitted Investments described in a Written Request of the Authority filed with the Trustee at least two (2) Business Days prior to the making of any such investment, which such Permitted Investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the 2019 Indenture, except that the Trustee shall have no liability or responsibility for any loss, fee, tax or other charge resulting from any investment, reinvestment or liquidation of an investment made in accordance with the 2019 Indenture; provided, that if no such Written Request is received by the Trustee, the Trustee shall invest such money in the Wells Fargo Government Money Market Fund or any successor money market fund. The earnings on any investment in any fund or account created under the 2019 Indenture shall be deposited in such fund or account. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the 2019 Indenture. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

Business Day Adjustments

Any action required to occur under the 2019 Indenture on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

Force Majeure

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations under the 2019 Indenture arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

2019 INSTALLMENT PURCHASE CONTRACT

Refunding of the Installment Payments for the 1998 Water Project

The Authority agrees to refund the installment payments due by the City for the purchase of the 1998 Water Project. In the event the Authority fails to observe or perform any agreement, condition, covenant or term contained in the 2019 Contract required to be observed or performed by it, the City may institute such action or proceeding against the Authority as the City may deem necessary or convenient to compel the observance or performance of such agreement, condition, covenant or term, or to recover damages for the nonobservance or nonperformance thereof. The City may, at its own cost and expense and in its own name or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to protect or secure its rights under the 2019 Contract, and in such event the Authority agrees to cooperate fully with the City and to take all action necessary to effect the substitution of the City for the Authority in any action or proceeding if the City shall so request.

Additions to or Deletions from the 1998 Water Project

The City may at any time make additions to or make deletions from the 1998 Water Project, but only if the City first files with the Trustee a certificate of the City:

(a) identifying the work to be added to the 1998 Water Project or the work to be deleted from the 1998 Water Project, or both; and

(b) stating (in the case of such an addition) that the estimated costs of the acquisition or construction of the addition to the 1998 Water Project are not greater than the funds on deposit in the Improvement Fund available to pay such estimated costs.

Title to the 1998 Water Project

Upon the acquisition or construction of each portion of the 1998 Water Project by the City as agent for the Authority, all right, title and interest therein shall automatically vest in the City, which automatic vesting shall occur without further action by the Authority; provided, that the Authority shall, if requested by the City or if necessary to assure such automatic vesting of such right, title or interest, execute and deliver any and all documents required to assure such vesting.

Location of the 1998 Water Project; Ingress and Egress by Authority

The 1998 Water Project consists of components which are not contiguous to one another and which are located at various locations within and without the City, and the Authority shall have the right of ingress and egress to and from all such locations for the purpose of fulfilling its obligations under the 2019 Contract without the necessity of either party to the 2019 Contract executing any further documentation relevant or appertaining thereto.

Payment of the 2019 Installment Payments

The City shall, subject to any right of prepayment provided in the 2019 Contract, pay the Authority the 2019 Installment Payments, without offset or deduction of any kind, by paying the principal components of the 2019 Installment Payments annually on November 1 in the amounts necessary to pay the maturing principal of the 2019 Bonds on such dates, together with the interest components of the 2019 Installment Payments, which interest components shall be paid semiannually on May 1 and November 1, commencing November 1, 2019, in the amounts necessary to pay the interest on the 2019 Bonds on such dates; provided, that in the event the City fails to make any 2019 Installment Payment when due, the defaulted 2019 Installment Payment shall continue as an obligation of the City, and the City shall pay the same with interest thereon from the due date thereof at the rate of interest applicable thereto.

The obligation of the City to pay the 2019 Installment Payments from the Net Revenues is absolute and unconditional, and until such time as the 2019 Installment Payments shall have been fully paid (or provision for the payment thereof shall have been made pursuant to 2019 Contract), the City will not discontinue or suspend any 2019 Installment Payments required to be made by it, whether or not the 1998 Water Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to abatement because of any damage to, destruction or condemnation of the 1998 Water Project, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditioned upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

Prepayment of the 2019 Installment Payments

The City may prepay the principal components of 2019 Installment Payments at the same times, in the same amounts and upon the same terms and conditions as the 2019 Bonds may be redeemed pursuant to the 2019 Indenture.

Notwithstanding any such prepayment, the City shall not be relieved of its obligations under the 2019 Contract until all 2019 Installment Payments shall have been fully paid (or provision for the payment thereof shall have been made pursuant to the 2019 Contract).

Pledge of Net Revenues; City Revenue Fund

All Net Revenues shall be irrevocably pledged to the payment of the Parity Obligations, and the Net Revenues shall not be used for any purpose while any 2019 Installment Payments remain unpaid; provided, that out of Revenues there may be apportioned such sums for such purposes as are expressly permitted by the 2019 Contract. Upon the effectiveness of such pledge, such pledge shall constitute a first and exclusive lien on Revenues for the payment of the 2019 Installment Payments and Parity Obligations in accordance with the terms of the 2019 Contract.

All Revenues shall be deposited as and when received in the "City Revenue Fund," which fund is continued in the treasury of the City and which fund shall be maintained by the City, and all money in the City Revenue Fund shall be set aside by the City and applied to the payment of Maintenance and Operation Costs, as and when required to be paid.

All remaining Revenues after the payment of all Maintenance and Operation Costs then required to be paid shall be Net Revenues.

The City covenants to cause all Net Revenues to be allocated and applied as provided below under the heading "Allocation of Net Revenues;" provided, that pending the use by the City of the Net Revenues for such purposes, such money may be invested by the City in Permitted Investments.

Allocation of Net Revenues

All Net Revenues shall be set aside by the City at the following times and deposited in the following account or fund in the following order of priority:

(a) Parity Installment Payment Fund Deposits. On or before each May 1 and November 1, the City shall, from Net Revenues, transfer to the Trustee (on parity with the transfers of Net Revenues for the payment of all other Parity Debt Service becoming due on such May 1 or November 1, as the case may be) for deposit in the Parity Installment Payment Fund a sum equal to the amount of the interest component becoming due on such May 1 or November 1, as the case may be, and on or before November 1 of each year, the City shall, from Net Revenues, transfer to the Trustee (on parity with the transfers of Net Revenues for the payment of all other Parity Debt Service) for deposit in the Parity Installment Payment Fund a sum equal to the amount of the principal component becoming due on the next succeeding November 1;

(b) Surplus Net Revenues. Provided that the payments and deposits required under paragraph (a) above have been made, any remaining Net Revenues may be used for any lawful purpose, including, but not limited to the payment of any obligations secured by Net Revenues on a priority subordinate to the Parity Obligations or the payment of any Termination Payment;

provided, that no such transfers to and deposits in the Parity Installment Payment Fund need be made if the amount available and contained therein is at least equal to the interest component becoming due on the next succeeding May 1 or November 1, as the case may be, plus the principal component becoming due on the next succeeding November 1; and provided further, that nothing summarized in this section shall be construed to limit the City's ability to make other transfers and deposits at any time from Net Revenues for the payment of debt service, credit enhancement reimbursement costs and Payment

Agreement Payments to the extent required with respect to additional Parity Obligations incurred in accordance with the 2019 Contract.

Compliance with, Amendment of and Assignment of 2019 Contract

The City will punctually pay the 2019 Installment Payments in strict conformity with the terms of the 2019 Contract, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained therein required to be observed and performed by it, and will not terminate the 2019 Contract for any cause whatsoever, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 1998 Water Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained in the 2019 Contract required to be observed and performed by it, whether express or implied. The City will, so long as any 2019 Installment Payments remain unpaid, apply Net Revenues as provided in the 2019 Contract.

The City and the Authority shall not supplement, amend, modify or terminate any of the terms of the 2019 Contract, or consent to any such supplement, amendment, modification or termination, without the prior written consent of the Trustee, which such consent shall be given only if (a) such supplement, amendment, modification or termination will not materially adversely affect the interests of the 2019 Bonds or result in any material impairment of the security given for the payment of the 2019 Installment Payments, or (b) the Trustee first obtains the written consent of a majority in aggregate principal amount of the 2019 Bonds then Outstanding to such supplement, amendment, modification or termination; provided, that any supplement that complies with the sections of the 2019 Contract concerning the incurrence of Parity Obligations shall not be deemed to materially adversely affect the interests of the holders of 2019 Bonds or result in any material impairment of the security given for the payment of the 2019 Installment Payments; and provided further, that no such supplement, amendment, modification or termination shall reduce the amount of 2019 Installment Payments to be made to the Authority or the Trustee by the City pursuant to the 2019 Contract, or extend the time for making such 2019 Installment Payments, or permit the creation of any lien prior to the lien created by the 2019 Contract on Net Revenues without the written consent of all of the Holders of all 2019 Bonds then Outstanding, except as provided in the 2019 Contract concerning the incurrence of Parity Obligations.

Against Encumbrances

The City will not make any use of or encumber the Net Revenues except as provided in the 2019 Contract; provided, that so long as the City is not in default under the 2019 Contract, the City may issue any obligations subordinate to the Parity City Bonds and the Parity Contracts that are payable from surplus Net Revenues as provided under the heading "Additional Obligations," above.

Against Sale or Other Disposition of Property

The City will not sell, lease or otherwise dispose of the Water System or any part thereof essential to the proper operation of the Water System or to the maintenance of Net Revenues. The City will not enter into any agreement which impairs the operation of the Water System or any part thereof necessary to secure adequate Net Revenues for the payment of the Parity City Bonds or the Parity Installment Payments or which would otherwise impair the rights of the City with respect to Net Revenues or the operation of the Water System.

Against Competitive Facilities

The City will not, to the extent permitted by law, acquire, purchase, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, purchase, maintain or operate within the City any water system competitive with the Water System.

Tax Covenants

The City will at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest components of the 2019 Installment Payments will not be included in the gross income of the owners of the 2019 Bonds for federal income tax purposes under the Code and will be exempt from State of California personal income taxes, and will take no action that would result in such interest being so included or not being so exempt. Without limiting the foregoing, the City and the Authority will at all times comply with the requirements of the Tax Certificate executed in connection with the delivery of the 2019 Bonds by the Trustee. The City's tax covenant shall survive any defeasance or discharge of the 2019 Installment Payments pursuant to the provisions of the 2019 Contract or any prepayment of the principal components of the 2019 Installment Payments pursuant to the 2019 Contract.

Maintenance and Operation of the Water System

The City will maintain and preserve the Water System in good repair and working order at all times and will operate the Water System in an efficient and economical manner and will pay all Maintenance and Operation Costs as they become due and payable.

Payment of Claims

The City will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on Net Revenues or any part thereof or on any funds in the hands of the City or which might impair the security of the 2019 Installment Payments.

Compliance with Contracts

The City will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be kept, observed and performed by it contained in all contracts for the use of the Water System and all other contracts affecting or involving the Water System to the extent that the City is a party thereto.

Accounting Records; Financial Statements and Other Reports

The City will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Water System and the Net Revenues, the Maintenance and Operation Costs and the Net Revenues relating thereto, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

The City will prepare annually within two hundred ten (210) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2019) financial statements of the City for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, together with an Accountant's Report thereon, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

Protection of Security and Rights of Authority

The City will preserve and protect the security of the 2019 Contract and the rights of the Authority to the 2019 Installment Payments under the 2019 Contract and will warrant and defend such rights against all claims and demands of all persons.

Payment of Taxes and Compliance with Governmental Regulations

The City will pay and discharge all taxes, assessments and other governmental charges which may be lawfully imposed upon the Water System or any part thereof or upon Net Revenues when the same shall become due. The City will duly observe and comply with all valid regulations and requirements of any governmental authority relative to the operation of the Water System or any part thereof, but the City shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Amount of Charges, Fees and Rates

The City will fix, prescribe and collect rates, fees and charges for the Water Service during each Fiscal Year which are reasonably fair and nondiscriminatory and which are estimated to yield Net Revenues for such Fiscal Year equal to at least the Coverage Requirement for such Fiscal Year; provided, that for purposes of the City's rate covenant, the assumptions set forth in the 2019 Contract in paragraphs (C) and (D) of the definition of "Parity Debt Service" shall be disregarded. The City may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees and charges are estimated to be sufficient to meet the requirements described in this section.

Collection of Charges, Fees and Rates

The City will have in effect at all times rules and regulations requiring each user of the Water System to pay the applicable rates, fees and charges applicable to the Water Service and providing for the billing thereof and for a due date and a delinquency date for each bill. The City will not permit any part of the Water System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State and any city, county, district, political subdivision, public corporation or agency of any thereof); provided, that the City may without charge use the Water System.

Eminent Domain and Insurance Proceeds

If all or any part of the Water System shall be taken by eminent domain proceedings, or if the City receives any insurance proceeds resulting from a casualty loss to the Water System, the Net Proceeds thereof, at the option of the City, shall be applied either to (a) the prepayment of Parity Obligations, or (b) to acquire and construct additions, betterments or improvements to the Water System to replace the condemned or destroyed portion of the Water System.

Additional Covenants

The City may provide additional covenants pursuant to any supplement to the 2019 Contract, including covenants relating to any credit support or liquidity support obtained for the 2019 Bonds.

Continuing Disclosure

The City agrees to comply with and carry out all of the provisions of the continuing disclosure undertaking relating to the 2019 Bonds. Notwithstanding any other provision of the 2019 Contract, failure of the City to comply with such undertaking shall not be considered an Event of Default under the 2019 Contract or the 2019 Indenture; provided, that the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least twenty-five percent (25%) in aggregate principal amount of Outstanding 2019 Bonds, shall) or any Holder or beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its continuing disclosure obligations. Capitalized terms used in this section but not defined in the 2019 Contract shall have the meanings given in the aforesaid continuing disclosure undertaking.

Further Assurances

The City will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the 2019 Contract and for the better assuring and confirming unto the Authority of the rights and benefits provided to it in the 2019 Contract.

Events of Default

If one or more of the following Events of Default shall happen, that is to say:

(a) if default shall be made in the due and punctual payment of any Parity Installment Payment or of any installment of principal of or interest on any Parity City Bond when and as the same shall become due and payable;

(b) if default shall be made by the City in the performance of any of the other agreements or covenants contained in the 2019 Contract or contained in any Issuing Document authorizing the issuance of any Parity City Bonds required to be performed by it or contained in any Parity Contracts required to be performed by it, and such default shall have continued for a period of thirty (30) days after the City shall have been given notice in writing of such default by the Authority or the Trustee; or

(c) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property;

then and in each and every such case during the continuance of such Event of Default the Authority may, by notice in writing to the City, declare the entire principal amount of the unpaid 2019 Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained in the 2019 Contract to the contrary notwithstanding; provided, that if at any time after the entire principal amount of the unpaid 2019 Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the money thereby due shall have been obtained or entered the City shall deposit with the Authority a sum sufficient to pay the unpaid principal

amount of the 2019 Installment Payments due prior to such declaration and the accrued interest thereon, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid 2019 Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor then and in every case the Authority, by written notice to the City, may rescind and annul such declaration and its consequences, except that no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Distribution of Assets

Upon the date of the declaration of an Event of Default by the Authority, all Net Revenues shall be applied in the following order:

(1) First, to the payment of the costs and expenses of the Trustee, as assignee of the Authority, if any, in carrying out the provisions concerning defaults and remedies, including reasonable compensation to its agents, accountants and counsel and to the payment of any expenses of the Authority in indemnifying the Trustee;

(2) Second, to the payment of the interest then due and payable on the principal amount of the Parity Obligations (except any Termination Payments), and, if the amount available shall not be sufficient to pay in full all such interest then due and payable, then to the payment thereof ratably, according to the amounts due thereon without any discrimination or preference;

(3) Third, to the payment of the unpaid principal amount of the Parity Obligations (except any Termination Payments) then due and payable with interest on the overdue principal and interest amounts of the unpaid Parity Obligations at the rate or rates of interest then applicable to such Parity Obligations if paid in accordance with their terms, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Parity Obligations on any date, together with such interest, then to the payment thereof ratably, according to the principal amount due on such date, without any discrimination or preference;

(4) Fourth, to the required replenishment of any debt service reserves with respect to the Parity Obligations;

(5) Fifth, to the payment of any other amounts becoming due and payable with respect to Parity Obligations (including any letter of credit and remarketing fees);

(6) Sixth, to the payment of the costs and expenses of the Authority, if any, in carrying out the remedies of the 2019 Contract, including reasonable compensation to its agents, accountants and counsel, that were not paid pursuant to clause (1) above; and

(7) Seventh, to the payment of all other amounts due and payable by the City from Net Revenues, including, but not limited to the payment of obligations secured by Net Revenues on a priority subordinate to the Parity Obligations and to the payment of any Termination Payments on any Payment Agreements.

Other Remedies of the Authority

The Authority shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any councilmember, officer or employee thereof, and to compel the City or any such councilmember, officer or employee to perform and carry out its duties under agreements and covenants required to be performed by it or him or her contained in the 2019 Contract;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit in equity upon the happening of an Event of Default to require the City and its councilmembers, officers and employees to account as the trustee of an express trust.

Non-Waiver

Nothing in the 2019 Contract shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the 2019 Installment Payments to the Authority at their respective due dates or upon prepayment as provided in the 2019 Contract from the Net Revenues, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the 2019 Contract.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract, and no delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by applicable law or by the remedies provisions of the 2019 Contract may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the City and the Authority shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive

No remedy in the 2019 Contract conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the 2019 Contract or now or thereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by applicable law.

Discharge of Obligations

If the City shall pay or cause to be paid all the 2019 Installment Payments at the times and in the manner provided in the 2019 Contract, and other amounts required thereunder, the right, title and interest of the Authority in the 2019 Contract and the obligations of the City under the 2019 Contract shall thereupon cease, terminate, become void and be completely discharged and satisfied, except as provided in the tax covenants of the 2019 Contract.

Any unpaid principal component of the 2019 Installment Payments shall on its scheduled payment date or date of prepayment be deemed to have been paid within the meaning of and with the effect described in subsection (a) of this section if the City makes payment of such 2019 Installment

Payments and the interest and prepayment premium, if applicable, thereon in the manner provided in the 2019 Contract, and money for the purpose of such payment or prepayment is then held by the Trustee.

All or any portion of unpaid principal components of the 2019 Installment Payments shall, prior to their scheduled payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect described in subsection (a) of this section (except that the City shall remain liable for the payment of such 2019 Installment Payments, but only out of the money or securities deposited with the Trustee or an escrow agent as described in the 2019 Contract) if (i) notice is provided by the City to the Trustee, (ii) there shall have been deposited with the Trustee or such escrow agent either money in an amount which shall be sufficient, or Federal Securities which are not subject to redemption prior to maturity except by the holder thereof (including any such Federal Securities issued or held in book entry form) the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee or such escrow agent at the same time, shall be sufficient, as stated in a report of an Independent Certified Public Accountant, addressed to the City and the Trustee or such escrow agent, to pay when due the principal components of such 2019 Installment Payments or such portions thereof and the interest and prepayment premiums, if any, thereon on and prior to their payment dates or their dates of prepayment, as the case may be, and (iii) an opinion of nationally recognized bond counsel addressed to the City and the Trustee or such escrow agent is filed with the Trustee to the effect that the actions described above in this paragraph will not cause the interest components of the 2019 Installment Payments to be includable in gross income under the Code for federal income tax purposes.

Liability of City Limited to Net Revenues

Notwithstanding anything contained in the 2019 Contract, the City shall not be required to advance any money derived from any source of income other than the Net Revenues and the other funds provided in the 2019 Contract for the payment of the 2019 Installment Payments or for the performance of any agreements or covenants required to be performed by it contained in the 2019 Contract; provided, that the City may advance money for any such purpose so long as such money is derived from a source legally available for such purpose and may be legally used by the City for such purpose.

The obligation of the City to make the 2019 Installment Payments is a special obligation of the City and is payable solely from the Net Revenues and the other funds as provided in the 2019 Contract, and does not constitute a debt of the City or the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Benefits of Contract Limited to Parties

Except as expressly provided elsewhere in the 2019 Contract (including with regards to assignment as described below), nothing contained in the 2019 Contract is intended to give any person other than the City, the Authority and their assigns any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the City or the Authority shall be for the sole and exclusive benefit of the City, the Authority and their assigns.

Assignment

The 2019 Contract and any rights thereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the City. The assignment of the

2019 Contract or rights thereunder to the Trustee is solely in its capacity as Trustee and the duties, powers and liabilities of the Trustee in acting under the 2019 Contract shall be subject to the provisions of the 2019 Indenture.

Waiver of Personal Liability

No councilmember, officer or employee of the City shall be individually or personally liable for the payment of the 2019 Installment Payments, but nothing contained in the 2019 Contract shall relieve any councilmember, officer or employee of the City from the performance of any official duty provided by any applicable provisions of law or by the 2019 Contract.

Net Contract

The 2019 Contract shall be deemed and construed to be a net contract, and the City shall pay absolutely net during the term thereof the 2019 Installment Payments and all other payments required thereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of principal of, premium, if any, and interest on the Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Authority believes to be reliable, but the Authority does not take responsibility for the completeness or accuracy thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Bonds, or that they will do so on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial

Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. (or such other DTC nominee) do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price and interest payments with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority on a payable date in accordance with their respective holdings shown on DTC records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

Folsom Public Financing Authority
Folsom, California

Folsom Public Financing Authority
Water Revenue Refunding Bonds, Series 2019
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Folsom Public Financing Authority (the "Authority") in connection with issuance of $_____ aggregate principal amount of Folsom Public Financing Authority Water Revenue Refunding Bonds, Series 2019 (the "Bonds"). The Bonds are issued pursuant to the 2019 Indenture, dated as of October 1, 2019 (the "Indenture"), by and between the Authority and MUFG Union Bank, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture; the 2019 Contract; the Tax Certificate; opinions of counsel to the Authority, the City of Folsom (the "City"), the Trustee and others; certificates of the Authority, the City, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the 2019 Contract and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the 2019 Contract and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers authorities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the

Indenture or the 2019 Contract or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture for the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The 2019 Contract has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Authority.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Folsom (the "City") in connection with the issuance of $_____ Folsom Public Financing Authority Water Revenue Refunding Bonds, Series 2019 (the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of October 1, 2019 (the "Indenture"), between the Folsom Public Financing Authority and MUFG Union Bank, N.A., as Trustee. The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean the City or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Effective July 1, 2019 and until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City's Fiscal Year (presently June 30), commencing with the report for the 2018-19 Fiscal Year (which is due not later than April 1, 2020), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the Comprehensive Annual Financial Report (the "CAFR") of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a), the City shall provide the Annual Report to the Dissemination Agent (if other than the City).

(c) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall (if the Dissemination Agent is other than the City) file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

The CAFR of the City for the prior Fiscal Year, which includes the audited financial statements of the City prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's CAFR is not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the CAFR shall be provided to the MSRB in the same manner as the Annual Report when they become available.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been made available to the public on the MSRB's website. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, not less than ten Business Days after the occurrence of any of the following events with respect to the Bonds:

i. Principal and interest payment delinquencies.

ii. Unscheduled draws on debt service reserves reflecting financial difficulties.

iii. Unscheduled draws on credit enhancements reflecting financial difficulties.

iv. Substitution of credit or liquidity providers, or their failure to perform.

v. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the security.

vi. Defeasances.

vii. Tender offers.

viii. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

ix. Rating changes.

x. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial Obligation of the City, any of which reflect financial difficulties.

(b) The City shall give notice, or cause notice to be given, not less than ten Business Days after the occurrence of any of the following events with respect to the Bonds, if material:

i. Modifications to rights of Bond holders.

ii. Bond calls.

iii. Release, substitution or sale of property securing repayment of the Bonds.

iv. Non-payment related defaults.

v. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

vi. Appointment of a successor or additional trustee or the change of name of a trustee.

vii. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or similar terms of a Financial Obligation of the District, any of which affect Bondholders.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event described in subsection (b) above, the City shall determine if such event would be material under applicable federal securities laws.

(d) If the City learns of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable federal securities laws, the City shall notify the Dissemination Agent thereof in writing and instruct the Dissemination Agent to report the occurrence pursuant to subsection (e) of this Section. If in response to a request under subsection (b) of this Section, the City determines that the Listed Event would not be material under applicable Federal securities law, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e) of this Section.

(e) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through the EMMA System. Notwithstanding the foregoing, notice of Listed Events described in paragraph (vii) of subsection (a) of this Section and paragraph (ii) of subsection (b) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Trust Agreement.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the City.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB in the same manner as for a Listed Event under Section 5(c).

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, and the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2019

CITY OF FOLSOM

By: _____
Finance Director

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Folsom Public Financing Authority
Name of Issue:	Folsom Public Financing Authority Water Revenue Refunding Bonds, Series 2019
Name of Obligor:	City of Folsom
Date of Issuance:	October __, 2019

NOTICE IS HEREBY GIVEN that the City of Folsom (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.17 of the 2019 Installment Purchase Contract relating to the Bonds, dated as of October 1, 2019, between the Authority and the City. [The City anticipates that the Annual Report will be filed by _____.]

Dated:_____

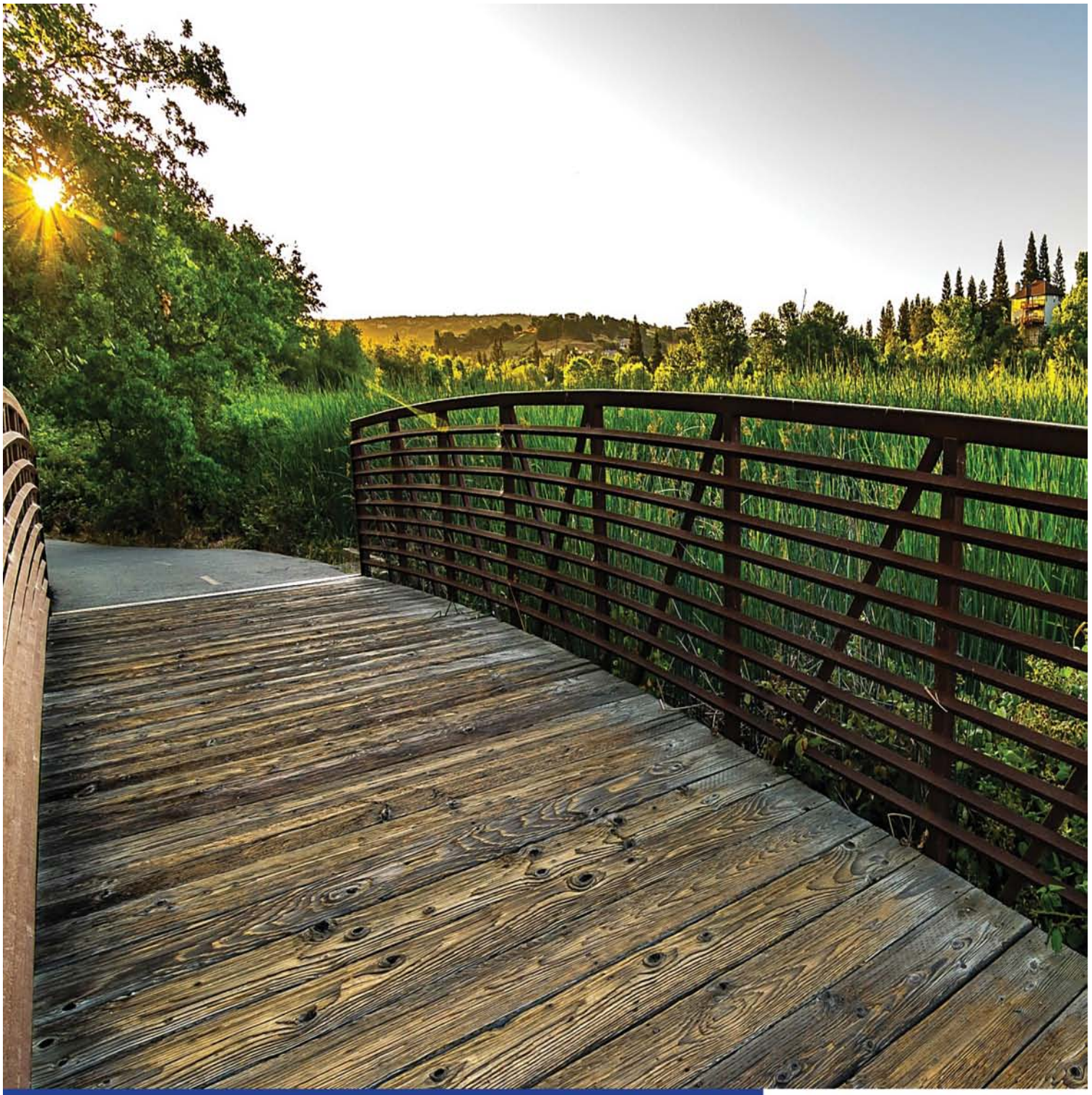
CITY OF FOLSOM

By: _____
Authorized Officer

APPENDIX F

COMPREHENSIVE ANNUAL FINANCIAL REPORT,
FISCAL YEAR ENDED JUNE 30, 2018

[THIS PAGE INTENTIONALLY LEFT BLANK]

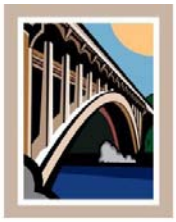


The City of Folsom California

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018

CITY OF
FOLSOM
DISTINCTIVE BY NATURE

This page has been intentionally left blank.



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

CITY OF FOLSOM, CALIFORNIA

Prepared by the Office of Management & Budget
Financial Services Division

James W. Francis
Chief Financial Officer/Finance Director

This page has been intentionally left blank.

INTRODUCTORY SECTION

CITY OF
FOLSOM
DISTINCTIVE BY NATURE

This page has been intentionally left blank.

CITY OF FOLSOM, CALIFORNIA

TABLE OF CONTENTS

INTRODUCTORY SECTION

Table of Contents ..... i-iv

Letter of Transmittal ..... v-vii

Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association viii

Organizational Chart ix

City Council and City Officials x

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT 1-3

MANAGEMENT'S DISCUSSION AND ANALYSIS 4-17

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

Statement of Net Position 21

Statement of Activities 22-23

Fund Financial Statements:

Balance Sheet – Governmental Funds 24-25

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 27

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 28-29

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 31

Statement of Fund Net Position – Proprietary Funds 32

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 33

Statement of Cash Flows – Proprietary Funds 34-37

Statement of Fiduciary Net Position – Trust & Agency Funds 38

Statement of Changes in Fiduciary Net Position – Trust Funds 39

Notes to the Basic Financial Statements 42-90

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net Pension Liability and Related Ratios – Last 10 Years 92

Schedule of Contributions – Last 10 Years 93

Schedule Of Changes in the City's Net OPEB Liability and Related Ratios 94

Schedule Of Investment Returns - OPEB 94

Schedule Of Contributions – Last 10 Years - OPEB 95

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund 96

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Folsom Housing Special Revenue Fund....97

Note to Required Supplementary Information....98

OTHER SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Folsom Public Financing Authority Debt Service Fund....100

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Folsom Ranch Financing Authority Debt Service Fund....101

Note to other supplementary information....102

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet....106

Combining Statement of Revenues, Expenditures and Changes in Fund Balances....107

NON-MAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet....112-115

Combining Statement of Revenues, Expenditures and Changes in Fund Balance....116-119

Planning Services Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....120

Transportation Tax Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....121

Park Dedication (Quimby) Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....122

Traffic Congestion Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....123

Gas Tax Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....124

Light and Landscape, and Maintenance Districts Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....125

Transportation System Management Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....126

Community Development Block Grant Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....127

Humbug Willow Creek Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....128

General Plan Amendment Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....129

Tree Planting Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....130

Zoo Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....131

Other Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....132

NON-MAJOR DEBT SERVICE FUNDS

Combining Balance Sheet....134-135

Combining Statement of Revenues, Expenditures and Changes in Fund Balance....136-137

1915 Assessment Districts Debt Service Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....138

Community Correctional Facility Debt Service Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....139

City Parks and Signals Debt Service Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....140

General Obligation School Facilities Debt Service Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....141

Recreation Facility Debt Service Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....142

NON-MAJOR CAPITAL PROJECTS FUNDS

Combining Balance Sheet....146-148

Combining Statement of Revenues, Expenditures and Changes in Fund Balance....150-152

PERMANENT FUND

Balance Sheet....154

Statement of Revenues, Expenditures and Changes in Fund Balance....155

Wetland/Open Space Maintenance Permanent Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual....156

NON-MAJOR ENTERPRISE FUNDS

Combining Statement of Net Position....158

Combining Statement of Revenues, Expenditures and Changes in Fund Net Position....159

Combining Statement of Cash Flows....160-161

TABLE OF CONTENTS

NON-MAJOR INTERNAL SERVICE FUNDS

Combining Statement of Net Position....164
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position....165
Combining Statement of Cash Flows....166

AGENCY FUNDS

Combining Balance Sheet....167-171
Statement of Changes in Assets and Liabilities....172-180

STATISTICAL SECTION

Net Position by Component – Last Ten Fiscal Years....183
Changes in Net Position – Last Ten Fiscal Years....184-185
Fund Balances, Governmental Funds – Last Ten Fiscal Years....187
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years....188-189
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years....190
Taxable Transactions by Category – Last Ten Calendar Years....191
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years....192
Principal Property Tax Payers – Current Year and Ten Years Ago....193
Property Tax Levies and Collections – Last Ten Fiscal Years....195
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years....196-197
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years....198
Debt Capacity Information, Direct and Overlapping – Last Ten Fiscal Years....199
Legal Debt Margin – Fiscal Year 2017, With Ten Year Trend Analysis....201
Pledge Revenue Bond Coverage – Last Ten Fiscal Years....202-203
Demographic and Economic Information – Last Ten Calendar Years....204
Principal Employers – Current Fiscal Year....205
Government Employment Information – Last Ten Fiscal Years....206
Operating Indicators by Function/Program – Last Ten Fiscal Years....207
Capital Asset and Infrastructure Statistics by Function/Program – Last Ten Fiscal Years....208-209
Miscellaneous Statistics – Last Ten Fiscal Years....210

CITY OF
FOLSOM
DISTINCTIVE BY NATURE

December 21, 2018

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

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018 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 78,447. The City is approximately 110 miles northeast of San Francisco and 20 miles east of Sacramento. The City is located along the eastern end of the Highway 50 corridor in an area of the Sacramento Valley that has experienced considerable growth over the past 15 years.

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

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

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

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

THE LOCAL ECONOMY - The City of Folsom continues to see growth in revenues and unassigned fund balance with general fund revenues having an increase of $3.5 million and a surplus of $824k added to the General Fund's fund balance. This activity increased our unassigned fund balance to 18.4% of expenditures and continues to exceed the Council Policy of a 15% unassigned fund balance. In fiscal year 2018, our property taxes were up 5.3%, reflecting higher sales prices as well as an increase in the number of home sales. Our sales taxes were down 9.8%. This decrease is mainly due to a new system implementation by the State causing delays in processing sales tax returns which occurred in 2018 and will continue in the beginning fiscal year 2019.

As of June 30, 2018, California's unemployment forecast is expected to continue to improve slightly according to a UCLA Anderson Forecast, based primarily on the recent strength of 2018 and increased equipment spending. The California Economic Development Department listed the June 2018 unemployment rate for the State and County at 4.5% and 4.2% respectively. Folsom's unemployment rate was 3.2%. A comparison to one year ago had the State and County at 4.7% and 5.0% respectively and Folsom at 3.2%. The number of people employed in Folsom changed from 35,100 in June 2017 to 36,100 in June 2018.

With respect to the local housing market, sales activity in Folsom in fiscal year 2018 increased by 5.38% from fiscal year 2017, while the median sales price increased by 9.00%. It is projected that the number of sales and price increases will continue into the next fiscal year, along with the revaluing of Prop 8 properties to market, all combining to increase property values and subsequent property tax collection.

Building permits issued in 2018 were up 13.58% when compared with the number issued in 2017. The change is mainly a reflection of the number of single family home permits, as this increased from 180 in FY17 to 247 in FY18. However there was a decrease in the average value per permit from $29,091 in FY 2017 to $21,851 in FY 2018.

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. Economic growth in California has slowed but continues at a steady rate according to the economic forecast from the University of the Pacific. California job growth is projected to grow, but only at about 1% through the next couple of years. Consumer confidence is at its highest monthly reading since December 2000 per the California Economic Forecast. Household wages and housing prices have increased which increases consumer confidence. With the passage of the new tax bill the effect on home purchases is uncertain.

INDEPENDENT AUDIT - The City of Folsom's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, a firm of licensed certified public accountants. The goal of the audit is to obtain reasonable assurance that the financial statements are free of material misstatements. Vavrinek, Trine, Day & Co., LLP, concluded based on the audit, that there was a reasonable basis for rendering an unmodified opinion for the fiscal year ended June 30, 2018, and that the financial statements are presented in conformity with generally accepted accounting principles (GAAP). The independent auditors report is presented as the first component of the financial section of this report.

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

SUMMARY

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

The FY 2017-18 CAFR has been submitted to the GFOA award program and management believes that, once again, it will meet the criteria for this distinguished reporting award.

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

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

Respectfully submitted,

Elaine Andersen
City Manager

James W. Francis
Chief Financial Officer/Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Folsom

California

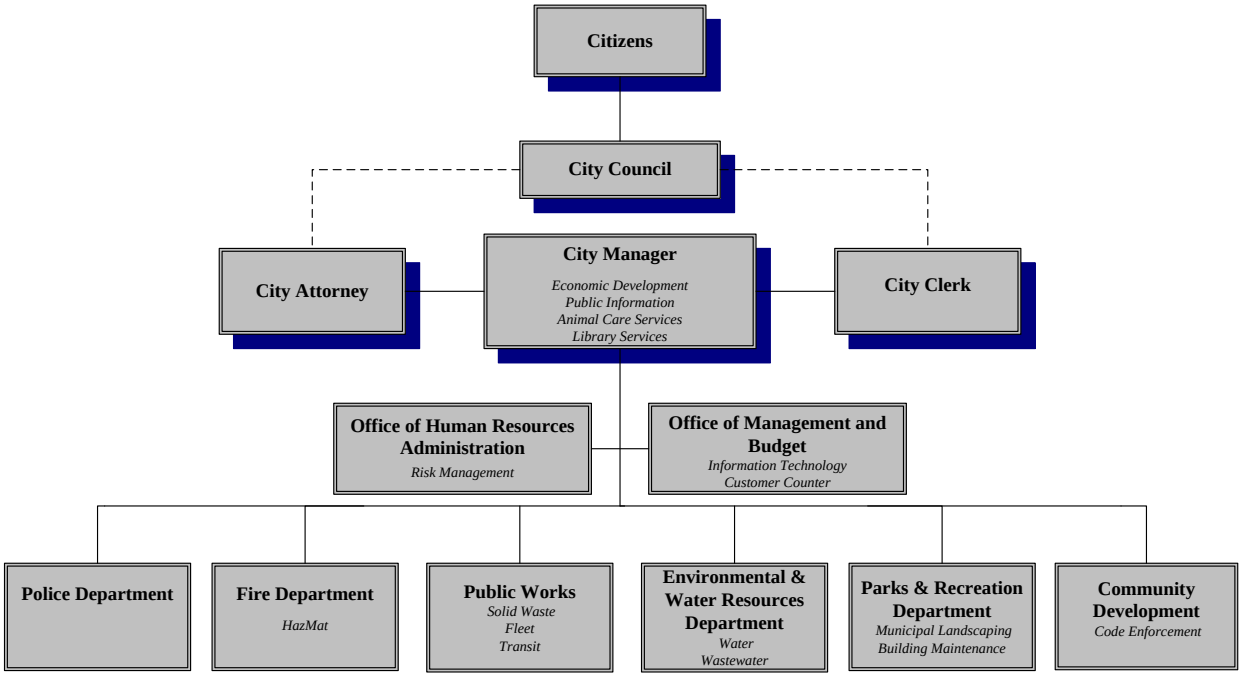
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

City Organizational Chart



CITY OF FOLSOM
CITY COUNCIL and CITY OFFICIALS
As of June 30, 2018

Steve Miklos, Mayor

Ernie Sheldon, Vice Mayor

Andy Morin

Roger Gaylord III

Kerri Howell

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

FINANCIAL SECTION

CITY OF
FOLSOM
DISTINCTIVE BY NATURE

This page has been intentionally left blank.

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Folsom, California, (City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

2151 River Plaza Dr., Suite 308, Sacramento, CA 95833 P 916.570.1880 F 916.570.1875 W vtdcpa.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of changes in the City's net pension liability and related ratios, the schedules of pension contributions, the schedule of changes in the City's net OPEB liability and related ratios, the schedule of investment returns, and the schedule of OPEB contributions, as listed as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, 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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
December 21, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with the transmittal letter on page v and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources at the close of the Fiscal Year (FY) 2017-18 by $387,040,701 (*net position*). Of this amount, $(132,608,186) is unrestricted, $54,506,962 is restricted for specific purposes, and $465,141,925 is the net investment in capital assets.

- Compared to 2017, the City's total net position decreased $88,675,652, or (18.64)%, during 2018. The decrease in 2018 was mostly due to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of GASB 75 resulted in a change in accounting, principle, and a prior period adjustment. See Note 12.

- The City's total long-term debt increased by $32 million compared to the prior year, or 25.4%. The increase was made up of $89 million of revenue bonds, offset by reductions of $53 million in bond refunding, $4 million in scheduled principal payments, capital lease payments, and adjustments to compensated absences.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements consist of the following two financial statements: the Statement of Net Position and the Statement of Activities. Both of these statements were prepared using accounting methods similar to those used by private-sector companies, the economic resources measurement focus and the accrual basis of accounting.

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

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

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

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

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

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

Focus is on major funds.

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

Governmental, Proprietary, and Fiduciary.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Reconciliations are prepared for the governmental funds' Balance Sheet and the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances to facilitate comparisons between governmental funds and governmental activities. The primary differences between the government-wide and fund financial statements relate to noncurrent assets such as land and buildings and improvements, and non-current liabilities, such as bonded debt and amounts owed for compensated absences and capital lease obligations, which are reported in the government-wide statements but not in the fund financial statements.

In FY 2017-18, a decrease of $88,675,652 in net position in the government-wide financial statements was reported, however this decrease was due to a $98 million prior period adjust due to the implementation of GASB 75. So taking that into consideration net position actually increased $10 million during FY 17-18. An increase of $40,938,937 in fund balance was reported in the fund financial statements for FY 17-18. Refer to the "Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities" for details on the factors contributing to this difference.

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

Service Fund, Folsom Ranch Financing Authority Debt Service Fund, and the Transportation Improvement Capital Projects Fund which are considered major funds.

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

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's trust and 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 trust funds are used to account for activity related to the dissolution of the former Redevelopment Agency and for the Other Post Employment Benefits Trust. The accounting used for fiduciary funds is the same as proprietary funds.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position. At June 30, 2018, the City's combined net position (governmental and business-type activities) totaled $387,040,701, a decrease of (18.64)% from June 30, 2017 amounts as the result of the implementation of GASB 75. The City's net position is broken out into three categories: net investment in capital assets totaling $465,141,925 (e.g., land, buildings and improvements, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding, restricted for specific purposes totaling $54,506,962 and unrestricted totaling $(132,608,184). The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot typically be used to liquidate these liabilities.

Net Position - Primary Government
June 30, 2018

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other	**$ 248,703,511**	$205,102,810	**$ 40,312,386**	$38,307,254	**$ 289,015,897**	$243,410,064
Capital assets, net	**351,974,325**	350,065,483	**143,481,051**	143,897,023	**495,455,376**	493,962,506
Total assets	**600,677,836**	$555,168,293	**183,793,437**	$182,204,277	**784,471,273**	$737,372,570
Deferred Outflows of Resources						
Deferred outflows related to pensions	**25,301,736**	20,195,526	**7,857,443**	4,703,368	**33,159,179**	24,898,894
Deferred amounts on refunding	**-**	-	**519,549**	567,981	**519,549**	567,981
	25,301,736	20,195,526	**8,376,992**	5,271,349	**33,678,728**	25,466,875
Liabilities						
Long-term liabilities	**137,411,275**	115,517,935	**21,388,259**	23,724,258	**158,799,534**	139,242,193
Other liabilities	**217,993,589**	112,930,496	**42,658,804**	29,773,496	**260,652,393**	142,703,992
Total liabilities	**355,404,864**	228,448,431	**64,047,063**	53,497,754	**419,451,927**	281,946,185
Deferred Inflows of Resources						
Deferred inflows related to pensions	**775,347**	3,402,592	**2,994,531**	893,495	**3,769,878**	4,296,087
Deferred inflows related to OPEB	**6,228,745**	-	**914,965**	-	**7,143,710**	-
Special assessments not collected	**41,329**	41,329	**-**	-	**41,329**	41,329
Deferred amounts on refunding	**702,456**	840,491	**-**	-	**702,456**	840,491
	7,747,877	4,284,412	**3,909,496**	893,495	**11,657,373**	5,177,907
Net position						
Net investment in capital assets	**341,907,988**	342,339,996	**123,233,937**	122,445,820	**465,141,925**	464,785,816
Restricted	**54,379,397**	37,928,602	**127,565**	127,565	**54,506,962**	38,056,167
Unrestricted	**(133,460,554)**	(37,637,622)	**852,368**	10,511,992	**(132,608,186)**	(27,125,630)
Total net position	**$ 262,826,831**	$ 342,630,976	**$ 124,213,870**	$ 133,085,377	**$ 387,040,701**	$ 475,716,353

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

Changes in Net Position - Primary Government
For the Year Ended June 30, 2018

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	**$ 46,521,199**	$32,886,659	**$ 32,331,583**	$31,699,393	**$ 78,852,782**	$ 64,586,052
Operating grants and contributions	**2,774,627**	2,233,379	**6,603,611**	7,946,673	**9,378,238**	10,180,052
Capital grants and contributions	**10,798,615**	14,891,177	**1,746,682**	4,834,197	**12,545,297**	19,725,374
General revenues						
Property taxes	**24,537,819**	23,301,973	**-**	-	**24,537,819**	23,301,973
Sales and use tax	**22,294,827**	24,721,293	**-**	-	**22,294,827**	24,721,293
Other taxes	**3,820,424**	3,716,243	**-**	-	**3,820,424**	3,716,243
Investment earnings (loss)	**(3,666,825)**	(2,344,854)	**187,322**	205,005	**(3,479,503)**	(2,139,849)
Miscellaneous	**4,408,453**	2,189,407	**-**	-	**4,408,453**	2,189,407
Total Revenues	**111,489,139**	101,595,277	**40,869,198**	44,685,268	**152,358,337**	146,280,545
Expenses						
General government	**21,571,309**	17,619,148	**-**	-	**21,571,309**	17,619,148
Public safety	**42,267,172**	38,519,301	**-**	-	**42,267,172**	38,519,301
Public ways and facilities	**26,740,758**	23,789,377	**-**	-	**26,740,758**	23,789,377
Community services	**6,328,357**	4,611,256			**6,328,357**	4,611,256
Culture and recreation	**19,316,157**	16,043,161	**-**	-	**19,316,157**	16,043,161
Interest and fiscal charges	**2,510,553**	4,679,003	**-**	-	**2,510,553**	4,679,003
Water	**-**	-	**14,416,465**	13,169,040	**14,416,465**	13,169,040
Wastewater	**-**	-	**5,777,106**	5,254,071	**5,777,106**	5,254,071
Solid waste	**-**	-	**10,383,837**	9,488,964	**10,383,837**	9,488,964
Transit	**-**	-	**4,093,944**	3,847,851	**4,093,944**	3,847,851
Facilities augmentation	**-**	-	**242,058**	3,040	**242,058**	3,040
Total expenses	**118,734,307**	105,261,245	**34,913,410**	31,762,966	**153,647,717**	137,024,212
Increase/decrease in net position before transfers and extraordinary item	**(7,245,168)**	(3,665,968)	**5,955,788**	12,922,302	**(1,289,380)**	9,256,333
Transfers	**3,008,033**	2,869,992	**(3,008,033)**	(2,869,992)	**-**	-
Extraordinary items	**10,732,952**	-	**-**	-	**10,732,952**	-
Change in net position	**6,495,817**	(795,976)	**2,947,755**	10,052,310	**9,443,572**	9,256,334
Net position, beginning of year	**256,331,014**	343,426,952	**121,266,115**	123,033,067	**377,597,129**	466,460,019
Net position, end of year	**$ 262,826,831**	$ 342,630,976	**$ 124,213,870**	$ 133,085,377	**$ 387,040,701**	$ 475,716,353

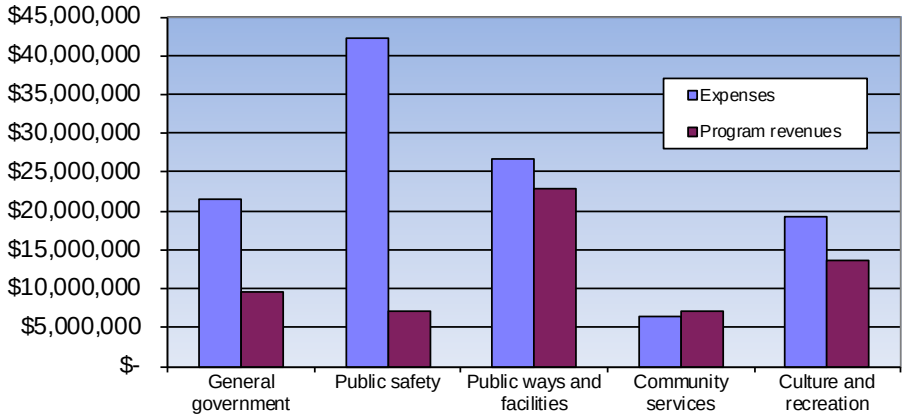
Governmental activities: The City's governmental activities rely on several sources of revenue to finance ongoing operations. Charges for Services and Property and Sales Taxes comprised the largest revenue source for the City followed by Capital Grants and Contributions. Charges for Services are revenues that arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Examples of the types of services that fall under this category include building licenses and permits, business licenses, impact fees and park and recreation fees. Capital Grants and Contributions are monies received from parties outside the City and are generally restricted for use in capital activity. In FY 2017-18 there was a restatement of net position as of July 1, 2017 due to the implementation of GASB 75. For more information see Note 19.

At the end of FY 2017-18, total revenues for the governmental activities, excluding transfers from the business-type activities of $3 million, was $111,489,139, an increase of approximately $9.9 million from the previous year mostly due to increases in Charges for Services, offset by a $4 million decrease in Capital Grants, a $2.4 million decrease in Sales and Use Tax, and a $3.7 Investment loss. The increase of $13.7 million or 41.46% in Chargers for Services was mainly due to increased impact fee revenue due to the development South of Highway 50. Expenses

totaled $118,734,307, an increase of $13.5 million or 12.8% from the prior year. This increase is mostly due to the $4 million increase in GASB 68 expenses, and $3.5 million increase in long-term debt due to debt issuance. After transfers and extraordinary items, revenues exceeded expenses and thus governmental activities increased the City's net position by $6,495,817.

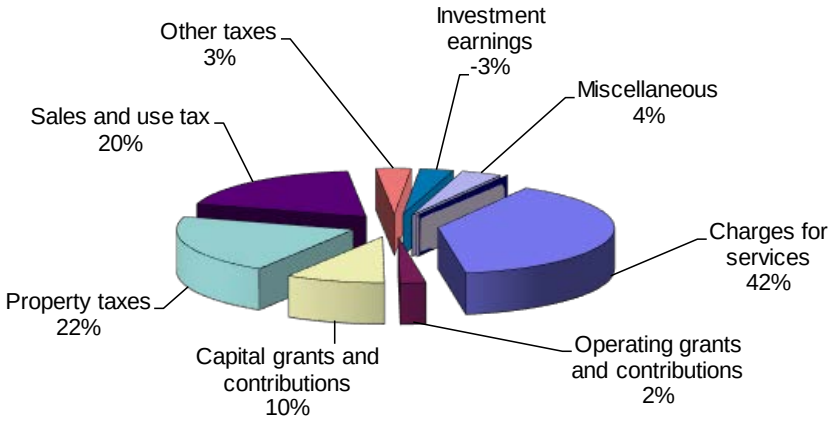
Overall program revenues increased by approximately $10 million. General revenues saw an overall decrease of approximately $(189,364). The following chart presents a comparison of expenses by function and the associated program revenues for governmental activities:

Expenses and Program Revenues – Governmental Activities



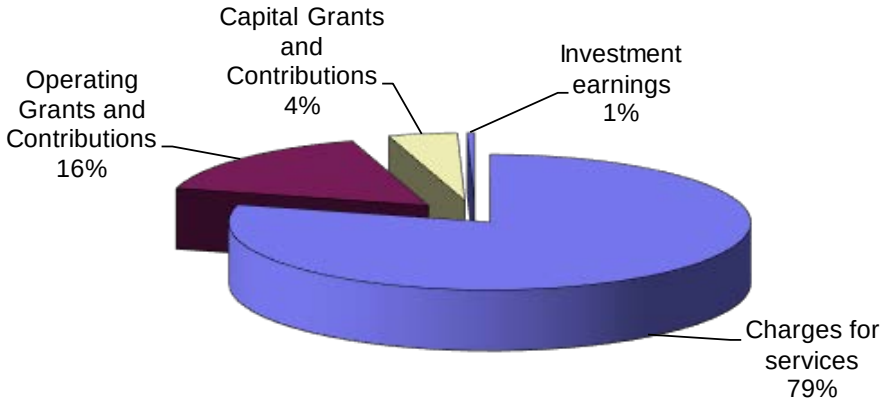
The chart below presents the percentage of total revenues by source for governmental activities.

Revenues by Source - Governmental Activities



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

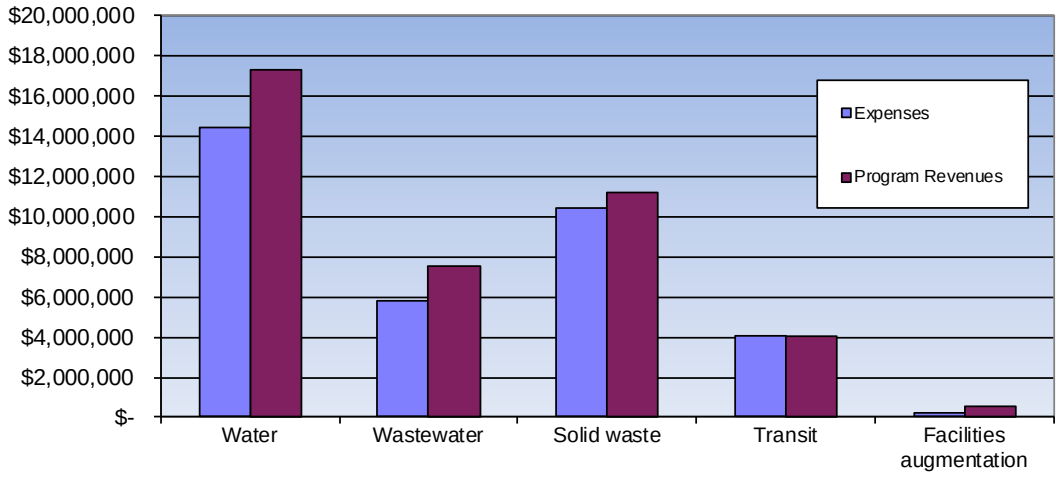
Revenues by Source - Business-Type Activities



Business-type activities increased the City's net position by $2,947,755. At the end of FY 2017-18, business-type activities reported total revenues, excluding transfers in from governmental activities, of $40,869,198, a decrease of $3.8 million from the prior year. Decrease is mostly due to the decrease in grant revenue. Expenses totaled $34,913,410, an increase of $3.1 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



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of $221,440,731, an increase of $40,938,937 during FY 2018. The increase is mostly due to activity in the Folsom Housing Special Revenue Fund and the Folsom Ranch Financing Authority related to refunding and bond issuances. Of the total fund balance, $14,053,574 (6.3%) of this total amount constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the balance is *nonspendable, restricted, committed or assigned* to indicate that it is *not* available for new spending. Refer to Note 10 in the basic financial statements for a detailed breakout of fund balance within the five categories.

Revenues and other financing sources for governmental funds totaled approximately $217 million for the fiscal year ended June 30, 2018, which represents an increase of 105% from the fiscal year ended June 30, 2017. The increase is mostly due to the bond issuances in the Public Financing Authority Debt Service Fund and the Folsom Ranch Financing Authority. Expenditures and other financing uses for governmental functions totaled $176 million, an increase of 54% from the prior year. The increase is mostly due to the bond refunding in the Public Financing Authority Debt Service Fund.

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, 2018

	Revenues and Other Financing Sources		Expenditures and Other Financing Uses		Net Change in Fund Balances	
	2018	2017	2018	2017	2018	2017
General Fund	$ 86,107,564	$ 82,625,249	$ 85,284,054	$ 78,022,716	$ 823,510	$ 4,602,533
Folsom Housing - Special Revenue Fund	10,475,884	402,681	22,712	18,058	10,453,172	384,623
Folsom Public Financing Authority	37,389,056	4,086,363	61,158,451	16,280,083	(23,769,395)	(12,193,720)
Folsom Ranch Financing Authority	51,253,486	(564,878)	1,142,733	403,544	50,110,753	(968,422)
Transportation Improvement Fund	8,075,921	6,437,926	5,056,292	6,651,141	3,019,629	(213,215)
Other Governmental Funds	23,518,660	13,037,325	23,217,392	13,108,796	301,268	(71,471)
Total	$ 216,820,571	$ 106,024,666	$ 175,881,634	$ 114,484,338	$ 40,938,937	$ (8,459,672)

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

Analysis of Major Governmental Funds

General Fund

The General Fund is the primary operating fund of the City. At the end of FY 2017-18 there was an increase in fund balance of $823,510 which resulted in a nonspendable fund balance of $442k, an assigned fund balance of $1.9 million and unassigned fund balance of $15.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18.4% of total General Fund expenditures and transfers out of $85,284,054 while total fund balance represents 21.1% of that same amount.

General Fund revenues of $78.2 million were up $1.6 million or 2.1% higher than FY 2016-17 revenues of $76.6 million. The table below provides a revenue comparison between Fiscal Years 2017-18 versus 2016-17.

	2018	2017	$ Change	% Change
Property taxes	$ 24,537,819	$ 23,301,973	$ 1,235,846	5.3%
Sales & use taxes	22,294,827	24,721,293	(2,426,466)	-9.8%
Transient occupancy	2,197,780	2,160,257	37,523	1.7%
Real Property transfer	526,629	544,063	(17,434)	-3.2%
Other	1,096,015	1,011,923	84,092	8.3%
Licenses and permits	2,768,076	2,163,426	604,650	27.9%
Vehicle license fees	6,484,423	6,065,568	418,855	6.9%
Intergovernmental	781,752	577,037	204,715	35.5%
Charges for current services	15,521,751	13,829,099	1,692,652	12.2%
Fines and forfeitures	153,532	192,263	(38,731)	-20.1%
Interest	(1,135)	148,717	(149,852)	-100.8%
Miscellaneous	1,822,394	1,845,682	(23,288)	-1.3%
Total	$ 78,183,863	$ 76,561,301	$ 1,622,562	2.1%

Property tax revenues increased 5.3% over the prior fiscal year, due to increasing home values and increased sales activity. Transient occupancy taxes (TOT) increased by $38k, or 1.7% over last year. Licenses and permits increased $605k or 27.9%. Intergovernmental revenues increased by $205k, or 35.5% over last year. Charges for current services increased $1.69 million or 12.2%, but this is offset by a decrease in Sales tax revenues of 9.8% mostly due to a new system implementation by the State causing delays in processing sales tax returns which occurred in FY 18, and $150k decrease in Interest Revenues due to GASB 31 FMV adjustments.

General fund expenditures of $85,284,054, excluding transfers out, increased by $7.3 million or 9.3% over prior year expenditures of $78,022,716. This increase is due to slightly increased spending across most functions, however Capital Outlay had a significant increase due to increased equipment purchases including 2 Fire Engines, a Vactor, a Backhoe, and Vehicles.

Expenditures	2018	2017	$ variance	% variance
General government	**$ 17,607,014**	$16,183,582	$ 1,423,432	8.8%
Public safety	**37,216,488**	37,284,196	(67,708)	-0.2%
Public ways and facilities	**6,610,529**	5,734,448	876,081	15.3%
Community services	**6,196,867**	4,722,516	1,474,351	31.2%
Culture and recreation	**14,249,229**	13,155,732	1,093,497	8.3%
Capital Outlay	**3,176,115**	721,748	2,454,367	340.1%
Debt service principal payments	**227,812**	220,494	7,318	3.3%
Total	**$ 85,284,054**	$78,022,716	$ 7,261,338	9.3%

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

Comparative Fund Balance - Governmental Funds

	2018	2017	Net Change
General Fund	$ 18,010,708	$ 17,187,198	$ 823,510
Folsom Housing - Special Revenue Fund	22,432,098	11,978,926	10,453,172
Folsom Public Financing Authority	81,506,413	105,275,808	(23,769,395)
Folsom Ranch Financing Authority	57,248,324	7,137,571	50,110,753
Transportation Improvement Fund	14,003,614	10,983,985	3,019,629
Other Governmental Funds	28,239,574	27,938,306	301,268
Total	$ 221,440,731	$ 180,501,794	$ 40,938,937

Folsom Housing Special Revenue Fund

The Folsom Housing Special Revenue Fund was created in FY 2011-12 after the City elected to retain the Housing function of the former RDA. This fund accounts for the Housing activities of the City that were previously accounted for in the Redevelopment Special Revenue Fund. For FY 2017-2018, the fund reported revenues of $10.5 million and expenditures and transfers of $23k, increasing fund balance by $10.5 million. This increase was mostly due to the transfer of $9.8 million of housing bond proceeds from the Successor Agency.

Folsom Public Financing Authority Debt Service Fund

The Folsom Public Financing Authority's (FPFA) governmental debt service fund provides information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. The Authority's governmental debt service fund balance decreased $23.8 million during 2018.

Revenues for FPFA's governmental functions overall totaled $37.4 million in FY 2017-18, and represent an increase of $33.3 million in comparison with the prior fiscal year. This is mostly due to investment earnings related to GASB 72 adjustments and bond issuance. Expenditures for governmental functions, totaling $61.2 million, increased by $44.9 million from the prior fiscal year. The increase is mostly due to a bond refunding. For additional information please refer to Note 7 of this report and the separately issued financial statements.

Folsom Ranch Financing Authority Debt Service Fund

The Folsom Ranch Financing Authority's (FRFA) governmental debt service fund provides information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. The Authority's governmental debt service fund balance increased $50.1 million during 2018.

Revenues for FPFA's governmental functions overall totaled $51.3 million in FY 2017-18, and represent an increase of $51.8 million in comparison with the prior fiscal year. This is mostly due to bond issuance and investment earnings related to GASB 72 adjustments. Expenditures for governmental functions, totaling $1.1 million, increased by $700k from the prior fiscal year. For additional information please refer to Note 7 of this report and the separately issued financial statements.

Transportation Improvement Capital Projects Fund

The Transportation Improvement Capital Projects Fund is used to account for long-term major road projects financed through developer mitigation charges and Measure A funding. Expenditures and transfers in the Transportation Improvement Capital Projects Fund were $5.1 million in FY 2017-18, down $1.6 million from the prior fiscal year. The decrease is mostly related to decreased project costs for projects such as Orangevale Bridge.

Proprietary Funds

Water Fund

Net position of the Water Fund increased by $2.1 million in FY 2017-18. Operating revenue for FY 2017-18 was $14.1 million, an increase of $500K due to favorable water usage levels throughout the fiscal year. Operating expenses increased $1.3 million to $13.6 million primarily due to increased maintenance and operations expenses. Net transfers were $900k, an increase of $93k from prior year levels. As of June 30, 2018, the fund's net position was $82.7 million, of which $76.6 million was the net investment in capital assets, while the remaining $6.1 million was unrestricted.

Wastewater Fund

Operating revenues were at $6.8 million, an increase of $250k from the prior year. Expenses were at $5.8 million, up $500k from the prior year. The net result was operating income of $1 million. Other items which affected net position were capital contributions of $800K and other non-operating revenues of $40k. The total increase to net position in FY 2017-18 was $1.1 million, leaving a balance of $46.5 million. As of June 30, 2018, of the Fund's net position, $42.9 million was the net investment in capital assets, and the remaining $3.7 million was unrestricted.

Solid Waste Fund

Operating revenues were at $10.8 million, a decrease of $100k from the prior year. Operating expenses were at $10.4 million, an increase of $900k. The net result was operating income of $460K. The total decrease to net position in FY 2017-18 was $(325)k, leaving a balance of $(4.2) million. As of June 30, 2018, of the Fund's net position, $2.4 million was the net investment in capital assets, and the remaining $(6.6) million was unrestricted.

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

	Operating Revenues, Nonoperating Revenues, Capital Contributions & Transfers		Operating Expenses, Nonoperating Expenses & Transfers		Net Change in Net Position	
	2018	2017	2018	2017	2018	2017
Water	$ 17,398,139	$ 21,188,181	$ 15,317,028	$ 13,977,040	$ 2,081,111	$ 7,211,141
Wastewater	7,640,216	8,076,466	6,492,823	5,856,133	1,147,393	2,220,333
Solid Waste	11,313,187	11,211,105	11,638,306	10,736,052	(325,119)	475,053
Other Enterprise Funds	4,648,649	4,217,052	4,604,279	4,071,269	44,370	145,783
Total	$ 41,000,191	$ 44,692,804	$ 38,052,436	$ 34,640,494	$ 2,947,755	$ 10,052,310

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

After taking into account these adjustments, actual expenditures were $484k lower than final budget amounts. The expenditure category that exceeded current year budget appropriations due to staff costs was Culture & Recreation.

Revenues were $78.2 million or 102% of budgeted amounts. A shortfall from budgeted amounts did occur in Sales and Use Tax, which ended the fiscal year at 98% of budget, and Fines and Forfeitures, which ended the fiscal year at 59% of budget. This is offset by Licenses and Permits which were $797k above budget, and Property Tax which was $315k above budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounted to $495 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment and construction in progress. The total increase in the City's capital assets for the current fiscal year was less than 1%, as shown in the following table. 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, 2018

	Governmental Activities		**Business-type Activities**		**Total**	
	2018	2017	2018	2017	2018	2017
Land	**$ 17,364,826**	$16,516,487	**$ 1,033,791**	$1,033,791	**$ 18,398,617**	$ 17,550,278
Construction in progress	**17,052,850**	8,814,185	**3,060,782**	7,293,376	**20,113,632**	16,107,561
Buildings	**35,054,071**	36,310,676	**37,241**	39,786	**35,091,312**	36,350,462
Improvements	**277,296,611**	284,688,224	**133,413,331**	128,107,131	**410,709,942**	412,795,355
Equipment	**5,205,967**	3,735,911	**5,935,906**	7,422,939	**11,141,873**	11,158,850
Total capital assets	**$ 351,974,325**	$350,065,483	**$ 143,481,051**	$143,897,023	**$ 495,455,376**	$ 493,962,506

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

- Equipment purchases of $2.2 million for various vehicles and machinery
- Construction expenditures of $5.0 million for the Econome Park project
- Construction expenditures of $3.7 million for the Fire Station #39 project
- Construction expenditures of $2.9 million for the Folsom Lake Trail Phase 2 project
- Construction expenditures of $1.6 million for the Water Treatment Plant Grading & Pump Station No. 1 Basin Reuse 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, 2018, the City had $137,411,275 of outstanding long-term debt related to governmental activities and $21,388,259 of long-term debt related to business-type activities, for a total of $158,799,534. During the year, $62 million of long-term debt was retired, offset by an addition of $91 million of revenue bonds, and Long-term loan liability, resulting in a net increase of 25.4%. The City's debt obligations are in the form of general obligation bonds, certificates of participation, revenue bonds, long-term lease obligations, capital lease obligations, compensated absences, landfill closure costs, long term loans, and deferred amounts for issuance discounts, premiums and refundings.

At the end of the current fiscal year, the City had total bonded debt outstanding of $145,152,674. The remainder of the City's bonded debt represents bonds secured solely by the specified revenue sources.

The following table summarizes the City's outstanding debt at June 30, 2018:

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)
	2018	2017	2018	2017	2018	2017	% Change
General obligation bonds	**$ -**	$ 825,000	**$ -**	$ -	**$ -**	$ 825,000	-100%
Revenue bonds	**124,427,251**	93,841,368	**20,725,423**	21,973,818	**145,152,674**	115,815,186	25%
City Hall & Fire Station Lease Obligation	**1,692,207**	3,117,370			**1,692,207**	3,117,370	-46%
Capital lease obligations	**1,239,579**	1,467,391	**-**	-	**1,239,579**	1,467,391	-16%
Compensated absences	**3,533,143**	3,190,102	**621,595**	613,103	**4,154,738**	3,803,205	9%
Landfill closure liability	**434,000**	434,000	**-**	-	**434,000**	434,000	0%
Long-Term loan	**1,628,000**	-	**-**	-	**1,628,000**	-	0%
Less: Discounts/premiums	**4,457,095**	1,128,235	**41,241**	45,366	**4,498,336**	1,173,601	283%
Total	**$ 137,411,275**	$ 104,003,466	**$ 21,388,259**	$ 22,632,287	**$ 158,799,534**	$ 126,635,753	25%

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

Credit Rating

As of June 30, 2018 the City's Water Bonds are rated A1 by Moody's and are rated AA/Stable by Standard & Poor's.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

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

- Property taxes are continuing to show growth and sales taxes are remaining stable.
- While the City's revenue growth is slow, the City must at the same time support rising costs in employee wage and benefits.
- Unassigned General Fund balance was $15.7 million, or 18.4% of FY 2018 expenditures. This exceeds the Folsom City Council policy of 15%.

Next Year's Budget

The City closed the fiscal year in a positive financial position, with a General Fund balance of $18,010,708, an increase of $824k from the prior year. While the General Fund continues to have upward movement in its fund balance, the growth is expected to slow. City management will continue to monitor the General Fund's position and report to Council on a quarterly basis.

The General Fund budget for 2019 appropriates approximately $89 million, an increase of 4.2% over the prior year final expenditures. General Fund revenue for 2019 is projected to be $89 million, approximately a $7.0 million increase from 2018. Management's efforts will focus on utilizing existing resources as efficiently and effectively as possible.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances. We hope that the preceding information has provided you with a general overview of the City's overall financial status. For questions or comments concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 50 Natoma Street, Folsom, CA 95630, (916) 461-6000 or visit the City's website at www.folsom.ca.us.

This page has been intentionally left blank.

BASIC FINANCIAL STATEMENTS

CITY OF
FOLSOM
DISTINCTIVE BY NATURE

This page has been intentionally left blank.

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments	$ 79,302,431	$ 35,343,947	$ 114,646,378
Receivables, net of allowances for uncollectibles	18,807,046	4,711,091	23,518,137
Due from other governments	8,605,724	257,069	8,862,793
Inventory	399,669	-	399,669
Prepaids	42,415	-	42,415
Deposits	3,034,476	-	3,034,476
Restricted assets - cash and investments	2,128,599	279	2,128,878
Investments held in trust	136,383,151	-	136,383,151
Capital assets, net of accumulated depreciation:			
Nondepreciable	34,417,676	4,094,573	38,512,249
Depreciable	317,556,649	139,386,478	456,943,127
Total assets	600,677,836	183,793,437	784,471,273
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	27,411,605	5,747,574	33,159,179
Deferred amounts on refunding	-	519,549	519,549
Total deferred outflows of resources	27,411,605	6,267,123	33,678,728
LIABILITIES:			
Accounts payable	7,171,446	3,260,029	10,431,475
Wages payable	2,522,641	394,487	2,917,128
Interest payable	1,490,186	61,651	1,551,837
Due to other governments	397,808	2,600,003	2,997,811
Unearned revenue	1,334,308	159,132	1,493,440
Long-term liabilities:			
Net pension liability	113,593,248	24,202,177	137,795,425
Net other postemployment benefits (OPEB) liability	91,483,952	11,981,325	103,465,277
Other long-term liabilites due within one year	10,529,563	1,428,499	11,958,062
Other long-term liabilites due in more than one year	126,881,712	19,959,760	146,841,472
Total liabilities	355,404,864	64,047,063	419,451,927
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	2,885,216	884,662	3,769,878
Deferred inflows related to OPEB	6,228,745	914,965	7,143,710
Special assessments not collected	41,329	-	41,329
Deferred amounts on refunding	702,456	-	702,456
Total deferred inflows of resources	9,857,746	1,799,627	11,657,373
NET POSITION:			
Net investment in capital assets	341,907,988	123,233,937	465,141,925
Restricted for:			
Nonexpendable: Wetlands/Open space	871,378	-	871,378
Debt service	9,131,998	-	9,131,998
Low and moderate income housing	22,432,098	-	22,432,098
Transportation/streets	16,936,734	-	16,936,734
Lighting and landscape assessment districts	5,007,189	-	5,007,189
Critical facilities	-	127,565	127,565
Unrestricted	(133,460,554)	852,368	(132,608,186)
Total net position	$ 262,826,831	$ 124,213,870	$ 387,040,701

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, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	$ 21,571,309	$ 9,259,206	$ 270,082	$ -
Public safety	42,267,172	6,784,548	208,770	52,595
Public ways and facilities	26,740,758	12,763,442	2,137,223	7,964,554
Community services	6,328,357	6,861,396	152,228	-
Culture and recreation	19,316,157	10,852,607	6,324	2,781,466
Interest and fiscal charges	2,510,553	-	-	-
Total governmental activities	118,734,306	46,521,199	2,774,627	10,798,615
Business-type activities:				
Water	14,416,465	14,119,233	2,814,808	374,114
Wastewater	5,777,106	6,780,004	-	789,512
Solid Waste	10,383,837	10,840,441	339,746	-
Transit	4,093,944	591,905	3,449,057	-
Facilities Augmentation	242,058	-	-	583,056
Total business-type activities	34,913,410	32,331,583	6,603,611	1,746,682
TOTAL	$ 153,647,716	$ 78,852,782	$ 9,378,238	$ 12,545,297
GENERAL REVENUES:				
Taxes:				
Property				
Sales and use				
Other				
Investment earnings (loss)				
Miscellaneous				
Transfers				
Extraordinary Items				
Housing bond proceeds from Successor Agency				
Transfer of Asset from Successor Agency				
Total general revenues, extraordinary items, and transfers				
Change in net position				
Net position, beginning of year, restated				
Net position, end of year				

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

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	
			PRIMARY GOVERNMENT:
			Governmental activities:
$ (12,042,021)	$ -	$ (12,042,021)	General government
(35,221,259)	-	(35,221,259)	Public safety
(3,875,539)	-	(3,875,539)	Public ways and facilities
685,267	-	685,267	Community services
(5,675,760)	-	(5,675,760)	Culture and recreation
(2,510,553)	-	(2,510,553)	Interest and fiscal charges
(58,639,866)	-	(58,639,866)	Total governmental activities
			Business-type activities:
-	2,891,690	2,891,690	Water
-	1,792,410	1,792,410	Wastewater
-	796,350	796,350	Solid Waste
-	(52,982)	(52,982)	Transit
-	340,998	340,998	Facilities Augmentation
-	5,768,466	5,768,466	Total business-type activities
(58,639,866)	5,768,466	(52,871,400)	**TOTAL**
			GENERAL REVENUES:
			Taxes:
24,537,819	-	24,537,819	Property
22,294,827	-	22,294,827	Sales and use
3,820,424	-	3,820,424	Other
(3,666,825)	187,322	(3,479,503)	Investment earnings (loss)
4,408,453	-	4,408,453	Miscellaneous
3,008,033	(3,008,033)	-	**Transfers**
			Extraordinary Items
9,812,877	-	9,812,877	Housing bond proceeds from Successor Agency
920,075	-	920,075	Transfer of Asset from Successor Agency
65,135,683	(2,820,711)	62,314,972	**Total general revenues, extraordinary items, and transfers**
6,495,817	2,947,755	9,443,572	**Change in net position**
256,331,014	121,266,115	377,597,129	Net position, beginning of year, restated
$ 262,826,831	$ 124,213,870	$ 387,040,701	**Net position, end of year**

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

CITY OF FOLSOM, CALIFORNIA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Folsom Housing Special Revenue Fund	Folsom Public Financing Authority Debt Service Fund	Folsom Ranch Financing Authority Debt Service Fund
ASSETS				
Cash and cash equivalents	$ 16,399,598	$ 8,115,879	$ 95,280	$ -
Cash with fiscal agent	-	-	403,303	-
Receivables	1,668,213	12,819,266	1,456	-
Insurance deposits	42,415	-	-	-
Due from other funds	573,300	-	-	-
Due from other governments	6,141,303	1,523,853	-	-
Inventory	399,669	-	-	-
Investments held in trust	-	-	79,134,827	57,248,324
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Cash with fiscal agent	-	-	1,871,547	-
Total assets	$ 25,224,498	$ 22,458,998	$ 81,506,413	$ 57,248,324
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 4,340,108	$ 26,900	$ -	$ -
Wages payable	2,094,224	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	779,458	-	-	-
Total liabilities	7,213,790	26,900	-	-
DEFERRED INFLOWS OF RESOURCES				
Special Assessments not collected	-	-	-	-
FUND BALANCES:				
Nonspendable	442,084	-	-	-
Restricted	-	22,432,098	81,409,677	57,248,324
Committed	-	-	-	-
Assigned	1,869,501	-	96,736	-
Unassigned	15,699,123	-	-	-
TOTAL FUND BALANCES	18,010,708	22,432,098	81,506,413	57,248,324
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 25,224,498	$ 22,458,998	$ 81,506,413	$ 57,248,324

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

Transportation Improvement Capital Projects Fund	Other Non-Major Governmental Funds	Total Governmental Funds	
			ASSETS
$ 13,145,790	$ 27,900,585	$ 65,657,132	Cash and cash equivalents
-	190,919	594,222	Cash with fiscal agent
66,859	4,103,728	18,659,522	Receivables
-	-	42,415	Insurance deposits
1,000,000	-	1,573,300	Due from other funds
634,273	306,295	8,605,724	Due from other governments
-	-	399,669	Inventory
-	-	136,383,151	Investments held in trust
			Restricted assets:
165,052	92,000	257,052	Cash and cash equivalents
-	-	1,871,547	Cash with fiscal agent
$ 15,011,974	$ 32,593,527	$ 234,043,734	Total assets
			LIABILITIES AND FUND BALANCES
			LIABILITIES:
$ 610,552	$ 2,178,468	$ 7,156,028	Accounts payable
-	6,156	2,100,380	Wages payable
-	1,573,300	1,573,300	Due to other funds
397,808	-	397,808	Due to other governments
-	554,700	1,334,158	Unearned revenue
1,008,360	4,312,624	12,561,674	Total liabilities
			DEFERRED INFLOWS OF RESOURCES
-	41,329	41,329	Special Assessments not collected
			FUND BALANCES:
-	429,294	871,378	Nonspendable
14,003,614	19,965,104	195,058,817	Restricted
-	5,201,522	5,201,522	Committed
-	3,490,803	5,457,040	Assigned
-	(847,149)	14,851,974	Unassigned
14,003,614	28,239,574	221,440,731	TOTAL FUND BALANCES
$ 15,011,974	$ 32,593,527	$ 234,043,734	TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES

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

This page has been intentionally left blank.

CITY OF FOLSOM, CALIFORNIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2018

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

Total fund balances - total governmental funds (Page 25)	$ 221,440,731
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	34,417,676
Depreciable capital assets, net	317,514,905
Deferred outflows - amount related to pensions	27,411,605
Deferred amounts on refunding not in governmental funds	(702,456)
Net unmatured long-term debt	(133,444,132)
Accrued interest	(1,490,186)
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	(434,000)
Compensated absences	(3,533,143)
Net post-employment benefit liability (OPEB)	(91,483,952)
Net pension liability	(113,593,248)
Deferred inflows - amount related to pensions	(2,885,216)
Deferred inflows - amount related to OPEB	(6,228,745)
Internal service funds are used by management to charge the costs of fleet management, management information services, facilities costs, and insurance, to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-Wide Statement of Net Position.	15,836,992
Net position of governmental activities (Page 21)	$ 262,826,831

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, 2018

	General Fund	Folsom Housing Special Revenue Fund	Folsom Public Financing Authority Debt Service Fund
REVENUES			
Taxes:			
Property	$ 24,537,819	$ -	$ -
Sales and use	22,294,827	-	-
Transient occupancy	2,197,780	-	-
Real property transfer	526,629	-	-
Other	1,096,015	-	-
Licenses and permits	2,768,076	-	-
Vehicle license fees	6,484,423	-	-
Intergovernmental	781,752	-	3,116,290
Charges for current services	15,521,751	19,123	-
Fines and forfeitures	153,532	615,225	-
Assessment collections	-	-	-
Investment income (loss)	(1,135)	28,659	(12,613,346)
Miscellaneous	1,822,394		1,112
Total revenues	78,183,863	663,007	(9,495,944)
EXPENDITURES			
Current:			
General government	17,607,014	18,667	271,866
Public safety	37,216,488	-	-
Public ways and facilities	6,610,529	-	-
Community services	6,196,867	-	-
Culture and recreation	14,249,229	-	-
Capital outlay	3,176,115	-	-
Debt service:			
Principal payments	227,812	-	6,844,280
Interest and fiscal charges	-	-	1,507,305
Total expenditures	85,284,054	18,667	8,623,451
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,100,191)	644,340	(18,119,395)
OTHER FINANCING SOURCES (USES)			
Bond issuance	-	-	46,885,000
Issuance of loan	-	-	-
Payment to refunded escrow agent	-	-	(52,535,000)
Transfers in	7,923,701	-	-
Transfers out	-	(4,045)	-
Total other financing sources (uses)	7,923,701	(4,045)	(5,650,000)
EXTRAORDINARY ITEM:			
Housing Bond Proceeds transferred from the Successor Agency	-	9,812,877	-
NET CHANGE IN FUND BALANCES	823,510	10,453,172	(23,769,395)
FUND BALANCES, BEGINNING OF YEAR	17,187,198	11,978,926	105,275,808
FUND BALANCES, END OF YEAR	$ 18,010,708	$ 22,432,098	$ 81,506,413

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

Folsom Ranch Financing Authority Debt Service Fund	Transportation Improvement Capital Projects Fund	Other Non-Major Governmental Funds	Total Governmental Funds	
				REVENUES
				Taxes:
$ -	$ -	$ -	$ 24,537,819	Property
-	-	-	22,294,827	Sales and use
-	-	-	2,197,780	Transient occupancy
-	-	-	526,629	Real property transfer
-	-	-	1,096,015	Other
-	-	7,229	2,775,305	Licenses and permits
-	-	-	6,484,423	Vehicle license fees
1,012,733	2,496,229	4,940,074	12,347,078	Intergovernmental
-	5,367,590	15,395,938	36,304,402	Charges for current services
-	-	152,582	921,339	Fines and forfeitures
-	-	35,728	35,728	Assessment collections
8,455,753	58,102	416,100	(3,655,867)	Investment income (loss)
-	154,000	640,946	2,618,452	Miscellaneous
9,468,486	8,075,921	21,588,597	108,483,930	Total revenues
				EXPENDITURES
				Current:
-	-	961,885	18,859,432	General government
-	-	-	37,216,488	Public safety
-	1,486,023	4,824,502	12,921,054	Public ways and facilities
-	-	-	6,196,867	Community services
-	-	100,279	14,349,508	Culture and recreation
-	2,622,096	12,390,949	18,189,160	Capital outlay
				Debt service:
130,000	-	825,000	8,027,092	Principal payments
1,012,733	-	20,138	2,540,176	Interest and fiscal charges
1,142,733	4,108,119	19,122,753	118,299,777	Total expenditures
8,325,753	3,967,802	2,465,844	(9,815,847)	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
				OTHER FINANCING SOURCES (USES)
41,785,000	-	-	88,670,000	Bond issuance
-	-	1,790,000	1,790,000	Issuance of loan
-	-	-	(52,535,000)	Payment to refunded escrow agent
-	-	140,063	8,063,764	Transfers in
-	(948,173)	(4,094,639)	(5,046,857)	Transfers out
41,785,000	(948,173)	(2,164,576)	40,941,907	Total other financing sources (uses)
				EXTRAORDINARY ITEM:
-	-	-	9,812,877	Housing Bond Proceeds transferred from Successor Agency
50,110,753	3,019,629	301,268	40,938,937	NET CHANGE IN FUND BALANCES
7,137,571	10,983,985	27,938,306	180,501,794	FUND BALANCES, BEGINNING OF YEAR
$ 57,248,324	$ 14,003,614	$ 28,239,574	$ 221,440,731	FUND BALANCES, END OF YEAR

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

This page has been intentionally left blank.

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, 2018

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

Net change in fund balances - total governmental funds (Page 29)		$ 40,938,937
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		18,189,160
Depreciation expense		(18,396,628)
Governmental funds do not report contributed capital, whereas this revenue is reported in the Government-Wide Statement of Activities		1,226,164
Assets transferred between the Folsom Successor Agency and the City are reported as an extraordinary item		920,075
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.		(3,190,825)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts.		(4,755,775)
Governmental funds report OPEB contributions as expenditures. However, in the Statement of Activities, OPEB expense is measured as the change in net OPEB liability and the amortization of deferred outflows and inflows related to OPEB. This amount represents the net change in OPEB related amounts.		101,734
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	8,027,092	
Change in compensated absences	(343,041)	
Change in estimate for landfill closure liability	-	
Issuance of long-term debt	(88,670,000)	
Long-Term loan	(1,628,000)	
Payment to refunded escrow agent	52,535,000	
Change in accrued interest	29,623	(30,049,326)
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.		1,512,301
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (Page 23)		$ 6,495,817

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

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					Governmental Activities Internal Service Funds
	Water	Wastewater	Solid Waste	Other Non-major Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	$ 17,172,169	$ 10,147,689	$ 5,238,462	$ 2,785,627	$ 35,343,947	$ 13,051,077
Receivables, net of allowances	3,020,817	1,387,142	238,716	64,416	4,711,091	147,524
Due from other governments	-	1,315	19,688	236,066	257,069	-
Insurance deposits	-	-	-	-	-	3,034,476
Total current assets	20,192,986	11,536,146	5,496,866	3,086,109	40,312,107	16,233,077
Noncurrent assets:						
Restricted assets:						
Cash with fiscal agent	279	-	-	-	279	-
Capital assets	158,248,487	66,806,567	10,607,003	3,389,335	239,051,392	4,741,577
Accumulated depreciation	(61,369,629)	(23,928,364)	(8,217,788)	(2,054,560)	(95,570,341)	(4,699,833)
Total noncurrent assets	96,879,137	42,878,203	2,389,215	1,334,775	143,481,330	41,744
Total assets	117,072,123	54,414,349	7,886,081	4,420,884	183,793,437	16,274,821
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	1,902,145	1,254,679	2,163,350	427,400	5,747,574	-
Deferred amounts on refunding	519,549	-	-	-	519,549	-
Total deferred outflows of resources	2,421,694	1,254,679	2,163,350	427,400	6,267,123	-
LIABILITIES						
Current liabilities:						
Accounts payable	2,655,433	317,950	270,144	16,502	3,260,029	15,418
Wages payable	142,104	76,796	142,130	33,457	394,487	422,261
Interest payable	61,651	-	-	-	61,651	-
Due to other governments	90	2,599,913	-	-	2,600,003	-
Deposits	159,132	-	-	-	159,132	150
Accrued compensated absences, payable within one year	48,706	27,208	43,847	17,947	137,708	-
Long term debt, due within one year	1,290,791	-	-	-	1,290,791	-
Total current liabilities	4,357,907	3,021,867	456,121	67,906	7,903,801	437,829
Noncurrent liabilities:						
Net pension liability	7,754,716	5,131,088	9,344,374	1,971,999	24,202,177	-
Accrued compensated absences, payable after one year	209,864	75,576	168,620	29,828	483,888	-
Net OPEB liability	4,393,790	641,768	3,704,036	3,241,731	11,981,325	-
Long term debt, due after one year net of unamortized premiums/discounts	19,475,872	-	-	-	19,475,872	-
Total noncurrent liabilities	31,834,242	5,848,432	13,217,030	5,243,558	56,143,262	-
Total liabilities	36,192,149	8,870,299	13,673,151	5,311,464	64,047,063	437,829
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflows related to pensions	288,438	191,619	335,235	69,370	884,662	-
Deferred inflows related to OPEB	321,590	70,585	268,168	254,622	914,965	-
NET POSITION						
Net investment in capital assets	76,631,744	42,878,203	2,389,215	1,334,775	123,233,937	41,744
Restricted for critical facilities use	-	-	-	127,565	127,565	-
Unrestricted	6,059,896	3,658,322	(6,616,338)	(2,249,512)	852,368	15,795,248
Total net position (deficit)	$ 82,691,640	$ 46,536,525	$ (4,227,123)	$ (787,172)	$ 124,213,870	$ 15,836,992

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

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					Governmental Activities Internal Service Funds
	Water	Wastewater	Solid Waste	Other Non-major Enterprise Funds	Total	
OPERATING REVENUES:						
Charges for services	$ 14,119,233	$ 6,780,004	$ 10,840,441	$ 591,905	$ 32,331,583	$ 18,509,811
OPERATING EXPENSES:						
Employee services	4,533,833	2,551,775	5,027,897	1,318,096	13,431,601	16,947,753
Utilities	741,338	69,583	12,690	10,449	834,060	-
Supplies	866,402	249,726	910,928	145,371	2,172,427	-
Maintenance and operations	374,967	219,247	651,498	98,744	1,344,456	-
Contractual services	1,776,219	396,535	2,091,278	1,673,535	5,937,567	-
Depreciation	3,984,380	1,714,921	1,123,940	576,018	7,399,259	29,928
Other	1,318,907	575,319	565,606	513,789	2,973,621	-
Total operating expenses	13,596,046	5,777,106	10,383,837	4,336,002	34,092,991	16,977,681
OPERATING INCOME (LOSS)	523,187	1,002,898	456,604	(3,744,097)	(1,761,408)	1,532,130
NONOPERATING REVENUE (EXPENSES):						
Investment income	89,984	40,700	32,007	24,631	187,322	(10,955)
Interest expense	(820,419)	-	-	-	(820,419)	-
Other	2,767,308	-	219,511	31,236	3,018,055	-
Intergovernmental revenues	47,500	-	120,235	3,417,821	3,585,556	-
Total nonoperating revenue (expense)	2,084,373	40,700	371,753	3,473,688	5,970,514	(10,955)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,607,560	1,043,598	828,357	(270,409)	4,209,106	1,521,175
CAPITAL CONTRIBUTIONS AND TRANSFERS:						
Capital contributions	374,114	789,512	-	583,056	1,746,682	-
Transfers in	-	30,000	100,993	-	130,993	-
Transfers out	(900,563)	(715,717)	(1,254,469)	(268,277)	(3,139,026)	(8,874)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	(526,449)	103,795	(1,153,476)	314,779	(1,261,351)	(8,874)
CHANGE IN NET POSITION	2,081,111	1,147,393	(325,119)	44,370	2,947,755	1,512,301
NET POSITION (DEFICIT), BEGINNING OF YEAR, RESTATED	80,610,529	45,389,132	(3,902,004)	(831,542)	121,266,115	14,324,691
NET POSITION (DEFICIT), END OF YEAR	$ 82,691,640	$ 46,536,525	$ (4,227,123)	$ (787,172)	$ 124,213,870	$ 15,836,992

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, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	Water	Wastewater	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	$ 13,983,966	$ 6,661,478	$ 10,936,750
Payments to suppliers	(4,649,122)	(804,602)	(3,753,353)
Payments to employees	(4,205,454)	(2,307,812)	(4,606,042)
Payments to other governments	1,741,788	(1,241)	(187)
Cash received from (paid to) other sources	1,448,401	(575,319)	(346,095)
Net cash provided by (used for) operating activities	8,319,579	2,972,504	2,231,073
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(900,563)	(715,717)	(1,254,469)
Transfers from other funds	-	30,000	100,993
Intergovernmental revenues received	47,500	-	120,235
Net cash provided by (used for) noncapital financing activities	(853,063)	(685,717)	(1,033,241)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(3,316,149)	(2,109,190)	(400,586)
Principal paid on capital debt and leases	(1,199,963)	-	-
Interest paid on capital debt	(824,546)	-	-
Net cash provided by (used for) capital and related financing activities	(5,340,658)	(2,109,190)	(400,586)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends (paid) on investments	147,977	80,246	50,811
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,273,835	257,843	848,057
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,898,613	9,889,846	4,390,405
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 17,172,448	$ 10,147,689	$ 5,238,462
Summary:			
Cash and cash equivalents	$ 17,172,169	$ 10,147,689	$ 5,238,462
Restricted assets	279	-	-
TOTAL CASH AND CASH EQUIVALENTS	$ 17,172,448	$ 10,147,689	$ 5,238,462

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		Governmental Activities Internal Service Funds	
Other Non-major Enterprise Funds	Total		
			CASH FLOWS FROM OPERATING ACTIVITIES:
$ 542,991	$ 32,125,185	$ 18,448,008	Receipts from customers and users
(2,197,421)	(11,404,498)	(8,089)	Payments to suppliers
(1,232,914)	(12,352,222)	(16,570,336)	Payments to employees
(160,864)	1,579,496	-	Payments to other governments
(240,495)	286,492	14,945	Cash received from (paid to) other sources
(3,288,703)	10,234,453	1,884,528	Net cash provided by (used for) operating activities
			CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:
(268,277)	(3,139,026)	(8,874)	Transfers to other funds
-	130,993	525,151	Transfers from other funds
3,417,821	3,585,556	-	Intergovernmental revenues
3,149,544	577,523	516,277	Net cash provided by (used for) noncapital financing activities
			CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
-	(5,825,925)	-	Acquisition and construction of capital assets
-	(1,199,963)	-	Principal paid on capital debt and leases
-	(824,546)	-	Interest paid on capital debt
-	(7,850,434)	-	Net cash provided by (used for) capital and related financing activities
			CASH FLOWS FROM INVESTING ACTIVITIES:
29,179	308,213	(33,014)	Interest and dividends (paid) on investments
(109,980)	3,269,755	2,367,791	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
2,895,607	32,074,471	10,683,286	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR
$ 2,785,627	$ 35,344,226	$ 13,051,077	CASH AND CASH EQUIVALENTS, END OF YEAR
			Summary:
$ 2,785,627	$ 35,343,947	$ 13,051,077	Cash and cash equivalents
-	279	-	Restricted assets
$ 2,785,627	$ 35,344,226	$ 13,051,077	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, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	Water	Wastewater	Solid Waste
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	$ 523,187	$ 1,002,898	$ 456,604
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	3,984,380	1,714,921	1,123,940
Pension Expense	318,988	241,717	425,234
OPEB Expense	(5,252)	(1,153)	(4,379)
Other non-operating income (expense)	2,767,308	-	219,511
Increase (decrease) in:			
Accounts receivable	(172,573)	(310,584)	96,309
Due from other governments	1,741,788	(1,241)	(187)
Accounts payable	(890,196)	130,489	(86,959)
Wages payable	7,199	1,526	4,276
Due to other governments	-	192,058	-
Unearned revenue	37,306	-	-
Accrued compensated absences	7,444	1,873	(3,276)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 8,319,579	$ 2,972,504	$ 2,231,073
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Receipt of contributed assets	$ 374,114	$ 789,512	$ -

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			Governmental	
Other Non-major Enterprise Funds		Total	Internal Service Funds	
				RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES
$ (3,744,097)		$ (1,761,408)	$ 1,532,130	Operating income (loss)
				Adjustments to reconcile operating income to net cash provided (used) by operating activities:
576,018		7,399,259	29,929	Depreciation
84,912		1,070,851	-	Other non-operating income (expense)
(4,161)		(14,945)	-	Other non-operating income (expense)
614,293		3,601,112	14,945	Other non-operating income (expense)
				Changes in assets and liabilities:
(48,914)		(435,762)	(61,804)	receivable
(160,864)		1,579,496	-	from other governments
(610,321)		(1,456,987)	(8,089)	Increase (decrease) in accounts payable
1,979		14,980	377,417	Increase (decrease) in wages payable
-		192,058	-	to other governments
-		37,306	-	Increase (decrease) in unearned revenue
2,452		8,493	-	compensated absences
$ (3,288,703)		$ 10,234,453	$ 1,884,528	**NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**
				NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:
$ 583,056		$ 1,746,682	$ -	Receipt of contributed assets

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

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
TRUST FUNDS
JUNE 30, 2018

	Other Post Employment Benefits Trust Fund	RDA Successor Private Purpose Trust Fund	Agency Funds
ASSETS:			
Cash and cash equivalents		$ 7,348,353	$ 13,299,850
Cash with fiscal agent		239	17,296,833
OPEB Plan Investments:			
Mutual Funds:			
Fixed income securities	$ 2,798,288		
Domestic equity funds	2,025,613		
International equity funds	502,927		
Real estate partnership	258,311		
Cash equivalents	7,871		
Receivables:			
General accounts		250	
Accrued interest		82,751	50,860
Loans		1,169,318	
Due from other governments			274,032
Capital assets			
Non-depreciable		133,967	
Depreciable		119,534	
Less: accumulated depreciation		(119,534)	
Restricted assets:			
Cash and cash equivalents			1,316,097
Cash with fiscal agent			12,446,688
Total assets	5,593,010	8,734,878	44,684,360
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amount on refunding		8,901,981	
LIABILITIES:			
Accounts payable	7,871	98,609	35,119
Rebatable arbitrage			497
Due to assessment holders			44,648,744
Advances from other governments		1,523,853	
Interest payable		710,555	
Long-term liabilities:			
Due within one year		1,961,685	
Due in more than one year		52,991,311	
Total liabilities	7,871	57,286,013	44,684,360
NET POSITION:			
Net position restricted for OPEB benefits	$ 5,585,139		
Total net position (deficit) held in trust		$ (39,649,154)	

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

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION TRUST FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	Other Post Employment Benefits Trust Fund	RDA Successor Private Purpose Trust Fund
ADDITIONS:		
Tax increment revenues		$ 4,769,468
Contributions from the City	$ 4,600,953	-
Investment earnings	316,708	164,873
Total additions	4,917,661	4,934,341
DEDUCTIONS:		
Benefit payments	4,100,953	
Expenses	-	971,543
Interest and fiscal charges	-	1,733,313
Total deductions	4,100,953	2,704,856
EXTRAORDINARY ITEM:		
Housing Bond Proceeds transferred to the City of Folsom		9,812,877
Asset transferred to City	-	920,075
CHANGE IN NET POSITION	816,708	(8,503,467)
NET POSITION (DEFICIT), BEGINNING OF YEAR	4,768,431	(31,145,687)
NET POSITION (DEFICIT), END OF YEAR	$ 5,585,139	$ (39,649,154)

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

This page has been intentionally left blank.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF
FOLSOM
DISTINCTIVE BY NATURE

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Blended Component Units

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

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

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

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

Fiduciary-type Component Unit

The **City of Folsom OPEB Trust** is used to account for contributions and investment income restricted to pay medical premium benefits for retired City employees. The investment fund is governed by the City of Folsom Retirement Board of Authority. The Plan's benefit payments are restricted to eligible employees who retired from the City of Folsom eligible for the Other Post-Employment benefits. Contribution provisions are established by the City Council. Eligibility, administration and certain other tasks are the responsibility of the Folsom Retirement Board of Authority.

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

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

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Fiduciary funds, however, are unlike other funds as they are used to account for assets that the City holds on behalf of others as their agent. The City reports Agency funds, which have no measurement focus, an OPEB Trust fund, and a private-purpose trust fund, which do have a measurement focus. The fiduciary funds use the accrual method of accounting to report assets and liabilities

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. Taxes (other than property taxes), interest, certain state and federal grants, and charges for services are accrued when the receipt occurs within three hundred sixty five days of the end of the accounting period so as to be both measurable and available. Licenses, permits, fines, forfeitures and other revenues are considered to be measurable and available only when cash is received by the City. Property taxes are accrued when their receipt occurs within sixty days of the end of the accounting period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. Proceeds of general long-term debt and capital leases are reported as other financing sources.

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

Fiduciary Funds: Agency funds account for assets held in agency funds by the City as an agent for various bonded assessment districts. The Private Purpose Trust fund is for reporting activity of the Redevelopment Successor Private Purpose Trust Fund. The OPEB Trust Fund is used to account for Other Post-Employment Benefits.

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 only the Council by resolution may transfer monies between funds and from un-appropriated balances or fund balances to any fund or appropriation account. The level of control (i.e., the level at which expenditures may not legally exceed appropriation) is the fund. All appropriations remaining at year-end lapse, except purchases in progress, open project appropriations and unexpended grant appropriations.

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

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

Financial Statement Elements

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

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

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

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

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

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

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

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

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

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

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

Insurance deposits – Amounts advanced by the City to the insurance joint powers authority to provide for payment of claims within the City's self-insured retention layer ("banking layer") are accounted for using the deposit method and are reported as insurance deposits in the City's risk management fund to the extent that cumulative payments to the pool are more than cumulative

paid and unpaid claims. To the extent that cumulative payments to the pool are less than required to pay cumulative paid and unpaid claims, the City would report an outstanding claim liability. These advances are refundable to the extent that outstanding claims and expenses under the terms of its contract have been satisfied.

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

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

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

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

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

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

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

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

Compensated Absences – Compensated absences are recorded in accordance with GAAP. Only vested or accumulated compensated absences that are expected to be due or mature are

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

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

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

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

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

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has four items that qualify for reporting in this category. The first one is deferred inflow related to pensions reported in the Statement of Net Position - Governmental Activities and Business-type activities, described in detail in Note 11. The second is special assessments not collected, and the other is the deferred amount on refunding reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The last one is deferred inflows related to OPEB reported in the Statement of Net Position - Governmental Activities and Business-type activities, described in detail in Note 12.

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

Fund Equity – The City has established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City established the following classifications and definitions of fund balance:

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

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

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

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

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

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

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

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

Postemployment Benefits Other Than Pensions (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Folsom Retiree Health Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefits payments are recognized currently due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

Effective in Current Fiscal Year

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This City has implemented this statement effective July 1, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* - Effective July 1, 2017, the City implemented GASB Statement No. 81. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. There was no material impact to the financial statements.

GASB Statement No. 85, *Omnibus 2017* - Effective July 1, 2017, the City implemented GASB Statement No. 85. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair

value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). There was no material impact to the financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* - Effective July 1, 2017, the City implemented GASB Statement No. 86. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. There was no material impact to the financial statements.

GASB Statement No. 89*, Accounting for Interest Cost Incurred before the End of a Construction Period* - Effective for fiscal years beginning after December 15, 2019, the City early implemented GASB 89. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. There was no material impact to the financial statements.

Effective in Future Fiscal Years

GASB Statement No. 83 - In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations,* effective for fiscal years beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the Statement. The City has not determined the effect, if any, on the financial statements.

GASB Statement No. 84 - In January 2017, GASB issued Statement No. 84, *Fiduciary Activities,* effective for fiscal years beginning after December 15, 2018. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not determined the effect, if any, on the financial statements.

GASB Statement No. 87 - In June 2017, GASB issued Statement No. 87, *Leases,* effective for fiscal years beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease

liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has not determined the effect, if any, on the financial statements.

GASB Statement No. 88 - In March 2018, GASB issued Statement No. *88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for fiscal years beginning after June 15, 2018. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The City has not determined the effect, if any, on the financial statements.

GASB Statement No. 90 - In August 2018, GASB issued Statement No. 90, *Majority Equity Interests,* effective for the fiscal years beginning after December 15, 2018. The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The City has not determined the effect, if any, on the financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments totaled $310,459,477 as of June 30, 2018, for the primary government and fiduciary funds. Each fund's portion of this total is reflected in the balance sheet accounts entitled Cash and cash equivalents, cash with fiscal agent, investments held in trust, restricted cash and cash equivalents and restricted cash with fiscal agent. The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of the pool is displayed on the balance sheet (governmental funds) and the statement of net position (proprietary funds and fiduciary funds) as "cash and investments or cash equivalents"

Total City deposits and investments at fair value as of June 30, 2018 are reported below and on the following page:

	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds Statements of Net Position	Total
Cash, cash equivalents and investments	$ 79,302,431	$ 35,343,947	$ 114,646,378	$ 37,945,275	$ 152,591,653
Investments held in trust	136,383,151	-	136,383,151	-	136,383,151
OPEB Plan Investments	-	-	-	5,593,010	5,593,010
Restricted cash and investments	2,128,599	279	2,128,878	13,762,785	15,891,663
	$ 217,814,181	$ 35,344,226	$ 253,158,407	$ 57,301,070	$ 310,459,477

	Fair Value
City treasury deposits:	
Deposits	$ 1,017,773
Outstanding Checks	(1,664,508)
Petty cash	7,494
Total city treasury deposits:	(639,241)
City treasury investments	
Certificate of Deposit	12,832,785
Commercial Paper	19,779,083
Corporate Notes (American Express Credit)	1,011,350
Corporate Notes (Bank of New York)	998,830
Corporate Notes (Barclays)	2,000,000
Corporate Notes (Citibank)	980,782
Corporate Notes (Gen Elec)	1,148,350
Corporate Notes (Gen Elec)	582,455
Corporate Notes (Goldman Sachs Bank)	1,000,000
Corporate Notes (International Bank for Recon)	1,969,862
Corporate Notes (JP Morgan Chase & Co)	2,000,000
Corporate Notes (PNC Bank)	987,880
Corporate Notes (Union Bank)	3,303,153
Corporate Notes (US Bank Corp)	1,003,900
Corporate Notes (Wells Fargo Bank NA)	1,002,570
Corporate Notes (Wells Fargo Bank NA)	1,005,580
Corporate Notes (Wells Fargo Bank NA)	1,999,980
Federal Farm Credit Bank (FFCB)	1,500,000
Federal Home Loan Bank (FHLB)	4,019,720
Federal Home Loan Mortgage Corp (FHLMC)	4,991,250
Local Agency Investment Fund (LAIF)	28,688,610
Money market mutual funds (WF)	3,095,678
Municipal obligations (City)	41,290,608
Municipal obligations (FRFA)	57,248,324
Municipal obligations (FPFA)	79,134,827
Total city treasury investments	273,575,577
Total funds in City Treasury	272,936,336
Cash and investments with fiscal agents	
JPA (CAMP)	2,071,051
Money Market Mutual Fund	29,859,080
OPEB Plan Investments - Mutual Funds	5,593,010
Total cash and investments with fiscal agents	37,523,141
Total cash and investments	$ 310,459,477

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

Cash Deposits – At June 30, 2018, the recorded amount of the City's deposits was $1,017,773 and the bank balance was $1,094,607. As of June 30, 2018, the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts.

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

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

Investments

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

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

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

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.

				Revenue Bonds																	
				Genl Oblig		COP's													BTA		
Authorized Investment Type	Maximum Maturity	Maximum Percentage Of portfolio	Maximum Investment in One issuer	2003 Refunding	2009 Refunding	1997 Parks & Traffic Signals	1999 Rec. Facility	1998 LARB (Hannaford)	1999 FPFA (Legends, et al.)	2008 FPFA Series A&B	2010 Revenue Bds A&B	2011 FPFA Ser A&B	2012 FPFA ST REF BONDS	2015 FRFA	2017 FPFA ST REF BONDS	2017 FRFA	2018 FRFA	2009 Water	2013 Water	2016 RDA
U.S. Treasury Obligations	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	x	x	x	x	x	x	x	x	x
U.S. Treasury Obligations	5 years	None	None	n/a	n/a	x	n/a	x	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
U.S. Agency Securities	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	x	x	x	x	x	x	x	x	x
Banker's Acceptances	360 days	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	x	x	x	x	x	x	x	x	x
Commercial paper	270 days	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	x	x	x	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	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Corporate bonds, notes, debentures	N/A	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Money market mutual funds	N/A	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	x	x	x	x	x	x	x	x	x
Municipal obligations	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	x	x	x	n/a	n/a	n/a	x	x	x
State obligations	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	x	x	x	n/a	n/a	n/a	x	x	n/a
Investment agreements - *	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	x	x	x
California Asset Management Program (CAMP)	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	x	x	n/a	n/a	x	x	x	x	x	n/a
Local Agency Investment Fund (LAIF)	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	x	x	x	x	x	x	x	x	x
Other *, *1	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	x	x	x	x	x
City's investment policy *2	N/A	N/A	N/A	x	x	n/a	x	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
Interest bearing accounts	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Shares in California Common law trust	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x
Cash (insured at all times by FDIC)	None	None	None	n/a	n/a	x	n/a	x	x	n/a	x	x	x	x	x	x	x	n/a	n/a	n/a
Deposit Accounts (FDIC Insured) *3	None	None	None	n/a	n/a	x	n/a	x	x	n/a	x	x	x	x	x	x	x	n/a	n/a	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
Certificates of deposit	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

* With notice to Standard & Poor's and/or approved in w riting 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 w hich have capital and surplus of at least $5,000,000.

*4 Subject to approval of the Certificate Insurer

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, 2018, the City Treasury had the following investment maturities:

City Treasury

		Investment Maturities (In Years)							
Investment Type	Fair Value	Less than 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 10	10 to 15	More than 15
Certificate of Deposit	$ 12,832,785	$ 2,481,397	$ 3,950,000	$ 2,466,000	$ 1,720,000	$ 2,215,388	$ -	$ -	$ -
Commercial Paper	19,779,083	19,779,083	-	-	-	-	-	-	-
Corporate Notes	31,505,662	6,326,773	4,681,449	13,999,210	4,490,080	2,008,150	-	-	-
LAIF	28,688,610	28,688,610	-	-	-	-	-	-	-
Money Market Mutual Funds	3,095,678	3,095,678	-	-	-	-	-	-	-
Municipal Obligations (City)	41,290,608	15,725,783	11,779,401	6,274,558	4,274,392	3,236,475	-	-	-
Municipal Obligations (FRFA)	57,248,324	264,935	-	141,915	148,804	924,215	3,360,813	5,703,900	46,703,742
Municipal Obligations (FPFA)	79,134,827	4,451,120	4,939,517	3,186,930	8,443,332	2,745,319	9,948,904	45,419,705	-
Total	$ 273,575,577	$ 80,813,379	$ 25,350,367	$ 26,068,613	$ 19,076,608	$ 11,129,547	$ 13,309,717	$ 51,123,605	$ 46,703,742

Fiscal Agent

Investment Type									
JPA (CAMP)	$ 2,071,051	$ 2,071,051	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Money Market Mutual Fund	29,859,080	29,859,080	-	-	-	-	-	-	-
OPEB Plan Investments - Mutual Funds	5,593,010	5,593,010	-	-	-	-	-	-	-
Total	$ 37,523,141	$ 37,523,141	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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, 2018, 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
Certificate of Deposit	Not rated	Not rated	4.20%
Commercial Paper	P-1	A-1	6.47%
Corporate Notes (American Express Credit)	A2	A-	0.33%
Corporate Notes (Bank of New York)	A1	A	0.33%
Corporate Notes (Barclays)	A2	A	0.65%
Corporate Notes (Citibank)	A1	A+	0.32%
Corporate Notes (Gen Elec)	A2	BBB+	0.38%
Corporate Notes (Gen Elec)	A2	BBB+	0.19%
Corporate Notes (Goldman Sachs Bank)	A3	BBB+	0.33%
Corporate Notes (International Bank for Recon)	Aaa	Not rated	0.64%
Corporate Notes (JP Morgan Chase & Co)	A3	A-	0.65%
Corporate Notes (PNC Bank)	A2	A	0.32%
Corporate Notes (Union Bank)	A2	A+	1.08%
Corporate Notes (US Bank Corp)	A1	A+	0.33%
Corporate Notes (Wells Fargo Bank NA)	A2	A-	0.33%
Corporate Notes (Wells Fargo Bank NA)	A2	A-	0.33%
Corporate Notes (Wells Fargo Bank NA)	A2	A-	0.65%
Federal Farm Credit Bank (FFCB)	Aaa	AA+	0.49%
Federal Home Loan Bank (FHLB)	Aaa	AA+	1.32%
Federal Home Loan Mortgage Corp (FHLMC)	Aaa	AA+	1.63%
Local Agency Investment Fund (LAIF)	Not rated	Not rated	9.39%
Money market mutual funds (WF)	Aaa	AAA	10.79%
Municipal obligations (City)	Aaa to A3	AAA to A-	13.52%
Municipal Obligations (FRFA)	Not rated	Not rated	18.74%
Municipal Obligations (FPFA)	Not rated	Not rated	25.90%
JPA	Not rated	AAAm	0.68%
			100.0%

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

As of June 30, 2018, investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of **total entity investments** are as follows:

Issuer	Investment Type	Amount
Empire Ranch - CFD 10	Municipal Obligations	$ 30,685,000
Mangini - CFD 19	Municipal Obligations	28,530,000
Parkway II - CFD 14	Municipal Obligations	14,640,000
Russell Ranch - CFD 20	Municipal Obligations	13,255,000
Empire Ranch - CFD 10	Municipal Obligations	10,915,000

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

Folsom Public Financing Authority Debt Service Fund:

Issuer	Investment Type	Amount
Broadstone II - CFD 7	Municipal Obligations	$ 4,563,503
Broadstone II - CFD 7	Municipal Obligations	5,970,000

Folsom Ranch Financing Authority Debt Service Fund:

Issuer	Investment Type	Amount
Willow Hill - CFD 17	Municipal Bonds	$ 6,155,000

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

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

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

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

Investments in CAMP - The City is a voluntary participant in the California Asset Management Program (CAMP). Oversight of CAMP is provided by a Board of Trustees, which consists of seven trustees. The trustees are appointed to the Board of Trustees from members of the governing body, officers, or full-time employees of a public agency that is a participant in the trust and approved annually by the participants. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis. Information regarding the amount of dollars invested in derivatives by CAMP was not available

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2018. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. The

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

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

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

As of June 30, 2018, the City has the following recurring fair value measurements:

		Fair Value Measurements on a Recurring Basis Using		
Investments by Fair Value Level	**Balance at June 30, 2018**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
City Pooled Investments				
Certificate of Deposit	$ 12,832,785	$ -	$ 12,832,785	$ -
Commercial Paper	19,779,083	-	19,779,083	-
Corporate Notes	31,505,662	-	31,505,662	-
Municipal Obligations (City)	41,290,608	-	41,290,608	-
Municipal Obligations (FRFA)	57,248,324	-	-	57,248,324
Municipal Obligations (FPFA)	79,134,827	-	-	79,134,827
Federal Home Loan Mortgage Co	-	-	-	-
Federal National Mortgage Association	-	-	-	-
Investments Not Measured at Fair Value or Subject to Fair Value Hierarchy				
Local Agency Investment Funds	28,688,610			
Money Market Mutual Funds	3,095,678			
Total Investments Not Measured at Fair Value or Subject to Fair Value Hierarchy	31,784,288			
Total City's Pooled Investments	273,575,577			
Investments Held with Fiscal Agent Not Measured at Fair Value				
JPA (CAMP)	2,071,051			
Money Market Mutual Funds	29,859,080			
Investments Held with Fiscal Agent by Fair Value Level				
OPEB Plan Investments - Mutual Funds	5,593,010	-	5,593,010	-
Total Investments Held with Fiscal Agents	37,523,141			
Total Investments	$ 311,098,718	-	$ 111,001,148	136,383,151

3. RECEIVABLES

Receivables as of June 30, 2018, consist of the following:

Governmental Activities	General	Folsom Housing Special Revenue Fund	Folsom Public Financing Authority Debt Service Fund	Transportation Improvement Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total
Receivables, net							
General accounts	$ 1,609,315	$ 2,000	$ -	$ -	$ 80,131	$ 102,053	$ 1,793,499
Interest	58,898	9,229	1,456	66,859	177,316	45,471	359,229
Long-term loans	-	12,808,037	-	-	3,804,952	-	16,612,989
Total	$ 1,668,213	$ 12,819,266	$ 1,456	$ 66,859	$ 4,062,399	$ 147,524	$ 18,765,717

Business-Type Activities	Water	Wastewater	Solid Waste	Other Enterprise	Total
Receivables, net					
General accounts	$ 444,726	$ 141,336	$ 94,882	$ 54,787	$ 735,731
Utilities	2,481,054	1,191,280	113,339	-	3,785,673
Interest	95,037	54,526	30,495	9,629	189,687
Total	$ 3,020,817	$ 1,387,142	$ 238,716	$ 64,416	$ 4,711,091

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

4. INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables are as follows at June 30, 2018:

Due to/from other funds:

Receivable Fund	**Payable Fund**	**Amount**
General Fund	Zoo Improvement*	$ 47,339
	Humbug Willow Creek Special Revenue*	525,961
Transportation Improvement	Park Capital Improvement Fund*	1,000,000
		$ 1,573,300

All balances reported as “due to/due from” are short-term loans to cover temporary cash shortages as of June 30, 2018, and will be repaid in early fiscal year 2019.

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, 2018:

	Transfers in				
Transfers out	General	Other Governmental	Wastewater Enterprise Fund	Solid Waste Enterprise Fund	Total
Folsom Housing	$ 4,045	$ -	$ -	$ -	$ 4,045
Transportation Improvement Fund	948,173	-	-	-	948,173
Other governmental funds	3,924,576	140,063	30,000	-	4,094,639
Water Enterprise	900,563	-	-	-	900,563
Wastewater Enterprise	614,724	-	-	100,993	715,717
Solid Waste Enterprise	1,254,469	-	-	-	1,254,469
Other enterprise funds	268,277	-	-	-	268,277
Internal Service Fund	8,874	-	-	-	8,874
Total	$ 7,923,701	$ 140,063	$ 30,000	$ 100,993	$ 8,194,757

During the year various interfund transfers listed above were made to finance expenditures and service debt. Transfers into the City's General fund mostly consisted of: (1) Cost allocation plan $3.6 million, (2) Reimbursement for salaries and benefits $1.4 million, and (3) Project and capital reimbursements from Other Governmental funds $3.1 million. Transfers to the governmental funds mostly consisted of $140k from other governmental funds to other governmental funds for project reimbursement.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

Capital asset activity for the year ended June 30, 2018, was as follows:

Governmental activities:	**July 1, 2017**	**Additions**	**Deletions**	**Transfers**	**June 30, 2018**
Capital assets, not being depreciated					
Land	$ 16,516,487	$ -	$ -	$ 848,339	$ 17,364,826
Construction in progress	8,814,185	15,285,394	-	(7,046,729)	17,052,850
Total capital assets, not being depreciated	25,330,672	15,285,394	-	(6,198,390)	34,417,676
Capital assets, being depreciated:					
Buildings	79,489,229	-	-	1,012,638	80,501,867
Improvements	496,485,884	1,226,163	-	6,220,863	503,932,910
Equipment	19,935,596	2,903,766	(882,288)	-	21,957,074
Total capital assets, being depreciated	595,910,709	4,129,929	(882,288)	7,233,501	606,391,851
Less accumulated depreciation for:					
Buildings	(43,178,553)	(2,229,989)	-	(39,254)	(45,447,796)
Improvements	(211,797,660)	(14,762,857)	-	(75,782)	(226,636,299)
Equipment	(16,199,685)	(1,433,710)	882,288	-	(16,751,107)
Total accumulated depreciation	(271,175,898)	(18,426,556)	882,288	(115,036)	(288,835,202)
Governmental activities capital assets, net	$ 350,065,483	$ 988,767	$ -	$ 920,075	$ 351,974,325

Business-type activities:	July 1, 2017	Additions	Deletions	Transfers	June 30, 2018
Capital assets, not being depreciated					
Land	$ 1,033,791	$ -	$ -	$ -	$ 1,033,791
Construction in progress	7,293,376	5,182,806	-	(9,415,400)	3,060,782
Total capital asset, not being depreciated	8,327,167	5,182,806	-	(9,415,400)	4,094,573
Capital assets, being depreciated:					
Buildings	76,348	-	-	-	76,348
Improvements	203,374,295	1,163,626	-	9,415,400	213,953,321
Equipment	20,486,748	636,856	(196,458)	-	20,927,146
Total capital assets, being depreciated	223,937,391	1,800,482	(196,458)	9,415,400	234,956,815
Less accumulated depreciation for:					
Buildings	(36,562)	(2,545)	-	-	(39,107)
Improvements	(75,267,164)	(5,272,826)	-	-	(80,539,990)
Equipment	(13,063,809)	(2,123,889)	196,458	-	(14,991,240)
Total accumulated depreciation	(88,367,535)	(7,399,260)	196,458	-	(95,570,337)
Business-type activities capital assets, net	$ 143,897,023	$ (415,972)	$ -	$ -	$ 143,481,051

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

Governmental activities:	
General government	$ 488,606
Public safety	1,328,317
Public works	13,545,535
Community Services	-
Culture and recreation	3,034,170
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	29,928
Total depreciation expense - governmental activities	$ 18,426,556
Business-type activities:	
Water	$ 3,984,381
Wastewater	1,714,921
Solid waste	1,123,940
Other enterprise funds	576,018
Total depreciation expense - business-type activities	$ 7,399,260

7. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2018:

Governmental activities:	June 30, 2017	Additions	Reductions	June 30, 2018	Amount due within one year
General obligation bonds	$ 825,000	$ -	$ (825,000)	$ -	$ -
Revenue bonds	93,841,368	88,670,000	(58,084,117)	124,427,251	8,515,815
City Hall & Fire Station Lease Obligation	3,117,370	-	(1,425,163)	1,692,207	165,390
Capital lease obligations	1,467,391	-	(227,812)	1,239,579	235,378
Compensated absences	3,190,102	3,545,404	(3,202,363)	3,533,143	827,789
Landfill closure liability (Note 16)	434,000	-		434,000	217,000
Long-Term loan	-	2,035,000	(407,000)	1,628,000	407,000
Add: Discounts/premiums, net	1,128,235	3,378,536	(49,676)	4,457,095	161,191
Governmental activities long-term liabilities	$ 104,003,466	$ 97,628,940	$ (64,221,131)	$ 137,411,275	$ 10,529,563

Business-type activities	June 30, 2017	Additions	Reductions	June 30, 2018	Amount due within one year
Revenue bonds	$ 21,973,818	$ -	$ (1,248,395)	$ 20,725,423	$ 1,286,667
Compensated absences	613,103	770,414	(761,922)	621,595	137,707
Add: Issuance discounts/premiums, net	45,366		(4,125)	41,241	4,125
Business-type activities long-term liabilities	$ 22,632,287	$ 770,414	$ (2,014,442)	$ 21,388,259	$ 1,428,499

Revenue Bonds

Governmental Activities:

In March 1998, the Folsom Public Financing Authority issued $2,860,000 for the purpose of purchasing the Local Obligation Hannaford Crossing Refunding Bonds. Serial bonds were issued with maturity commencing September 2, 1998 through 2021 with interest rates from 3.75% to 5.5%, with remaining installments ranging from $90,000 to $215,000.	$ 485,000
In April 1999, the Folsom Public Financing Authority issued Special Revenue Bonds for $6,125,000 with interest rates of 3.5% to 5.3%. The bonds mature beginning September 2, 1999 through 2021. The bonds were issued to finance the purchase of four separate issues of limited obligation refunding improvement bonds, each issued by the City of Folsom on behalf of an existing assessment district, to fund a reserve, and to pay associated issue costs. The four districts are Legends, Cobble Hills, Ridgeview, and Cresleigh.	1,210,000

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.	2,935,000
In July 2010, the Folsom Public Financing Authority issued Special Tax Revenue Bonds, Series 2010A in the amount of $17,530,000 with interest rates of 2.00% to 5.25% and Subordinated Series 2010B in the amount of $5,650,000 with interest rates of 2.00% to 5.75%. The Series 2010A Serial Bonds mature beginning September 1, 2010 through September 1, 2024 with principal payments ranging from $900,000 to $1,545,000. The Subordinated Series 2010B Serial Bonds mature beginning September 1, 2010 through September 1, 2020, with principal payments ranging from $285,000 to $415,000. Term Bond sinking fund requirements for Subordinated Series 2010B begin September 1, 2021 through September 1, 2024 with principal payments ranging from $440,000 to $525,000. The bonds were issued to finance and purchase special tax refunding bonds of an existing community facilities district, deposit to a reserve fund, and pay certain costs of issuance. Series 2010A Bonds may be called at the option of the City on any interest payment date beginning September 1, 2010 at 100%. Subordinated Series 2010B Bonds may be called on any interest payment date beginning March 1, 2011 at 103% and declining to 100% if called on or after September 1, 2020.	12,460,000
In August 2011, the Folsom Public Financing Authority issued Special Tax Revenue Bonds, Series 2011A in the amount of $9,660,000 with interest rates of 3.00% to 5.00% and Subordinated Series 2011B in the amount of $1,195,000 with interest rates of 3.00% to 5.125%. The Series 2011A Serial Bonds mature beginning September 1, 2012 through September 1, 2024 with principal payments ranging from $550,000 to $1,055,000. The Subordinated Series 2011B Serial Bonds mature beginning September 1, 2012 through September 1, 2021 with principal payments ranging from $100,000 to $145,000. The bonds were issued to finance and purchase special tax refunding bonds of an existing community facilities district, deposit to a reserve fund, and pay certain costs of issuance. Series 2011A Bonds may be called at the option of the City on any interest payment date beginning September 1, 2021 at 100%. The Series 2011B Bonds are not eligible for optional redemption.	6,480,000

In July 2012, the Folsom Public Financing Authority privately placed with Bank of Nevada the Special Tax Revenue Bonds, Series 2012 in the amount of $15,034,361 with an interest rate of 2.65%. The Special Tax Revenue Bonds mature beginning September 1, 2012 with principal payments ranging from $1,379,605 to $1,641,376. The bonds were issued to finance and purchase special tax refunding bonds of two existing community facilities districts, deposit to a reserve fund, and pay certain costs of issuance. The 2012 Special Tax Refunding Bonds are eligible for optional redemption on any date after issuance without premium.	5,767,251
In September 2015, the Folsom Ranch Financing Authority issued the Folsom Ranch Financing Authority Special Tax Revenue Bonds, Series 2015A in the amount of $6,675,000 with interest rates of 2.00% to 4.625%. The Special Tax Revenue Serial Bonds mature beginning September 1, 2016 through September 1, 2025 with principal payments ranging from $125,000 to $165,000. Term Bond sinking fund requirements begin September 1, 2026 through September 1, 2030 with principal payments ranging from $170,000 to $200,000; September 1, 2031 through September 1, 2035 with principal payments ranging from $210,000 to $245,000; and September 1, 2036 through September 1, 2045 with principal payments ranging from $260,000 to $390,000. The bonds were issued to finance and purchase special tax bonds of Community Facilities District No. 17, deposit to a reserve fund, and pay certain costs of issuance. The 2015A Special Tax Bonds are eligible for optional redemption on interest payment dates on or after March 1, 2016 at 103% and declining to 100% if called on September 1, 2025 or any interest payment date thereafter.	6,420,000
In July 2017, the Folsom Public Financing Authority privately placed with BBVA Compass Bank the Folsom Public Financing Authority Special Tax Revenue Bonds, Series 2017A in the amount of $44,075,000 with an interest rate of 2.67%, and Taxable Series 2017B in the amount of $2,810,000 with an interest rate of 4.11%. The Series 2017A Special Tax Revenue Bonds mature beginning September 1, 2018 through September 1, 2032 with principal payments ranging from $1,085,000 to $5,105,000. The Taxable Series 2017B Special Tax Revenue Bonds mature beginning September 1, 2018 through September 1, 2028 with principal payments ranging from $140,000 to $435,000. The bonds were issued to finance and purchase five separate issues of special tax refunding bonds of three existing community facilities districts and pay certain costs associated with issuance. Both the Series 2017A Bonds and Taxable Series 2017B Bonds may be called at the option of the City on any interest payment date beginning September 1, 2022 at 100%.	46,885,000
In August 2017, the Folsom Ranch Financing Authority issued the Folsom Ranch Financing Authority Special Tax Revenue Bonds, Series 2017 in the amount of $28,530,000 with interest rates of 3.00% to 5.00%. The Special Tax Revenue Term Bond maturing September 1, 2022 has sinking fund requirements that begin September 1, 2019 and go through September 1, 2022 with principal payments ranging from $135,000 to $245,000. Future Term Bond sinking fund requirements begin September 1, 2023 through September 1, 2027 with principal payments ranging from $285,000 to $490,000; September 1, 2028 through September 1, 2032 with principal payments ranging from $550,000 to $825,000; September 1, 2033 through September 1, 2037 with principal payments ranging from $905,000 through $1,280,000; and September 1, 2038 through September 1, 2047 with principal payments ranging from $1,350,000 to $2,095,000. The bonds were issued to finance and purchase special tax bonds of Community Facilities District No. 19, deposit to a reserve fund, and pay certain costs of issuance. The 2017 Special Tax Bonds are eligible for optional redemption on interest payment dates on or after September 1, 2027 at 100%.	28,530,000

In June 2018, the Folsom Ranch Financing Authority issued the Folsom Ranch Financing Authority Special Tax Revenue Bonds, Series 2018 in the amount of $13,255,000 with interest rates of 3.00% to 5.00%. The Special Tax Revenue Term Bond maturing September 1, 2023 has sinking fund requirements that begin September 1, 2020 and go through September 1, 2023 with principal payments ranging from $65,000 to $100,000. The Special Tax Revenue Serial Bonds maturing in 2024 and 2025 have principal payments of $135,000 and $155,000 respectively. Future Term Bond sinking fund requirements begin September 1, 2026 through September 1, 2028 with principal payments ranging from $175,000 to $225,000; September 1, 2029 through September 1, 2033 with principal payments ranging from $255,000 to $385,000; September 1, 2034 through September 1, 2038 with principal payments ranging from $425,000 through $595,000; and September 1, 2039 through September 1, 2048 with principal payments ranging from $625,000 to $970,000. The bonds were issued to finance and purchase special tax bonds of Community Facilities District No. 20, deposit to a reserve fund, and pay certain costs of issuance. The 2018 Special Tax Bonds are eligible for optional redemption on any date on or after September 1, 2025 through August 31, 2026 at 103%; on or after September 1, 2026 through August 31, 2027 at 102%; on or after September 1, 2027 through August 31, 2028 at 101%; on or after September 1, 2028 at 100%.	13,255,000
Total Governmental Revenue Bonds	$ 124,427,251
Business-type activities:	
In December 2009, the Folsom Public Financing Authority issued the 2009 Water Revenue Refunding Bonds for $15,825,000 with interest rates of 2.00% to 4.30%. The bonds mature beginning December 1, 2010 through 2028. The bonds were issued to provide funds to refund the 1998 Water Bonds on a current basis, to purchase a surety bond in the amount necessary to satisfy the Reserve Requirement, and to pay certain costs of issuance.	$ 10,290,000
In July 2013, the Folsom Public Financing Authority privately placed with Pinnacle Public Finance the Water Revenue Refunding Bonds, Series 2013 for $12,779,582 with an interest rate of 3.15%. The bonds mature beginning December 1, 2013 through 2033. The bonds were issued to provide funds to refund the 2005A Water Bonds on an advanced basis and to pay certain costs of issuance.	10,435,423
Total Business-type activities Revenue Bonds	$ 20,725,423

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

Year Ending June 30	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2019	$ 8,515,815	$ 4,618,875	$ 1,286,666	$ 718,190
2020	9,208,770	4,459,558	1,329,474	674,229
2021	8,062,312	4,140,840	1,367,224	627,881
2022	7,485,354	3,862,788	1,416,590	577,927
2023	6,455,000	3,608,799	1,470,365	525,042
2024-2028	31,660,000	14,504,004	8,200,516	1,752,654
2029-2033	15,905,000	10,410,927	4,840,184	451,916
2034-2038	9,000,000	8,167,328	814,404	12,827
2039-2043	12,315,000	5,518,875	-	-
2044-2048	14,850,000	2,105,347	-	-
2049	970,000	24,250	-	-
Total	$ 124,427,251	$ 61,421,591	$ 20,725,423	$ 5,340,666

City Hall & Fire Station Lease Obligation

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

Total City Hall & Fire Station Lease Obligation	$ 1,692,207

Year Ending June 30	Lease Obligation Governmental Activities Principal	Interest
2019	$ 165,390	$ 56,967
2020	172,185	51,203
2021	173,786	45,249
2022	180,098	39,199
2023	186,113	32,934
2024-2027	814,635	62,651
Total	$ 1,692,207	$ 288,203

Obligations under Capital Lease

Governmental activities:

$1,137,894 Lease secured by one 2015 Pierce Velocity 100' Tiller payable in annual installments of $130,346 beginning August, 2014 through August, 2023 with an interest rate of 2.82%.	$ 710,341
$1,022,841 Lease secured by a lease/leaseback agreement of the Folsom Sports Complex building with Capital One Public Finance to finance synthetic turf field replacements payable in annual installments of $145,000 beginning September, 2014 through September, 2021 with an interest rate of 3.15%	529,238
	$ 1,239,579

The assets acquired through capital leases are as follows:

	Governmental Activities
Machinery and equipment	$ 2,255,565
Less: accumulated depreciation	(852,317)
Total	$ 1,403,248

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

Fiscal year ending	Governmental Activities
2019	$ 275,346
2020	275,346
2021	275,346
2022	275,346
2023	130,346
2024	130,346
Total minimum lease payments	1,362,075
Less: amount representing interest	(122,497)
Present value of minimum lease payments	$ 1,239,579

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.

Long-Term Loan

In February 2016 the Folsom City Council approved Resolution No. 9719 authorizing a loan of $1,232,000 from SACOG to complete the Johnny Cash Trail project. Then in November 2016, an increase to the original Tier 3 Loan of Congestion Mitigation and Air Quality Program (CMAQ) funds from $1,232,000 to $2,035,000 with the approval of Resolution No. 9847. The additional funds were needed to complete the second phase of the Johnny Cash Trail project. The City of Folsom agrees to repay the five year interest free loan from SACOG with local funds on January 31st of each year beginning January 31, 2018, with annual payments of $407,000.	
Total Long-Term Loan	$1,628,000

8. PLEDGE OF FUTURE REVENUES

The Folsom Public Financing Authority Water Revenue Bonds, Series 2009 and Series 2013 are limited parity obligations payable solely from revenues consisting of installment payments to be made by the City under an installment purchase contract. The obligation of the City to make installment payments constitutes a special obligation of the City payable solely from the net revenues of the water system and certain other funds as provided in the installment purchase contract. Net revenues for any fiscal year are the gross income and revenue received, including all charges, fees, and rates and all connection fees, less the maintenance and operations costs. $15,825,000 in Series 2009 Bonds were issued primarily to refund the 1998 Water Revenue Bonds, which were used to previously upgrade the treatment facilities. $12,779,582 in Series 2013 Bonds were issued primarily to refund the 2005A Water Revenue Bonds, which were issued to finance a portion of the costs of the 2005 Water Project, which consisted of improvements designed to increase the capacity of the existing water treatment from a peak capacity of 40 mgd to a peak capacity of 50 mgd as well as to upgrade disinfection facilities. The total principal and interest remaining to be paid on the bonds is $26,066,089 through fiscal year 2034. Principal and interest paid for the current year and total customer net revenues were $2,007,306 and $4,675,354 respectively.

9. DEBT WITH NO CITY COMMITMENT

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

included in general long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2018 is as follows:

Description	Issue Date	Maturity Date	June 30, 2018	
Assessment District 89-1 Folsom Auto Plaza	12/18/03	9/2/18	$ -	(2)
Assessment District 90-1 Hannaford Crossing	4/1/98	9/2/20	445,000	
Assessment District 92-1 Natoma Station	12/8/92	9/2/19	55,000	
Assessment District 93-2 Legends	6/8/93	9/2/18	35,000	
Assessment District 94-3 Cobble Hills Ridge	9/29/94	9/2/19	215,000	
Assessment District 95-1 Ridgeview	7/24/95	9/2/20	285,000	
Assessment District 95-2 Cresleigh Natoma	7/24/95	9/2/20	240,000	
Reassessment District 2008-01 Prairie Oaks Ranch	7/30/08	9/2/19	3,216,108	
Community Facilities District No. 2 Natoma Station II	5/4/10	12/1/19	2,490,000	
Community Facilities District No. 4 Broadstone	5/13/98	8/1/18	205,000	
Community Facilities District No. 7 Broadstone II, Series 2011	8/2/11	9/1/24	6,790,000	
Community Facilities District No. 7 Broadstone II, Series 2012	7/12/12	9/1/21	4,563,503	
Community Facilities District No. 8 The Parkway, Series 2012	7/12/12	9/1/21	1,203,748	
Community Facilities District No. 9 Willow Creek South	7/19/07	9/1/17	-	(1)
Community Facilities District No. 10, Empire Ranch, Series 2007	7/19/07	9/1/28	-	(1)
Community Facilities District No. 10, Empire Ranch, Series 2010	7/7/10	9/1/24	12,460,000	
Community Facilities District No. 10, Empire Ranch, Series 2017	7/11/17	9/1/28	30,685,000	
Community Facilities District No. 11 Willow Springs	7/19/07	9/1/23	-	(1)
Community Facilities District No. 11 Willow Springs, Series 2017	7/11/17	9/1/23	3,190,000	
Community Facilities District No. 14 Parkway II, Series 2007	7/19/07	9/1/32	-	(1)
Community Facilities District No. 14 Parkway II, Series 2017	7/11/17	9/1/32	14,640,000	
Community Facilities District No. 16, The Islands at Parkshore IA1, Series 2018	3/15/18	9/1/48	5,770,000	
Community Facilities District No. 17 Willow Hill Pipeline Proj., Series 2015	9/3/15	9/1/45	6,420,000	
Community Facilities District No. 19, Mangini Ranch, Series 2017	8/23/17	9/1/47	28,530,000	
Community Facilities District No. 20, Russell Ranch, Series 2018	6/5/18	9/1/48	13,255,000	
			$ 134,693,359	

Note:
(1) These bonds were refunded in 2018.
(2) These bonds were called, utilizing funds on hand.

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

Description	Issue Date	Maturity Date	June 30, 2018
Successor Agency to the Former Redevelopment Agency, Central Folsom Redevelopment Project TABS, Series 2016A (Tax Exempt)	10/5/16	8/1/36	$ 33,475,000
Successor Agency to the Former Redevelopment Agency, Central Folsom Redevelopment Project TABS, Series 2016B (Federally Taxable)	10/5/16	8/1/35	17,955,000
Owner Participation Agreement			800,006
Less: Issuance discounts/premiums, net			2,722,990
			$ 54,952,996

10. CLASSIFICATION OF NET POSITION/FUND BALANCE

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

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the

outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Investments held in trust represent assets held for future special assessment debt service. This category also includes amounts restricted for Debt service, Low and moderate income housing, Transportation/streets, Lighting and landscape assessment districts and Critical facilities.

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

In the Fund Financial Statements, Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2018 follows:

	General Fund	Folsom Housing Special Revenue Fund	Folsom Public Financing Authority Debt Service Fund	Folsom Ranch Financing Authority	Transportation Improvement Capital Projects Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:							
Inventory	$ 399,669	$ -	$ -	$ -	$ -	$ -	$ 399,669
Insurance deposits	42,415	-	-	-	-	-	42,415
Endowment principal	-	-	-	-	-	429,294	429,294
Total nonspendable fund balance	442,084	-	-	-	-	429,294	871,378
Restricted for:							
Debt Service	-	-	81,409,677	57,248,324	-	1,994,427	140,652,428
Police training and equipment	-	-	-	-	-	838,097	838,097
Police capital projects	-	-	-	-	-	443,565	443,565
Fire capital projects	-	-	-	-	-	2,506,111	2,506,111
General capital improvements	-	-	-	-	-	1,594,160	1,594,160
Light rail transportation improvements	-	-	-	-	-	759,906	759,906
Drainage capital projects	-	-	-	-	-	701,031	701,031
CFD 10 improvements	-	-	-	-	-	2,443,568	2,443,568
Park capital improvements	-	-	-	-	-	938,016	938,016
Zoo improvements	-	-	-	-	-	125,111	125,111
Lighting and Landscape districts	-	-	-	-	-	5,007,189	5,007,189
Transportation projects	-	-	-	-	14,003,614	2,828,137	16,831,751
Community Development Block Grant	-	-	-	-	-	213,654	213,654
Folsom Specific Plan Area infrastructure	-	-	-	-	-	25,146	25,146
2011 Non-Housing Bond Proceeds	-	-	-	-	-	301,428	301,428
Transit Capital Improvement	-	-	-	-	-	24,039	24,039
Corp Yard Capital Improvement	-	-	-	-	-	22,752	22,752
Loans receivable	-	12,808,037	-	-	-	-	12,808,037
Low and Moderate Income Housing	-	9,624,061	-	-	-	-	9,624,061
Total restricted fund balance	-	22,432,098	81,409,677	57,248,324	14,003,614	20,766,337	195,860,050
Committed for:							
Transportation projects	-	-	-	-	-	104,983	104,983
Tree mitigation	-	-	-	-	-	935,809	935,809
Low income housing	-	-	-	-	-	1,813,828	1,813,828
Park improvements	-	-	-	-	-	2,346,902	2,346,902
Total committed fund balance	-	-	-	-	-	5,201,522	5,201,522
Assigned to:							
Purchase orders	1,869,501	-	-	-	-	-	1,869,501
Purpose of fund	-	-	96,736	-	-	3,487,970	3,584,706
Total assigned fund balance	1,869,501	-	96,736	-	-	3,487,970	5,454,207
Unassigned fund balance:	15,699,123	-	-	-	-	(1,645,549)	14,053,574
Total fund balances	$ 18,010,708	$ 22,432,098	$ 81,506,413	$ 57,248,324	$ 14,003,614	$ 28,239,574	$ 221,440,731

11. PENSION PLAN

A. General Information about the Pension Plans

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

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

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous		
Hire Date	Classic - Prior to June 30, 2010	New - On or after July 1, 2010	New - On or after January 1, 2013
Formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-63	52-67
Monthly benefits, as a % of annual salary	2.0% to 2.7%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.0%	7.0%	6.25%
Required employer contribution rates	30.492%	30.492%	30.492%

	Safety		
Hire Date	Classic - Prior to June 30, 2010	New - On or after July 1, 2010	New - On or after January 1, 2013
Formula	3% @ 50	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of annual salary	3.00%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9.0%	9.0%	11.25%
Required employer contribution rates	46.865%	46.865%	46.865%

Employees Covered – At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	327	125
Inactive employees entitled to but not yet receiving benefits	278	49
Active employees	282	126
Total	887	300

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. In 2018, the employer contribution to CalPERS was $6,531,894 and $6,574,602 for the Miscellaneous and Safety Plan, respectively.

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.15% (1)	7.15% (1)
Mortality Rate Table	Based on CalPERS Experience Study	Based on CalPERS Experience Study

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Change of Assumption – For the measurement date of June 30, 2017 the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

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

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

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

Asset Class	Current Target Allocation	Real Return Years 1 - 10	Real Return Years 11+
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	100.0%		

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability, measured as of June 30, 2017, for each Plan follows:

	Miscellaneous		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	$187,022,768	$ 123,743,093	$ 63,279,675
Changes in the year:			
Service Cost	$ 3,904,924	$ -	$ 3,904,924
Interest on the total pension liability	13,879,289	-	13,879,289
Changes in benefit terms	34,533	-	34,533
Changes in assumptions	11,945,025	-	11,945,025
Differences between actual and expected experience	(2,802,533)	-	(2,802,533)
Net Plan to Plan Resource Movement		2,162	(2,162)
Contribution - employer	-	5,781,400	(5,781,400)
Contribution - employee	-	1,655,762	(1,655,762)
Net investment income	-	13,918,884	(13,918,884)
Benefit payments, including refunds of employee contributions	(8,072,643)	(8,072,643)	-
Administrative expense	-	(182,949)	182,949
Net changes	18,888,595	13,102,616	5,785,979
Balance at June 30, 2018	$205,911,363	$ 136,845,709	$ 69,065,654

	Safety		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	$164,898,116	$ 104,824,925	$ 60,073,191
Changes in the year:			
Service Cost	$ 3,853,558	$ -	$ 3,853,558
Interest on the total pension liability	12,440,896	-	12,440,896
Changes in benefit terms	304,817	-	304,817
Changes in assumptions	11,011,292	-	11,011,292
Differences between actual and expected experience	(165,828)	-	(165,828)
Contribution - employer	-	5,843,744	(5,843,744)
Contribution - employee	-	1,488,989	(1,488,989)
Net investment income	-	11,610,189	(11,610,189)
Benefit payments, including refunds of employee contributions	(7,953,218)	(7,953,218)	-
Administrative expense	-	(154,767)	154,767
Net changes	19,491,517	10,834,937	8,656,580
Balance at June 30, 2018	$184,389,633	$ 115,659,862	$ 68,729,771
Balance at June 30, 2018 - Both Plans	$390,300,996	$ 252,505,571	$ 137,795,425

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

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	$ 98,096,183	$ 95,695,176	$ 193,791,359
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	$ 69,065,654	$ 68,729,771	$ 137,795,425
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	$ 45,117,723	$ 46,755,400	$ 91,873,123

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

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

For the year ended June 30, 2018, the City recognized pension expense of $9,218,622 for the Miscellaneous plan and $9,489,715 for the Safety plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety		Miscellaneous		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	$ 8,852,214	$ 1,139,140	$ 7,520,942	$ -	$ 16,373,156	$ 1,139,140
Differences between actual and expected experience	391,324	174,674	-	2,456,064	391,324	2,630,738
Net differences between projected and actual earnings on plan investments	1,574,283	-	1,713,920	-	3,288,203	-
Pension contributions subsequent to measurement date	6,574,602	-	6,531,894	-	13,106,496	-
Total	$ 17,392,423	$ 1,313,814	$ 15,766,756	$ 2,456,064	$ 33,159,179	$ 3,769,878

$13,106,496 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended	Amortization	
June 30,	Safety	Misc
2018	$ 1,651,052	$ 2,674,268
2019	3,474,262	$ 4,404,924
2020	2,876,239	$ 728,693
2021	1,289,802	$ (1,029,088)
2022	212,654	-
Total	$ 9,504,009	$ 6,778,797

12. POST-EMPLOYMENT HEALTH CARE BENEFITS

EMPLOYER/PLAN REPORTING

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

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

Plan Membership - At June 30, 2018, the Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	302
Inactive plan members entitles to but not yet receiving benefit payments	0
Active plan members	214
Total	516

Benefits Provided - The Plan provides medical, dental and vision insurance benefits to eligible retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan. Benefit provisions are established and may be amended by City labor agreements, which are approved by the City Council.

Contributions - The contribution requirements of plan members and the City are established and may be amended by City Council. The Council establishes rates based on an actuarially determined rate. For year ended June 30, 2018, the City contributed $4,600,953 to the plan, for current premiums.

Investments

Investment Policy - The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board of Authority. It is the policy of the Retirement Board of Authority to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2018:

Asset Class	Target Allocation
Global Equities & Real Estate	50%
Global Fixed Income	50%
Total	100%

Rate of return - For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 6.0 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentration of investments:

As of June 30, 2018, investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of **total entity investments** are as follows:

Issuer	Investment Type	Amount
Blackrock Total Return - K	Mutual Fund - Fixed Income	$ 445,133
Guggenheim Investments Macro Oppor. Inst.	Mutual Fund - Fixed Income	452,300
Guggenheim Investments Invest. Grade Bond Fd	Mutual Fund - Fixed Income	454,091
Prudential Funds Total Return Bond CL Q	Mutual Fund - Fixed Income	445,100
Western Asset Core Plus Bond IS	Mutual Fund - Fixed Income	441,436
Alger Funds Spectra Z	Mutual Fund - Domestic Equity	297,780
Oakmark Select Fund - Institutional	Mutual Fund - Domestic Equity	257,460

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation as of June 30, 2017.

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.80%
Investment Rate of Return	4.4% (1)
General Inflation	2.75%
Payroll increase	2.75%
Mortality	2014 CalPERS experience study
Retirement Age	2009 CalPERS Rates for Misc and Safety Employees
Healthcare Cost Trend Rate	4.00%

(1) Net of pension plan investment and administrative expenses, including inflation

Mortality rates were based on the 2014 CalPERS Mortality for Miscellaneous Employees, 2014 CalPERS Mortality Safety Employees tables created by CalPERS.

The long-term expected rate of return on OPEB plan investments was determined by looking at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Geometric means were used. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Global Equities & Real Estate	7.50%
Global Fixed Income	4.50%

Discount rate - The discount rate used to measure the total OPEB liability was 3.8 percent. The discount rate is based on the index rate of the 20 year, tax exempt rate using the Bond Buyer 20 Index.

Changes in the Net OPEB Liability

	OPEB Plan Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) =(a) - (b)
June 30, 2017	$ 115,494,096	$ 4,768,431	$ 110,725,665
Changes recognized for the measurement period:			
Service Cost	$ 2,208,096		$ 2,208,096
Interest	5,040,097	-	5,040,097
Changes in assumptions	(9,590,919)	-	(9,590,919)
Changes in benefit terms			-
Contribution - employer	-	4,600,953	(4,600,953)
Contribution - employee	-	-	-
Expected Investment Income		311,032	(311,032)
Investment Gains/Losses	-	5,677	(5,677)
Expected Benefit payments	(4,100,953)	(4,100,953)	-
Net changes	(6,443,679)	816,709	(7,260,388)
Balance at June 30, 2018	$ 109,050,417	$ 5,585,140	$ 103,465,277

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.4 percent) or 1-percentage-point higher (5.4 percent) than the current discount rate:

	1% Decrease 2.80%	Current Discount Rate 3.80%	1% Increase 4.8%
Net OPEB liability	$119,276,912	$103,465,277	$89,875,382

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current healthcare cost trend rates:

	1% Decrease 3.00%	Healthcare Cost Trend Rate 4.00%	1% Increase 5.0%
Net OPEB liability	$120,096,937	$103,465,277	$89,303,228

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of $4,484,275 At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Changes in assumptions	$ 7,066,992
Net differences between projected and actual earnings on OPEB plan investments	76,718
Total	$ 7,143,710

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

Fiscal Year Ended June 30:	Deferred (Inflows) of Resources
2019	$ (2,543,107)
2020	(2,543,107)
2021	(2,038,318)
2022	(19,178)

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 $3,031,855 and $3,557,006 as of June 30, 2018 and 2017 is recorded in the risk management fund as insurance deposits, respectively. The insurance deposit is net of any outstanding claims liability. Activity for the fiscal years ended June 30, 2018 and 2017 is as follows:

	Balance 6/30/2016	Deposits & Other income	Investment Income & FMV change	Claims paid Net of refunds	Claims Admin. & other exp.	Balance 6/30/2017
General Liability	$ 1,015,180	$ 540,766	$ (10,315)	$ (519,541)	$ (175,607)	$ 850,483
Workers' Compensation	2,791,984	1,073,320	(16,938)	(293,336)	(848,507)	2,706,523
Total	$ 3,807,164	$ 1,614,086	$ (27,253)	$ (812,877)	$ (1,024,114)	$ 3,557,006

	Balance 6/30/2017	Deposits & Other income	Investment Income & FMV change	Claims paid Net of refunds	Claims Admin. & other exp.	Balance 6/30/2018
General Liability	$ 850,483	$ 441,366	$ (8,695)	$ (609,359)	$ -	$ 673,795
Workers' Compensation	2,706,523	378,232	(26,917)	(583,420)	(116,358)	2,358,060
Total	$ 3,557,006	$ 819,598	$ (35,612)	$ (1,192,779)	$ (116,358)	$ 3,031,855

The following is summary financial information of the NCCSIF for the liability and workers' compensation program for the fiscal year ended June 30, 2018.

	Liability	Workers' Compensation	Total
Assets	$ 13,215,833	$ 44,099,525	$ 57,315,358
Liabilities	9,030,201	32,666,167	41,696,368
Net assets	$ 4,185,632	$ 11,433,358	$ 15,618,990
Revenues	$ 6,596,109	$ 12,138,101	$ 18,734,210
Expenses	6,550,790	12,311,062	18,861,852
Operating income	45,319	(172,961)	(127,642)
Investment income	(63,109)	(186,338)	(249,447)
Net income	(17,790)	(359,299)	(377,089)
Net assets, beginning of year	4,203,422	11,792,657	15,996,079
Net assets, end of year	$ 4,185,632	$ 11,433,358	$ 15,618,990

The NCCSIF audited financial statements for the period ended June 30, 2018 are available on the City's website.

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	40,000,000	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	40,000,000	California Joint Powers Risk Management Authority	Shared risk pool

14. COMMITMENTS

Facilities Augmentation Fund - Folsom South Area Facilities Plan -

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

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

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

During the year ended June 30, 2018 the City received $0 of critical facilities fees. The City, at June 30, 2018 had $474,664 available for reimbursement of general facilities credits.

Annexation Agreement -

The City of Folsom annexed the Alder Creek Development as of January 1, 1993. This annexation consists of 310 acres. The annexation facilitated the development of an Auto-Mall on approximately 56 acres. The site is immediately adjacent to the Folsom Boulevard and Highway 50 freeway exit. The retail sales tax produced by the taxable sales of all of the businesses within this area is shared, 50% to the City and 50% to Sacramento County through a property tax exchange agreement.

15. CONTINGENT LIABILITIES

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

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

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

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

16. LANDFILL CLOSURE/POSTCLOSURE

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

Three groundwater monitoring wells were installed in 1984. Three additional groundwater monitoring wells and six gas monitoring wells were installed in 1995 and in May 2001, a seventh groundwater monitoring well was installed. Annual maintenance costs following closure were estimated to be $5,000. Postclosure care includes cleanup of any substance or material releases, semiannual monitoring, and routine maintenance. Actual costs since closure in 1997 have been significantly higher and are anticipated to remain at a higher level than originally estimated. In the prior year, it was estimated that the postclosure care period would continue for nineteen years.

During FY 2009, the City initiated a "clean closure" of the inactive landfill in accordance with Title 27 of the California Code of Regulations. Clean closure is a process where the waste in the inactive landfill is removed, sorted and characterized for recycling or offsite disposal, resulting in a clean property. The City initiated the clean closure to address the impacts to groundwater and to reduce postclosure monitoring costs. The clean closure was completed in November 2009 and received certification of clean closure in accordance with Title 27 requirements from the respective oversight agencies in January 2010. The City remains responsible for continued postclosure groundwater monitoring and must demonstrate compliance with the prescribed monitoring requirements for 3 consecutive years. During FY 2013, a review conducted by one of the respective oversight agencies noted that while the corrective action performed is working, the City will need to continue to perform postclosure groundwater monitoring in order to achieve full compliance. During FY 2017, the oversight agency informed the City that the current groundwater monitoring and reporting program would likely not result in site closure within the next 10 years, or by 2027. To expedite closure, the City proposed an alternative closure

strategy that was accepted. This strategy focused on a comprehensive reevaluation of the hydrogeological conditions by surrounding the site with a new monitoring system. The City believes this new strategy could lead to closure in approximately 26 months. As of June 30, 2018, the estimate for post closure costs was $434,000.

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

17. DEFICIT FUND BALANCES

- The General Plan Amendment Revenue Fund had a deficit fund balance of $1,788 at June 30, 2018 primarily as a result of expenditures incurred in advance of receipt of revenues and will be eliminated with future revenues.

- The Humbug Willow Creek Special Revenue Fund had a deficit fund balance of $793,809 at June 30, 2018 primarily as a result of expenditures incurred in advance of receipt of revenues and will be eliminated with future revenues.

- The Zoo Improvement Capital Projects Fund had a deficit fund balance of $51,552 at June 30, 2018 primarily as a result of expenditures incurred in advance of receipt of revenues and will be eliminated with future revenues.

- The Solid Waste Enterprise Fund had a deficit fund balance of $4.2 million at June 30, 2018 primarily as a result of the implementation of GASB 68 and GASB 75 and the corresponding net pension and net OPEB liabilities that were added to the financial statements.

- The Transit Enterprise Fund had a deficit fund balance of $1.26 million at June 30, 2018 primarily as a result of the implementation of GASB 68 and GASB 75 and the corresponding net pension and net OPEB liabilities that were added to the financial statements.

18. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

- Expenditures exceeded appropriations in the Light, Landscape, and Maintenance Districts Special Revenue Funds by $20,678 due to planned expenditure of fund balance.

- Expenditures exceeded appropriations in the Folsom Ranch Financing Authority Debt Service Fund by $737,064 due to new bond issuance.

- Expenditures exceeded appropriations in the City Parks and Traffic Signals Debt Service Fund by $2,250 due to interest payment.

- Expenditures exceeded appropriations in the General Obligation School Facilities Debt Service Fund by $1,388 due to interest payment.

19. CHANGE IN ACCOUNTING PRINCIPLES

Implementation of new accounting standard GASB Statement No. 75 – As discussed in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* as of July 1, 2017. As a result of the implementation, the City restated beginning net position as noted below:

Water Fund (Business-Type Activities)	June 30, 2017 Previously Presented	Restatement	July 1, 2017 Restated
Deferred outflows of resources related to OPEB	$ -	$ -	$ -
Other Postemployment Benefit (OPEB) Liability	-	(4,720,632)	(4,720,632)
Other Postemployment Benefit (OPEB) Obligation	(342,209)	342,209	-
Net position, beginning of year	84,988,952	(4,378,423)	80,610,529
Wastewater Fund (Business-Type Activities)			
Deferred outflows of resources related to OPEB	$ -	$ -	$ -
Other Postemployment Benefit (OPEB) Liability	-	(713,506)	(713,506)
Other Postemployment Benefit (OPEB) Obligation	(6,959)	6,959	-
Net position, beginning of year	46,095,679	(706,547)	45,389,132
Solid Waste Fund (Business-Type Activities)			
Deferred outflows of resources related to OPEB	$ -	$ -	$ -
Other Postemployment Benefit (OPEB) Liability	-	(3,976,583)	(3,976,583)
Other Postemployment Benefit (OPEB) Obligation	(418,894)	418,894	-
Net position, beginning of year	(344,315)	(3,557,689)	(3,902,004)
Transit Fund (Business-Type Activities)			
Deferred outflows of resources related to OPEB	$ -	$ -	$ -
Other Postemployment Benefit (OPEB) Liability	-	(3,500,512)	(3,500,512)
Other Postemployment Benefit (OPEB) Obligation	(323,909)	323,909	-
Net position, beginning of year	2,217,496	(3,176,603)	(959,107)
Total Business-Type Activities	$ 131,865,841	(23,638,524)	$ 108,227,317

Government Wide Governmental Activities	June 30, 2017 Previously Presented	Restatement	July 1, 2017 Restated
Deferred outflows of resources related to OPEB	$ -	$ -	$ -
Other Postemployment Benefit (OPEB) Liability	-	(97,814,431)	(97,814,431)
Other Postemployment Benefit (OPEB) Obligation	(11,514,469)	11,514,469	-
Net position, beginning of year	342,630,976	(86,299,962)	256,331,014
Total Government Wide Governmental Activites	$ 331,116,507	$ (172,599,924)	$ 158,516,583

20. SUBSEQUENT EVENT

On November 13, 2018, the City of Folsom (City) passed Resolution No. 10195, which approved an annexation agreement between the City and the Sacramento Regional Transit District (SacRT) to operate transit services currently operated by the City. The effective date of the annexation is proposed to be January 1, 2019, at which time the City's Transit Fund will be closed and all remaining transit-related revenues, assets, liabilities, and fund balance will be transferred to SacRT.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF
FOLSOM
DISTINCTIVE BY NATURE

City of Folsom - REQUIRED SUPPLEMENTARY INFORMATION

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

	Miscellaneous 2015	Miscellaneous 2016	Miscellaneous 2017	Miscellaneous 2018
Total Pension Liability				
Service Cost	$ 3,733,451	$ 3,463,856	$ 3,550,932	$ 3,904,924
Interest on the total pension liability	12,026,923	12,827,742	13,405,790	13,879,289
Changes in benefit terms	-	819,877	282,187	34,533
Changes in assumptions	-	(3,280,830)	-	11,945,025
Differences between actual and expected experience	-	294,972	(2,420,273)	(2,802,533)
Benefit payments, including refunds of employee contributions	(5,784,838)	(6,486,519)	(6,795,160)	(8,072,643)
Net change in total pension liability	9,975,536	7,639,098	8,023,476	18,888,595
Total pension liability - beginning	161,384,658	171,360,194	178,999,292	187,022,768
Total pension liability - ending (a)	$ 171,360,194	$ 178,999,292	$ 187,022,768	$ 205,911,363
Plan fiduciary net position				
Contributions - employer	$ 4,376,606	$ 4,523,081	$ 5,159,464	$ 5,781,400
Contributions - employee	2,232,850	1,593,443	1,580,964	1,655,762
Net investment income	17,933,745	2,668,545	593,250	13,918,884
Benefit payments	(5,784,838)	(6,486,519)	(6,795,160)	(8,072,643)
Net Plan to Plan Resource Movement	-	-	-	2,162
Administrative expense	-	(138,974)	(75,236)	(182,949)
Net change in plan fiduciary net position	18,758,363	2,159,576	463,282	13,102,616
Plan fiduciary net position - beginning	102,531,433	121,289,796	123,449,372	123,743,093
Plan fiduciary net position - ending (b)	$ 121,289,796	$ 123,449,372	$ 123,912,654	$ 136,845,709
Net pension liability - ending (a)-(b)	$ 50,070,398	$ 55,549,920	$ 63,110,114	$ 69,065,654
Plan fiduciary net position as a percentage of the total pension liability	70.78%	68.97%	66.26%	66.46%
Covered payroll	22,140,150	21,527,190	22,082,925	21,890,526
Net pension liability as percentage of covered payroll	226.15%	258.05%	285.79%	315.50%
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017

	Safety 2015	Safety 2016	Safety 2017	Safety 2018
Total Pension Liability				
Service Cost	$ 3,769,467	$ 3,525,048	$ 3,439,072	$ 3,853,558
Interest on the total pension liability	10,582,614	11,200,515	11,862,083	12,440,896
Changes in benefit terms	-	253,356	254,592	304,817
Changes in assumptions	-	(2,937,784)	-	11,011,292
Differences between actual and expected experience	-	(106,665)	681,197	(165,828)
Benefit payments, including refunds of employee contributions	(5,802,650)	(6,454,000)	(7,486,831)	(7,953,218)
Net change in total pension liability	8,549,431	5,480,470	8,750,113	19,491,517
Total pension liability - beginning	142,118,102	150,667,533	156,148,003	164,898,116
Total pension liability - ending (a)	$ 150,667,533	$ 156,148,003	$ 164,898,116	$ 184,389,633
Plan fiduciary net position				
Contributions - employer	$ 4,616,712	$ 4,705,025	$ 4,910,890	$ 5,843,744
Contributions - employee	1,285,454	1,313,706	1,218,093	1,488,989
Net investment income	15,398,818	2,317,142	557,570	11,610,189
Benefit payments	(5,802,650)	(6,454,000)	(7,486,831)	(7,953,218)
Plan to Plan Resource Movement	-	(49,988)	-	-
Administrative Expense	-	(118,942)	(64,412)	(154,767)
Net change in plan fiduciary net position	15,498,334	1,712,943	(864,690)	10,834,937
Plan fiduciary net position - beginning	88,478,338	103,976,672	105,689,615	104,824,925
Plan fiduciary net position - ending (b)	$ 103,976,672	$ 105,689,615	$ 104,824,925	$ 115,659,862
Net pension liability - ending (a)-(b)	$ 46,690,861	$ 50,458,388	$ 60,073,191	$ 68,729,771
Plan fiduciary net position as a percentage of the total pension liability	69.01%	67.69%	63.57%	62.73%
Covered payroll	18,541,342	18,593,681	18,863,681	19,300,575
Net pension liability as percentage of covered payroll	251.82%	271.37%	318.46%	356.10%
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017

Notes to Schedule:

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

City of Folsom - REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS – LAST 10 YEARS*

	Miscellaneous Plan 2015	Miscellaneous Plan 2016	Miscellaneous Plan 2017	Miscellaneous Plan 2018
Actuarially determined contribution	$ 4,523,081	$ 5,159,464	$ 5,819,059	$ 6,531,894
Contributions in relation to the actuarially determined contributions	(4,523,081)	(5,159,464)	(5,819,059)	(6,531,894)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 21,527,190	$ 22,082,925	$ 21,890,526	$ 22,161,909
Contributions as a percentage of covered payroll	21.01%	23.36%	26.58%	29.47%

	Safety Plan 2015	Safety Plan 2016	Safety Plan 2017	Safety Plan 2018
Actuarially determined contribution	$ 4,705,025	4,910,890	$ 5,861,310	$ 6,574,602
Contributions in relation to the actuarially determined contributions	(4,705,025)	(4,910,890)	(5,861,310)	(6,574,602)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 18,593,681	$ 18,863,681	$ 19,300,575	$ 20,342,212
Contributions as a percentage of covered payroll	25.30%	26.03%	30.37%	32.32%

Notes to Schedule

Valuation date:	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
Asset valuation method	Market value	Market value	Market value	Market value
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	3.3% to 14.20% depending on Age, Service, and type of employment	3.3% to 14.20% depending on Age, Service, and type of employment	3.3% to 14.20% depending on Age, Service, and type of employment	3.3% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50%	7.50%	7.50%	7.50%
Retirement age	55	55	55	55
Mortality	Based on CalPERS Experience Study	Based on CalPERS Experience Study	Based on CalPERS Experience Study	Based on CalPERS Experience Study

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

City of Folsom - REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the City's Net OPEB Liability and Related Ratios
As of the fiscal year ending June 30, 2018
Last Ten Years*

	2018	2017
Total OPEB liability		
Service cost	$ 2,208,096	$ 2,148,999
Interest	5,040,097	4,259,868
Changes in assumptions	(9,590,919)	-
Differences between actual and expected experience	-	-
Benefit payments, including refunds of employee contributions	(4,100,953)	(3,943,224)
Net change in total OPEB liability	(6,443,679)	2,465,643
Total OPEB liability -- beginning	115,494,096	113,028,453
Total OPEB liability -- ending (a)	$ 109,050,417	$ 115,494,096
Plan fiduciary net position		
Plan to plan resource movement	$ -	$ -
Contributions - employer	4,600,953	4,053,403
Contributions - employee	-	-
Net investment income	311,032	464,483
Differences between projected and actual earnings on plan investments	5,677	-
Administrative expenses	-	-
Benefit payments, including refunds of employee contributions	(4,100,953)	(3,603,403)
Net change in fiduciary net position	816,709	914,483
Plan fiduciary net position -- beginning	4,768,431	3,853,948
Plan fiduciary net position -- ending (b)	$ 5,585,140	$ 4,768,431
City's Net OPEB liability -- ending (a) - (b)	$ 103,465,277	$ 110,725,665
Plan fiduciary net position as a percentage of the total OPEB liability	5.12%	4.13%
Covered-employee payroll	$ 42,504,121	$ 41,191,102
City's Net OPEB liability as a percentage of covered-employee payroll	243.42%	268.81%
Measurement Date	June 30, 2018	June 30, 2017

Notes to Schedule
* Fiscal year 2017 was the first year of implementation, therefore, only two years are shown.

Schedule of Investment Returns
As of the fiscal year ending June 30, 2018
Last Ten Years*

	2018	2017
Annual money-weighted rate of return - net of investment expense	6.0%	10.9%

Notes to Schedule
* Fiscal year 2017 was the first year of implementation, therefore, only two years are shown.

City of Folsom - REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions
As of the fiscal year ending June 30, 2018
Last Ten Years*

		2018
Actuarially determined contributions	$	7,260,092
Contributions in relation to the actuarially determined contributi		4,600,953
Contribution deficiency (excess)	$	2,659,139
Covered-employee payroll	$	42,504,121
Contributions as a percentage of covered-employee payroll		10.82%

Notes to Schedule

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal year 2018 were from the June 30, 2017 actuarial valuation.

Valuation date:	June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal Cost Method
Amortization method	N/A
Amortization period	N/A
Asset valuation method	Bond Buyer 20 index
Inflation	2.75%
Healthcare Cost Trend Rate	4.00%
Salary Increase	2.75%
Investment Rate of Return	4.40%
Retirement age:	2009 CalPERS Rates for Misc and Safety Employees
Mortality:	2014 CalPERS experience study

Historical information is required only for measurement periods for which GASB 75 is applicable.
Future years' information will be displayed up to 10 years as information becomes

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, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes:				
Property	$ 24,222,970	$ 24,222,970	$ 24,537,819	$ 314,849
Sales and use	22,735,493	22,735,493	22,294,827	(440,666)
Transient occupancy	1,903,025	1,903,025	2,197,780	294,755
Real property transfer	439,750	439,750	526,629	86,879
Other	790,000	790,000	1,096,015	306,015
Licenses and permits	1,971,369	1,971,369	2,768,076	796,707
Vehicle license fees	6,225,442	6,225,442	6,484,423	258,981
Intergovernmental revenues	572,000	722,000	781,752	59,752
Charges for current services	12,450,155	15,261,549	15,521,751	260,202
Fines and forfeitures	260,406	260,406	153,532	(106,874)
Interest revenue	185,400	185,400	(1,135)	(186,535)
Miscellaneous	1,592,294	1,662,294	1,822,394	160,100
Total revenues	73,348,304	76,379,698	78,183,863	1,804,165
EXPENDITURES:				
Current operating:				
General government	18,003,098	18,003,098	17,607,014	396,084
Public safety	36,982,641	37,274,394	37,216,488	57,906
Public ways and facilities	6,483,411	6,663,411	6,610,529	52,882
Community services	4,814,699	7,610,699	6,196,867	1,413,832
Culture and recreation	12,727,493	12,812,887	14,249,229	(1,436,342)
Capital outlay	3,176,115	3,176,115	3,176,115	-
Debt service:				
Principal payments	227,812	227,812	227,812	-
Total expenditures	82,415,269	85,768,416	85,284,054	484,362
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,066,965)	(9,388,718)	(7,100,191)	2,288,527
OTHER FINANCING SOURCES (USES):				
Transfers in	9,066,965	9,388,718	7,923,701	(1,465,017)
Total other financing sources (uses)	9,066,965	9,388,718	7,923,701	(1,465,017)
NET CHANGE IN FUND BALANCE	-	-	823,510	$ 823,510
FUND BALANCE, BEGINNING OF YEAR	17,187,198	17,187,198	17,187,198	
FUND BALANCE - ENDING	$ 17,187,198	$ 17,187,198	$ 18,010,708	

Refer to Note to Required Supplementary Information

CITY OF FOLSOM, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOLSOM HOUSING SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Fines and Forfeitures	$ -	$ -	$ 615,225	$ 615,225
Charges for current services	125,000	125,000	19,123	(105,877)
Interest	33,804	33,804	28,659	(5,145)
Miscellaneous	(54,759)	(54,759)	9,812,877	9,867,636
Total revenues	104,045	104,045	10,475,884	10,371,839
EXPENDITURES:				
Current operating:				
General government	100,000	100,000	18,667	81,333
Total expenditures	100,000	100,000	18,667	81,333
EXCESS OF REVENUES OVER EXPENDITURES	4,045	4,045	10,457,217	10,453,172
OTHER FINANCING USES:				
Transfers out	(4,045)	(4,045)	(4,045)	-
TOTAL OTHER FINANCING USES	(4,045)	(4,045)	(4,045)	-
NET CHANGE IN FUND BALANCE	-	-	10,453,172	$ 10,453,172
FUND BALANCE - BEGINNING OF YEAR	11,978,926	11,978,926	11,978,926	
FUND BALANCE - END OF YEAR	$ 11,978,926	$ 11,978,926	$ 22,432,098	

Refer to Note to Required Supplementary Information

City of Folsom

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Budgetary Data

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

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

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF
FOLSOM
DISTINCTIVE BY NATURE

CITY OF FOLSOM, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOLSOM PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Intergovernmental	$ 11,993,509	$ 11,993,509	$ 3,116,290	$ (8,877,219)
Investment income (loss)	4,180,111	4,180,111	(12,613,346)	(16,793,457)
Total revenues	16,173,620	16,173,620	(9,495,944)	(25,669,564)
EXPENDITURES				
General Government	-	-	271,866	(271,866)
Debt service:				
Principal	10,942,675	10,942,675	6,844,280	4,098,395
Interest and fiscal charges	4,830,946	4,830,946	1,507,305	3,323,641
Total expenditures	15,773,621	15,773,621	8,623,451	7,150,170
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	399,999	399,999	(18,119,395)	(18,519,394)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(399,999)	(399,999)	-	399,999
TOTAL OTHER FINANCING SOURCES (USES)	(399,999)	(399,999)	(5,650,000)	(5,250,001)
NET CHANGE IN FUND BALANCE	-	-	(23,769,395)	$ (23,769,395)
FUND BALANCE - BEGINNING OF YEAR	120,642,943	120,642,943	105,275,808	
FUND BALANCE - END OF YEAR	$ 120,642,943	$ 120,642,943	$ 81,506,413	

Refer to Note to Other Supplementary Information

CITY OF FOLSOM, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOLSOM RANCH FINANCING AUTHORITY DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Intergovernmental	$ 130,000	$ 130,000	$ 1,012,733	$ 882,733
Investment income (loss)	275,669	275,669	8,455,753	8,180,084
Total revenues	405,669	405,669	9,468,486	9,062,817
EXPENDITURES				
Debt service:				
Principal	275,669	275,669	130,000	145,669
Interest and fiscal charges	130,000	130,000	1,012,733	(882,733)
Total expenditures	405,669	405,669	1,142,733	(737,064)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	8,325,753	8,325,753
OTHER FINANCING USES				
Bond issuance	-	-	41,785,000	41,785,000
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	41,785,000	41,785,000
NET CHANGE IN FUND BALANCE	-	-	50,110,753	$ 50,110,753
FUND BALANCE - BEGINNING OF YEAR	7,137,571	7,137,571	7,137,571	
FUND BALANCE - END OF YEAR	$ 7,137,571	$ 7,137,571	$ 57,248,324	

Refer to Note to Other Supplementary Information

City of Folsom

NOTE TO OTHER SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Budgetary Data

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

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

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

Excess of Expenditures over Appropriations

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2018:

Fund	Expenditures in excess of appropriations
Folsom Ranch Financing Authority Debt Service Fund	$ 737,064

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF
FOLSOM
DISTINCTIVE BY NATURE

This page has been intentionally left blank.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

Permanent Funds

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

CITY OF FOLSOM, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	$ 14,395,888	$ 1,497,412	$ 11,575,572	$ 431,713	$ 27,900,585
Cash with fiscal agent	-	-	190,919	-	190,919
Receivables					
General accounts	46,568	33,563	-	-	80,131
Accrued interest	95,804	8,780	70,327	2,405	177,316
Loans	3,804,952	-	-	-	3,804,952
Special assessments - delinquent	-	41,329	-	-	41,329
Due from other governments	283,548	491	22,256	-	306,295
Restricted assets:					
Cash and cash equivalents	92,000	-	-	-	92,000
Total assets	$ 18,718,760	$ 1,581,575	$ 11,859,074	$ 434,118	$ 32,593,527
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 1,214,357	$ -	$ 961,674	$ -	$ 2,176,031
Wages payable	-	-	6,156	-	6,156
Due to other funds	528,398	-	1,047,339	-	1,575,737
Unearned revenue	554,700	-	-	-	554,700
Total liabilities	2,297,455	-	2,015,169	-	4,312,624
DEFERRED INFLOWS OF RESOURCES					
Special assessments not collected		41,329			41,329
FUND BALANCES:					
Nonspendable	-	-	-	429,294	429,294
Restricted	9,012,188	1,994,427	9,754,898	4,824	20,766,337
Committed	5,201,522	-	-	-	5,201,522
Assigned	2,953,192	344,219	140,559	-	3,437,970
Unassigned	(745,597)	(798,400)	(51,552)	-	(1,595,549)
Total fund balances	16,421,305	1,540,246	9,843,905	434,118	28,239,574
Total liabilities, deferred inflows and fund balances	$ 18,718,760	$ 1,581,575	$ 11,859,074	$ 434,118	$ 32,593,527

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES:					
Licenses and permits	$ 7,229	$ -	$ -	$ -	$ 7,229
Intergovernmental revenues	4,917,818	-	22,256	-	4,940,074
Charges for current services	5,948,979	-	9,446,959	-	15,395,938
Fines and forfeitures	152,582	-	-	-	152,582
Assessment collections	-	35,728	-	-	35,728
Investment income (loss)	197,145	20,286	192,329	6,340	416,100
Miscellaneous	45,505	-	595,441	-	640,946
Total revenues	11,269,258	56,014	10,256,985	6,340	21,588,597
EXPENDITURES:					
Current:					
General government	961,885	-	-	-	961,885
Public ways and facilities	3,312,434	-	1,512,068	-	4,824,502
Culture and recreation	100,279	-	-	-	100,279
Capital outlay	3,069,838	-	9,321,111	-	12,390,949
Debt service:					
Principal payments	-	825,000	-	-	825,000
Interest and fiscal charges	-	20,138	-	-	20,138
Total expenditures	7,444,436	845,138	10,833,179	-	19,122,753
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,824,822	(789,124)	(576,194)	6,340	2,465,844
OTHER FINANCING SOURCES (USES):					
Issuance of loan			1,790,000		1,790,000
Transfers in	40,063	-	100,000	-	140,063
Transfers out	(2,439,743)	(9,276)	(1,644,104)	(1,516)	(4,094,639)
Total other financing sources (uses)	(2,399,680)	(9,276)	245,896	(1,516)	(2,164,576)
NET CHANGE IN FUND BALANCES	1,425,142	(798,400)	(330,298)	4,824	301,268
FUND BALANCES, BEGINNING OF YEAR	14,996,163	2,338,646	10,174,203	429,294	27,938,306
FUND BALANCES, END OF YEAR	$ 16,421,305	$ 1,540,246	$ 9,843,905	$ 434,118	$ 28,239,574

This page has been intentionally left blank.

NONMAJOR SPECIAL REVENUE FUNDS

Planning Services:

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

Transportation Tax:

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

Park Dedication (Quimby):

To account for Quimby Act Fees for park development purposes.

Gas Tax:

Road Maint/Rehab – To account for money apportioned under Streets and Highways Code Sec. 2032.
Gas Tax 2105 - To account for money apportioned under Streets and Highways Code Sec. 2105.
Gas Tax 2106 - To account for money apportioned under Streets and Highways Code Sec. 2106.
Gas Tax 2107 - To account for money apportioned under Streets and Highways Codes Sec. 2107 and SB-300 Special Motor Vehicle Fuel Tax Apportionment.
Gas Tax 2107.5 - To account for money apportioned under Street and Highways Code Sec. 2107.5.

Light and Landscape Districts:

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

Los Cerros	Briggs Ranch	Natoma Station
Folsom Heights	Broadstone Unit 3	Broadstone
Hannaford Cross	Lake Natoma Shores	Cobble Hills/Reflections
Sierra Estates	Lakeridge Estates	La Collina Del Lago
Cobble Ridge	Prairie Oaks Ranch	Silverbrook
Willow Creek East	Blue Ravine Oaks	Steeplechase
Willow Creek So.	American River Canyon No.	Willow Springs
Willow Springs Maint. Dist.	CFD# 12 Maint. Dist.	CFD# 13 ARC Maint. Dist.
American River Canyon #2	The Residences at ARC No.	Fieldstone Meadows
ARC L&L Dist #3	Blue Ravine Oaks No. 2	Folsom Heights L&L 2
Broadstone L&L 4	CFD #16 Islands Maint. Dist.	Willow Creek Estates 2
Prospect Ridge	CFD#18 Maint Dist.	

Transportation System Management:

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

Community Development Block Grant:

To account for Community Development Grant monies.

Humbug Willow Creek:

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

General Plan Amendment:

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

Tree Planting:

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

Zoo Special Revenue:

To account for revenues and expenditures for designated zoo activities.

Other Special Revenue:

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

Folsom Comm & Cultural Services	Housing Trust Special Revenue
Folsom Historic District	Sphere of Influence
Oaks at Willow Springs	Police Officer Training Fund

This page has been intentionally left blank.

CITY OF FOLSOM, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Planning Services	Transportation Tax	Park Dedication (Quimby)	Traffic Congestion Relief
ASSETS				
Cash and cash equivalents	$ 572,019	$ 129,148	$ 2,338,331	$ 89,861
Receivables				
General accounts	-	-	-	-
Accrued interest	2,702	802	8,571	182
Loans	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	36,000	-	-
Total assets	$ 574,721	$ 165,950	$ 2,346,902	$ 90,043
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	$ 72,406	$ -	$ -	$ -
Due to other funds	-	-	-	-
Unearned revenue	456,248	-	-	-
Total liabilities	528,654	-	-	-
FUND BALANCES				
Restricted	-	115,950	-	90,043
Committed	-	-	2,346,902	-
Assigned	46,067	50,000	-	-
Unassigned	-	-	-	-
Total fund balances (deficit)	46,067	165,950	2,346,902	90,043
Total liabilities and fund balances (deficit)	$ 574,721	$ 165,950	$ 2,346,902	$ 90,043

Gas Tax	Light and Landscape Districts	Transportation System Management	Community Development Block Grant	
				ASSETS
$ 2,803,662	$ 5,298,170	$ 63,376	$ 63,976	Cash and cash equivalents
				Receivables
-	11,048	-	30,963	General accounts
21,500	29,205	607	421	Accrued interest
-	-	-	126,234	Loans
196,310	52,023	-	-	Due from other governments
				Restricted assets:
-	-	41,000	-	Cash and cash equivalents
$ 3,021,472	$ 5,390,446	$ 104,983	$ 221,594	Total assets
				LIABILITIES AND FUND BALANCE
				LIABILITIES
$ 399,328	$ 383,257	$ -	$ 7,940	Accounts payable
-	-	-	-	Due to other funds
-	-	-	-	Unearned revenue
399,328	383,257	-	7,940	Total liabilities
				FUND BALANCES
2,622,144	5,007,189	-	213,654	Restricted
-	-	104,983	-	Committed
-	-	-	-	Assigned
-	-	-	-	Unassigned
2,622,144	5,007,189	104,983	213,654	Total fund balances (deficit)
$ 3,021,472	$ 5,390,446	$ 104,983	$ 221,594	Total liabilities and fund balances (deficit)

Continued on next page

CITY OF FOLSOM, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2018

	Humbug Willow Creek	General Plan Amendment	Tree Planting
ASSETS			
Cash and cash equivalents	$ -	$ -	$ 930,919
Receivables			
General accounts	-	-	-
Accrued interest	-	649	4,890
Loans	-	-	-
Due from other governments	35,215	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Total assets	$ 35,215	$ 649	$ 935,809
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ 303,023	$ -	$ -
Due to other funds	525,961	2,437	-
Unearned revenue	40	-	-
Total liabilities	829,024	2,437	-
FUND BALANCES			
Restricted	-	-	-
Committed	-		935,809
Assigned		-	-
Unassigned	(793,809)	(1,788)	-
Total fund balances (deficit)	(793,809)	(1,788)	935,809
Total liabilities and fund balances (deficit)	$ 35,215	$ 649	$ 935,809

Zoo	Other	Total Nonmajor Special Revenue Funds	
			ASSETS
$ 122,988	$ 1,983,438	$ 14,395,888	Cash and cash equivalents
			Receivables
1,557	3,000	46,568	General accounts
566	25,709	95,804	Accrued interest
-	3,678,718	3,804,952	Loans
-	-	283,548	Due from other governments
			Restricted assets:
-	15,000	92,000	Cash and cash equivalents
$ 125,111	$ 5,705,865	$ 18,718,760	Total assets
			LIABILITIES AND FUND BALANCE
			LIABILITIES
$ -	$ 48,403	$ 1,214,357	Accounts payable
-	-	528,398	Due to other funds
-	98,412	554,700	Unearned revenue
-	146,815	2,297,455	Total liabilities
			FUND BALANCES
125,111	838,097	9,012,188	Restricted
-	1,813,828	5,201,522	Committed
-	2,907,125	3,003,192	Assigned
-	-	(795,597)	Unassigned
125,111	5,559,050	16,421,305	Total fund balances (deficit)
$ 125,111	$ 5,705,865	$ 18,718,760	Total liabilities and fund balances (deficit)

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON MAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	Planning Services	Transportation Tax	Park Dedication (Quimby)	Traffic Congestion Relief
REVENUES:				
Licenses and permits	$ -	$ -	$ -	$ -
Intergovernmental	-	113,138	-	89,269
Charges for current services	378,613	-	1,580,609	-
Fines and forfeitures	-	-	-	-
Interest	7,901	1,441	216	774
Miscellaneous	-	-	-	-
Total revenues	386,514	114,579	1,580,825	90,043
EXPENDITURES:				
Current:				
General government	340,010	-	-	-
Public ways and facilities	-	-	-	-
Culture and recreation	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	340,010	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	46,504	114,579	1,580,825	90,043
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(50,000)	(108,630)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(50,000)	(108,630)	-
NET CHANGE IN FUND BALANCES	46,504	64,579	1,472,195	90,043
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(437)	101,371	874,707	-
FUND BALANCES (DEFICIT), END OF YEAR	$ 46,067	$ 165,950	$ 2,346,902	$ 90,043

Gas Tax	Light and Landscape Districts	Transportation System Management	Community Development Block Grant	
				REVENUES:
$ -	$ -	$ -	$ -	Licenses and permits
2,047,954	-	-	77,041	Intergovernmental
-	2,976,378	29,652	1,212	Charges for current services
-	-	-	-	Fines and forfeitures
56,155	80,069	1,429	-	Interest
-	1,940	-	2,447	Miscellaneous
2,104,109	3,058,387	31,081	80,700	Total revenues
				EXPENDITURES:
				Current:
-	-	-	-	General government
477,923	2,703,780	-	102,618	Public ways and facilities
-	-	-	-	Culture and recreation
713,547	-	-	-	Capital Outlay
1,191,470	2,703,780	-	102,618	Total expenditures
912,639	354,607	31,081	(21,918)	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
				OTHER FINANCING SOURCES (USES):
-	-	-	-	Transfers in
(1,701,292)	(430,143)	(20,000)	(7,054)	Transfers out
(1,701,292)	(430,143)	(20,000)	(7,054)	TOTAL OTHER FINANCING SOURCES (USES)
(788,653)	(75,536)	11,081	(28,972)	NET CHANGE IN FUND BALANCES
3,410,797	5,082,725	93,902	242,626	FUND BALANCES (DEFICIT), BEGINNING OF YEAR
$ 2,622,144	$ 5,007,189	$ 104,983	$ 213,654	FUND BALANCES (DEFICIT), END OF YEAR

Continued on next page

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON MAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	Humbug Willow Creek	General Plan Amendment	Tree Planting
REVENUES:			
Licenses and permits	$ -	$ -	$ -
Intergovernmental	2,590,416	-	-
Charges for current services	146,538	82,033	211,951
Fines and forfeitures	-	-	-
Interest	229	1,242	13,434
Miscellaneous	-	-	-
Total revenues	2,737,183	83,275	225,385
EXPENDITURES:			
Current:			
General government	-	236,960	-
Public ways and facilities	-	-	2,881
Culture and recreation	95,889	-	-
Capital Outlay	2,356,293	-	-
Total expenditures	2,452,182	236,960	2,881
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	285,001	(153,685)	222,504
OTHER FINANCING SOURCES (USES):			
Transfers in	40,063	-	-
Transfers out	-	-	(51,254)
TOTAL OTHER FINANCING SOURCES (USES)	40,063	-	(51,254)
NET CHANGE IN FUND BALANCES	325,064	(153,685)	171,250
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(1,118,873)	151,897	764,559
FUND BALANCES (DEFICIT), END OF YEAR	$ (793,809)	$ (1,788)	$ 935,809

Zoo	Other	Total Nonmajor Special Revenue Funds	
			REVENUES:
$ -	$ 7,229	$ 7,229	Licenses and permits
-	-	4,917,818	Intergovernmental
19,455	522,538	5,948,979	Charges for current services
-	152,582	152,582	Fines and forfeits
1,668	32,587	197,145	Interest
12,359	28,759	45,505	Miscellaneous
33,482	743,695	11,269,258	Total revenues
			EXPENDITURES:
			Current:
-	384,915	961,885	General government
-	25,230	3,312,432	Public ways and facilities
-	4,390	100,279	Culture and recreation
-	-	3,069,840	Capital Outlay
-	414,535	7,444,436	Total expenditures
33,482	329,160	3,824,822	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
			OTHER FINANCING SOURCES (USES):
-	-	40,063	Transfers in
-	(71,370)	(2,439,743)	Transfers out
-	(71,370)	(2,399,680)	TOTAL OTHER FINANCING SOURCES (USES)
33,482	257,790	1,425,142	NET CHANGE IN FUND BALANCES
91,629	5,301,260	14,996,163	FUND BALANCES (DEFICIT), BEGINNING OF YEAR
$ 125,111	$ 5,559,050	$ 16,421,305	FUND BALANCES (DEFICIT), 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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Charges for current services	$ 200,000	$ 555,704	$ 378,613	$ (177,091)
Interest	-	-	7,901	7,901
Total revenues	200,000	555,704	386,514	(169,190)
EXPENDITURES				
Current operating:				
General government	200,000	555,704	340,010	215,694
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	46,504	46,504
NET CHANGE IN FUND BALANCE	-	-	46,504	$ 46,504
FUND BALANCE - BEGINNING OF YEAR	(437)	(437)	(437)	
FUND BALANCE (DEFICIT)- END OF YEAR	$ (437)	$ (437)	$ 46,067	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Intergovernmental	$ 300,000	$ 300,000	$ 113,138	$ (186,862)
Other	(182,080)	(182,080)	-	182,080
Interest	-	-	1,441	1,441
Total revenues	117,920	117,920	114,579	(3,341)
EXPENDITURES:				
Current operating:				
Public ways and facilities	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	117,920	117,920	114,579	(3,341)
OTHER FINANCING USES				
Transfers out	(117,920)	(117,920)	(50,000)	67,920
NET CHANGE IN FUND BALANCE	-	-	64,579	$ 64,579
FUND BALANCE - BEGINNING OF YEAR	101,371	101,371	101,371	
FUND BALANCE - END OF YEAR	$ 101,371	$ 101,371	$ 165,950	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Charges for current services	$ 970,000	$ 970,000	$ 1,580,609	$ 610,609
Interest	15,000	15,000	216	(14,784)
Miscellaneous	(609,725)	(475,212)	-	475,212
Total revenues	375,275	509,788	1,580,825	1,071,037
EXPENDITURES:				
Current operating:				
Culture and recreation	366,645	501,158	-	501,158
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,630	8,630	1,580,825	1,572,195
OTHER FINANCING USES				
Transfers out	(8,630)	(8,630)	(108,630)	(100,000)
NET CHANGE IN FUND BALANCE	-	-	1,472,195	$ 1,472,195
FUND BALANCE - BEGINNING OF YEAR	874,707	874,707	874,707	
FUND BALANCE - END OF YEAR	$ 874,707	$ 874,707	$ 2,346,902	

CITY OF FOLSOM, CALIFORNIA
TRAFFIC CONGESTION RELIEF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Intergovernmental	$ -	$ -	$ 89,269	$ 89,269
Interest	-	-	774	774
Miscellaneous	-	-	-	-
Total revenues	-	-	90,043	90,043
EXPENDITURES:				
Current operating:				
Public ways and facilities	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	90,043	90,043
NET CHANGE IN FUND BALANCE	-	-	90,043	$ 90,043
FUND BALANCE - BEGINNING OF YEAR	-	-	-	
FUND BALANCE - END OF YEAR	$ -	$ -	$ 90,043	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES:				
Intergovernmental	$1,621,723	$1,621,723	$2,047,954	$ 426,231
Interest	-	-	56,155	56,155
Miscellaneous	1,208,065	1,208,065	-	(1,208,065)
Total revenues	2,829,788	2,829,788	2,104,109	(725,679)
EXPENDITURES:				
Current operating:				
Public ways and facilities	-	445,000	477,925	(32,925)
Capital Outlay	800,000	800,000	713,545	86,455
Total expenditures	800,000	1,245,000	1,191,470	53,530
EXCESS OF REVENUES OVER EXPENDITURES	2,029,788	1,584,788	912,639	(672,149)
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,029,788)	(2,029,788)	(1,701,292)	328,496
NET CHANGE IN FUND BALANCE	-	(445,000)	(788,653)	$ (343,653)
FUND BALANCE - BEGINNING OF YEAR	3,410,797	3,410,797	3,410,797	
FUND BALANCE - END OF YEAR	$3,410,797	$2,965,797	$2,622,144	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES:				
Charges for current services	$ 3,005,500	$ 3,005,500	$ 2,976,378	$ (29,122)
Interest	65,650	65,650	80,069	14,419
Miscellaneous	42,095	42,095	1,940	(40,155)
Total revenues	3,113,245	3,113,245	3,058,387	(54,858)
EXPENDITURES:				
Current operating:				
Public ways and facilities	2,684,248	2,684,248	2,703,780	(19,532)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	428,997	428,997	354,607	(74,390)
OTHER FINANCING SOURCES (USES):				
Transfers out	(428,997)	(428,997)	(430,143)	(1,146)
TOTAL OTHER FINANCING SOURCES (USES)	(428,997)	(428,997)	(430,143)	(1,146)
NET CHANGE IN FUND BALANCE	-	-	(75,536)	$ (75,536)
FUND BALANCE - BEGINNING OF YEAR	5,082,725	5,082,725	5,082,725	
FUND BALANCE - END OF YEAR	$ 5,082,725	$ 5,082,725	$ 5,007,189	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES:				
Charges for current services	$ 30,000	$ 30,000	$ 29,652	$ (348)
Intergovernmental	26,960	26,960	-	(26,960)
Interest	700	700	1,429	729
Total revenues	57,660	57,660	31,081	(26,579)
EXPENDITURES:				
Current operating:				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	57,660	57,660	31,081	(26,579)
OTHER FINANCING USES:				
Transfers out	(57,660)	(57,660)	(20,000)	37,660
NET CHANGE IN FUND BALANCE	-	-	11,081	$ 11,081
FUND BALANCE - BEGINNING OF YEAR	93,902	93,902	93,902	
FUND BALANCE - END OF YEAR	$ 93,902	$ 93,902	$ 104,983	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Intergovernmental	$ 165,000	$ 165,000	$ 77,041	$ (87,959)
Charges for current services	-	-	1,212	1,212
Interest	7,054	7,054	-	(7,054)
Miscellaneous	-	-	2,447	2,447
Total revenues	172,054	172,054	80,700	(91,354)
EXPENDITURES:				
Current Operating:				
Public ways and facilities	165,000	165,000	102,618	62,382
Total expenditures	165,000	165,000	102,618	62,382
EXCESS OF REVENUES OVER EXPENDITURES	7,054	7,054	(21,918)	(28,972)
OTHER FINANCING USES:				
Transfers out	(7,054)	(7,054)	(7,054)	-
NET CHANGE IN FUND BALANCE	-	-	(28,972)	$ (28,972)
FUND BALANCE - BEGINNING OF YEAR	242,626	242,626	242,626	
FUND BALANCE - END OF YEAR	$ 242,626	$ 242,626	$ 213,654	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Intergovernmental	$ -	$ 3,109,710	$ 2,590,416	$ (519,294)
Charges for current services	40,000	40,000	146,538	106,538
Interest	-	3,124,937	229	(3,124,708)
Miscellaneous	-	-	-	-
Total revenues	40,000	6,274,647	2,737,183	(3,537,464)
EXPENDITURES:				
Current operating:				
Culture and recreation	165,643	165,643	95,889	69,754
Capital outlay	-	6,234,647	2,356,293	3,878,354
Total expenditures	165,643	6,400,290	2,452,182	3,948,108
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(125,643)	(125,643)	285,001	410,644
OTHER FINANCING USES:				
Transfers in	125,643	125,643	40,063	(85,580)
NET CHANGE IN FUND BALANCE	-	-	325,064	$ 325,064
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(1,118,873)	(1,118,873)	(1,118,873)	
FUND BALANCE (DEFICIT) - END OF YEAR	$ (1,118,873)	$ (1,118,873)	$ (793,809)	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Charges for current services	$ 60,000	$ 60,000	$ 82,033	$ 22,033
Intergovernmental	-	-	-	-
Interest	1,000	1,000	1,242	242
Miscellaneous	289,000	289,000	-	(289,000)
Total revenues	350,000	350,000	83,275	(266,725)
EXPENDITURES:				
Current operating:				
General government	350,000	350,000	236,960	113,040
Total expenditures	350,000	350,000	236,960	113,040
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	-	(153,685)	(153,685)
NET CHANGE IN FUND BALANCE	-	-	(153,685)	$ (153,685)
FUND BALANCE - BEGINNING OF YEAR	151,897	151,897	151,897	
FUND BALANCE - END OF YEAR	$ 151,897	$ 151,897	$ (1,788)	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Intergovernmental	$ -	$ -	$ -	-
Charges for current services	90,000	90,000	211,951	121,951
Fines and forfeitures	-	-	-	-
Interest	6,000	6,000	13,434	7,434
Miscellaneous	25,487	25,487	-	(25,487)
Total revenues	121,487	121,487	225,385	103,898
EXPENDITURES:				
Current operating:				
Public ways and facilities	82,200	83,736	2,881	80,855
Total expenditures	82,200	83,736	2,881	80,855
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	39,287	37,751	222,504	184,753
OTHER FINANCING USES:				
Transfers out	(39,287)	(37,751)	(51,254)	(13,503)
NET CHANGE IN FUND BALANCE	-	-	171,250	$ 171,250
FUND BALANCE - BEGINNING OF YEAR	764,559	764,559	764,559	
FUND BALANCE - END OF YEAR	$ 764,559	$ 764,559	$ 935,809	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Charges for current services	$ 19,000	$ 19,000	$ 19,455	$ 455
Interest	-	-	1,668	1,668
Miscellaneous	(9,000)	21,000	12,359	(8,641)
Total revenues	10,000	40,000	33,482	(6,518)
EXPENDITURES:				
Current operating:				
Culture and recreation	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	30,000	33,482	3,482
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(30,000)	-	30,000
TOTAL OTHER FINANCING SOURCES (USES)	-	(30,000)	-	30,000
NET CHANGE IN FUND BALANCE	-	-	33,482	$ 33,482
FUND BALANCE - BEGINNING OF YEAR	91,629	91,629	91,629	
FUND BALANCE - END OF YEAR	$ 91,629	$ 91,629	$ 125,111	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Licenses and permits	$ -	$ -	$ 7,229	$ 7,229
Intergovernmental	-	-	-	-
Charges for current services	526,500	526,500	522,538	(3,962)
Fines and forfeitures	-	-	152,582	152,582
Interest	12,300	12,300	32,587	20,287
Miscellaneous	42,570	184,323	28,759	(155,564)
Total revenues	581,370	723,123	743,695	20,572
EXPENDITURES:				
Current operating:				
General government	505,000	505,000	384,915	120,085
Public ways and facilities		-	25,230	(25,230)
Culture and recreation	5,000	5,000	4,390	610
Total expenditures	510,000	510,000	414,535	95,465
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	71,370	213,123	329,160	116,037
OTHER FINANCING USES:				
Transfers out	(71,370)	(213,123)	(71,370)	141,753
TOTAL OTHER FINANCING SOURCES (USES)	(71,370)	(213,123)	(71,370)	141,753
NET CHANGE IN FUND BALANCE	-	-	257,790	$ 257,790
FUND BALANCE - BEGINNING OF YEAR	5,301,260	5,301,260	5,301,260	
FUND BALANCE - END OF YEAR	$ 5,301,260	$5,301,260	$5,559,050	

NONMAJOR DEBT SERVICE FUNDS

1915 Assessment Districts:

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

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

Folsom Community Correctional Facility:

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

City Parks and Signals:

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

General Obligation Bonds for School Facilities:

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

Recreation Facility:

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

CITY OF FOLSOM, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2018

	1915 Assessment Districts	Community Correctional Facility	City Parks and Signals
ASSETS			
Cash and cash equivalents	$ 1,054,362	$ 296,255	$ 48,880
Receivables:			
General accounts	-	-	-
Accrued interest	5,836	1,640	277
Special assessments - delinquent	41,329	-	-
Due from other governments	-	-	-
Total assets	$ 1,101,527	$ 297,895	$ 49,157
DEFERRED INFLOWS OF RESOURCES:			
Special Assessments not collected	$ 41,329	$ -	$ -
Total deferred inflows of resources	41,329	-	-
FUND BALANCES:			
Restricted	1,060,198	-	-
Assigned	-	297,895	49,157
Total fund balances	1,060,198	297,895	49,157
Total deferred inflows and fund balances	$ 1,101,527	$ 297,895	$ 49,157

General Obligation School Facilities	Recreation Facility	Total Nonmajor Debt Service Funds	
			ASSETS
$ 45,489	$ 52,426	$ 1,497,412	Cash and cash equivalents
			Receivables:
-	33,563	33,563	General accounts
734	293	8,780	Accrued interest
-	-	41,329	Special assessments - delinquent
491	-	491	Due from other governments
$ 46,714	$ 86,282	$ 1,581,575	Total assets
			DEFERRED INFLOWS OF RESOURCES:
$ -	$ -	$ 41,329	Special Assessments not collected
-	-	41,329	Total deferred inflows of resources
			FUND BALANCES:
46,714	86,282	1,193,194	Restricted
-	-	347,052	Assigned
46,714	86,282	1,540,246	Total fund balances
$ 46,714	$ 86,282	$ 1,581,575	Total deferred inflows and fund balances

CITY OF FOLSOM, CALIFORNIA

NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
FOR THE YEAR ENDED JUNE 30, 2018

	1915 Assessment Districts	Community Correctional Facility	City Parks and Signals
REVENUES:			
Assessment collections	$ -	$ -	$ -
Investment income (loss)	15,494	4,354	729
Total revenues	15,494	4,354	729
EXPENDITURES:			
Debt service:			
Principal payments	-	-	-
Interest and fiscal charges	-	-	2,250
Total expenditures	-	-	2,250
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,494	4,354	(1,521)
OTHER FINANCING SOURCES (USES):			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	15,494	4,354	(1,521)
FUND BALANCES, BEGINNING OF YEAR	1,044,704	293,541	50,678
FUND BALANCES, END OF YEAR	$ 1,060,198	$ 297,895	$ 49,157

General Obligation School Facilities	Recreation Facility	Total Nonmajor Debt Service Funds	
			REVENUES:
$ 35,728	$ -	$ 35,728	Assessment collections
(1,054)	763	20,286	Investment income (loss)
34,674	763	56,014	Total revenues
			EXPENDITURES:
			Debt service:
825,000	-	825,000	Principal payments
17,888	-	20,138	Interest and fiscal charges
842,888	-	845,138	Total expenditures
(808,214)	763	(789,124)	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			OTHER FINANCING SOURCES (USES):
(9,276)	-	(9,276)	Transfers Out
(9,276)	-	(9,276)	Total other financing sources (uses)
(817,490)	763	(798,400)	NET CHANGE IN FUND BALANCES
864,204	85,519	2,338,646	FUND BALANCES, BEGINNING OF YEAR
$ 46,714	$ 86,282	$ 1,540,246	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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Special Assessment	$ -	$ -	$ -	$ -
Interest	-	-	15,494	15,494
Total revenues	-	-	15,494	15,494
EXPENDITURES				
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	15,494	15,494
OTHER FINANCING USES				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	15,494	$ 15,494
FUND BALANCE - BEGINNING OF YEAR	1,044,704	1,044,704	1,044,704	
FUND BALANCE - END OF YEAR	$ 1,044,704	$1,044,704	$1,060,198	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Intergovernmental	$ -	$ -	$ -	$ -
Interest	-	-	4,354	4,354
Total revenues	-	-	4,354	4,354
EXPENDITURES				
General Government	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	4,354	4,354
OTHER FINANCING USES				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	4,354	$ 4,354
FUND BALANCE - BEGINNING OF YEAR	293,541	293,541	293,541	
FUND BALANCE - END OF YEAR	$ 293,541	$ 293,541	$ 297,895	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Interest	$ -	$ 342	$ 729	$ 387
Miscellaneous	-	-	-	-
Total revenues	-	342	729	387
EXPENDITURES				
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	2,250	(2,250)
Total expenditures	-	-	2,250	(2,250)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	342	(1,521)	(1,863)
OTHER FINANCING USES				
Transfers out	-	(342)	-	342
NET CHANGE IN FUND BALANCE	-	-	(1,521)	$ (1,521)
FUND BALANCE - BEGINNING OF YEAR	50,678	50,678	50,678	
FUND BALANCE - END OF YEAR	$ 50,678	$ 50,678	$ 49,157	

CITY OF FOLSOM, CALIFORNIA
GENERAL OBLIGATION SCHOOL FACILITIES DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Assessment collections	$ -	$ -	$ 35,728	$ 35,728
Interest	8,000	8,000	(1,054)	(9,054)
Miscellaneous	842,776	842,776	-	(842,776)
Total revenues	850,776	850,776	34,674	(816,102)
EXPENDITURES				
Debt service:				
Principal	825,000	825,000	825,000	-
Interest and fiscal charges	16,500	16,500	17,888	(1,388)
Total expenditures	841,500	841,500	842,888	(1,388)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,276	9,276	(808,214)	(817,490)
OTHER FINANCING USES				
Transfers out	(9,276)	(9,276)	(9,276)	-
TOTAL OTHER FINANCING SOURCES (USES)	(9,276)	(9,276)	(9,276)	-
NET CHANGE IN FUND BALANCE	-	-	(817,490)	$ (817,490)
FUND BALANCE - BEGINNING OF YEAR	864,204	864,204	864,204	
FUND BALANCE - END OF YEAR	$ 864,204	$ 864,204	$ 46,714	

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, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Interest	$ -	$ -	$ 763	$ 763
Total revenues	-	-	763	763
EXPENDITURES				
General Government	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	763	763
OTHER FINANCING USES				
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	763	$ 763
FUND BALANCE - BEGINNING OF YEAR	85,519	85,519	85,519	
FUND BALANCE - END OF YEAR	$ 85,519	$ 85,519	$ 86,282	

NONMAJOR CAPITAL PROJECTS FUNDS

1915 Assessment Districts:

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

Prairie Oaks Ranch 92-2

Mello Roos Assessment Districts:

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

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

2011 Non-Housing Bond Proceeds:

To account for the construction proceeds from the 2011A tax allocation bonds.

Park Capital Improvement:

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

Police Capital Improvement:

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

Fire Capital Improvement:

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

General Capital Improvement:

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

Drainage Capital Improvement:

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

Transit Capital Improvement:

To account for development mitigation fees to finance transit capital outlay and facilities in the Folsom Plan Area.

Corp Yard Capital Improvement:

To account for development mitigation fees to finance corp yard capital outlay and facilities in the Folsom Plan Area.

Zoo Improvement:

To account for construction projects for the Folsom Zoo.

Light Rail Transportation:

To account for the construction of light rail transportation projects.

Major Capital and Renovation:

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

Library Construction:

To account for the construction of a new library.

FSPA Infrastructure:

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

This page has been intentionally left blank.

CITY OF FOLSOM, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	1915 Assessment Districts	Mello-Roos Assessment Districts	2011 Non-Housing Bond Proceeds	Park Capital Improvement	Police Capital Improvement	Fire Capital Improvement
ASSETS						
Cash and cash equivalents	$ 321	$ 2,605,681	$ 351,039	$ 2,183,493	$ 440,740	$ 2,558,112
Cash with fiscal agent	-	190,919	-	-	-	-
Receivables:						
Accrued interest	2	17,211	666	16,362	2,825	18,290
Due from other governments	-	-	-	22,256	-	-
Total assets	$ 323	$ 2,813,811	$ 351,705	$ 2,222,111	$ 443,565	$ 2,576,402
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	$ -	$ 370,243	$ 50,277	$ 282,763	$ -	$ 70,291
Wages payable	-	-	-	6,156	-	-
Due to other funds	-	-	-	1,000,000	-	-
Total liabilities	-	370,243	50,277	1,288,919	-	70,291
FUND BALANCE						
Restricted	-	2,443,568	301,428	933,192	443,565	2,506,111
Assigned	323	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	323	2,443,568	301,428	933,192	443,565	2,506,111
Total liabilities and fund balance	$ 323	$ 2,813,811	$ 351,705	$ 2,222,111	$ 443,565	$ 2,576,402

General Capital Improvement	Drainage Capital Improvement	Zoo Improvement	Transit Capital Improvement	Corp Yard Capital Improvement	Light Rail Transportation	Major Capital and Renovation	
							ASSETS
$ 1,587,475	$ 707,097	$ -	$ 24,028	$ 22,752	$ 756,758	$ 72,345	Cash and cash equivalents
-	-	-	-	-	-	-	Cash with fiscal agent
			-	-			Receivables:
6,867	3,006	54	11	-	3,210	400	Accrued interest
-	-	-	-	-	-	-	Due from other governments
$ 1,594,342	$ 710,103	$ 54	$ 24,039	$ 22,752	$ 759,968	$ 72,745	Total assets
							LIABILITIES AND FUND BALANCES
							LIABILITIES:
$ 182	$ 9,072	$ 4,267	$ -	$ -	$ 62	$ -	Accounts payable
-	-	-	-	-	-	-	Wages payable
-	-	47,339	-	-	-	-	Due to other funds
182	9,072	51,606	-	-	62	-	Total liabilities
							FUND BALANCE
1,594,160	701,031	-	24,039	22,752	759,906	-	Restricted
-	-	-	-	-	-	72,745	Assigned
-	-	(51,552)	-	-	-	-	Unassigned
1,594,160	701,031	(51,552)	24,039	22,752	759,906	72,745	Total fund balances
$ 1,594,342	$ 710,103	$ 54	$ 24,039	$ 22,752	$ 759,968	$ 72,745	Total liabilities and fund balances

CITY OF FOLSOM, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Library Construction	FSPA Infrastructure	Total Nonmajor Capital Projects Funds
ASSETS			
Cash and cash equivalents	$ 67,119	$ 198,612	$ 11,575,572
Cash with fiscal agent	-	-	190,919
Receivables:			
Accrued interest	372	1,051	70,327
Due from other governments	-	-	22,256
Total assets	$ 67,491	$ 199,663	$ 11,859,074
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ -	$ 174,517	$ 961,674
Wages payable	-	-	6,156
Due to other funds	-	-	1,047,339
Total liabilities	-	174,517	2,015,169
FUND BALANCE			
Restricted	-	25,146	9,754,898
Assigned	67,491	-	140,559
Unassigned	-	-	(51,552)
Total fund balances	67,491	25,146	9,843,905
Total liabilities and fund balances	$ 67,491	$ 199,663	$ 11,859,074

This page has been intentionally left blank.

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON MAJOR CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	1915 Assessment Districts	Mello-Roos Assessment Districts	2011 Non-Housing Bond Proceeds	Park Capital Improvement	Police Capital Improvement	Fire Capital Improvement
REVENUES:						
Intergovernmental	$ -	$ -	$ -	$ 22,256	$ -	$ -
Charges for current services	-	-	430,576	4,058,782	535,099	832,887
Interest	6	74,379	2,581	41,898	7,698	21,365
Miscellaneous	-	511,211	-	82,532	-	-
Total revenues	6	585,590	433,157	4,205,468	542,797	854,252
EXPENDITURES:						
Public ways and facilities	-	540	2,436	470,815	-	(27,683)
Capital outlay	-	2,711,597	129,293	4,959,399	-	1,421,296
Total expenditures	-	2,712,137	131,729	5,430,214	-	1,393,613
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6	(2,126,547)	301,428	(1,224,746)	542,797	(539,361)
OTHER FINANCING SOURCES (USES):						
Issuance of Loan	-	1,790,000	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(28,115)	(500,000)	(79,493)
Total other financing sources (uses)	-	1,790,000	-	(28,115)	(500,000)	(79,493)
NET CHANGE IN FUND BALANCE	6	(336,547)	301,428	(1,252,861)	42,797	(618,854)
FUND BALANCE, BEGINNING OF YEAR	317	2,780,115	-	2,186,053	400,768	3,124,965
FUND BALANCE, END OF YEAR	$ 323	$ 2,443,568	$ 301,428	$ 933,192	$ 443,565	$ 2,506,111

General Capital Improvement	Drainage Capital Improvement	Zoo Improvement	Transit Capital Improvement	Corp Yard Capital Improvement	Light Rail Transportation	Major Capital and Renovation	
							REVENUES:
$ -	$ -	$ -	$ -	$ -	$ -	$ -	Intergovernmental
1,468,166	831,628	-	24,012	602,752	442,305	-	Charges for current services
20,125	9,708	(127)	27	-	9,899	1,063	Interest
-	-	1,698	-	-	-	-	Miscellaneous
1,488,291	841,336	1,571	24,039	602,752	452,204	1,063	Total revenues
							EXPENDITURES:
10,350	147,272	(7,713)	-	580,000	3,760	-	Public ways and facilities
-	-	99,526	-	-	-	-	Capital outlay
10,350	147,272	91,813	-	580,000	3,760	-	Total expenditures
1,477,941	694,064	(90,242)	24,039	22,752	448,444	1,063	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
							OTHER FINANCING SOURCES (USES):
-	-	-	-	-	-	-	Issuance of Loan
-	-	100,000	-	-	-	-	Transfers in
(712,101)	(213,348)	(30,000)	-	-	(76,231)	-	Transfers out
(712,101)	(213,348)	70,000	-	-	(76,231)	-	Total other financing sources (uses)
765,840	480,716	(20,242)	24,039	22,752	372,213	1,063	NET CHANGE IN FUND BALANCE
828,320	220,315	(31,310)	-	-	387,693	71,682	FUND BALANCE, BEGINNING OF YEAR
$ 1,594,160	$ 701,031	$ (51,552)	$ 24,039	$ 22,752	$ 759,906	$ 72,745	FUND BALANCE, END OF YEAR

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON MAJOR CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Library Construction	FSPA Infrastructure	Total Nonmajor Capital Projects Funds
REVENUES:			
Intergovernmental	$ -	$ -	$ 22,256
Charges for current services	-	220,752	9,446,959
Interest	987	2,720	192,329
Miscellaneous	-	-	595,441
Total revenues	987	223,472	$10,256,985
EXPENDITURES:			
Public ways and facilities	-	332,291	1,512,068
Capital outlay	-	-	9,321,111
Total expenditures	-	332,291	10,833,179
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	987	(108,819)	$(576,194)
OTHER FINANCING SOURCES (USES):			
Issuance of Loan	-	-	1,790,000
Transfers in	-	-	100,000
Transfers out	-	(4,816)	(1,644,104)
Total other financing sources (uses)	-	(4,816)	245,896
NET CHANGE IN FUND BALANCE	987	(113,635)	(330,298)
FUND BALANCE, BEGINNING OF YEAR	66,504	138,781	10,174,203
FUND BALANCE, END OF YEAR	$ 67,491	$ 25,146	$ 9,843,905

PERMANENT FUND

Wetland/Open Space Maintenance:

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

CITY OF FOLSOM, CALIFORNIA

BALANCE SHEET
PERMANENT FUND
JUNE 30, 2018

	Wetland/ Open space Maintenance
ASSETS	
Cash and cash equivalents	$ 431,713
Receivables:	
Accrued interest	2,405
Total assets	$ 434,118
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ -
Total liabilities	-
FUND BALANCES	
Nonspendable	429,294
Restricted	4,824
Total fund balances	434,118
Total liabilities and fund balances	$ 434,118

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - PERMANENT FUND FOR THE YEAR ENDED JUNE 30, 2018

	Wetland/ Open space Maintenance
REVENUES:	
Interest	$ 6,340
Total revenues	6,340
EXPENDITURES:	
Current:	
Culture and recreation	-
Total expenditures	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,340
OTHER FINANCING SOURCES (USES):	
Transfers out	(1,516)
TOTAL OTHER FINANCING SOURCES (USES)	(1,516)
NET CHANGE IN FUND BALANCES	4,824
FUND BALANCES, BEGINNING OF YEAR	429,294
FUND BALANCES, END OF YEAR	$ 434,118

CITY OF FOLSOM, CALIFORNIA
WETLAND/OPEN SPACE MAINTENANCE PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Interest	$ 6,000	$ 6,000	$ 6,340	$ 340
Miscellaneous	5,516	5,516	-	(5,516)
Total revenues	11,516	11,516	6,340	(5,176)
EXPENDITURES				
Current operating:				
General government	10,000	10,000	-	10,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,516	1,516	6,340	4,824
OTHER FINANCING USES				
Transfers out	(1,516)	(1,516)	(1,516)	-
NET CHANGE IN FUND BALANCE	-	-	4,824	$ 4,824
FUND BALANCE - BEGINNING OF YEAR	429,294	429,294	429,294	
FUND BALANCE (DEFICIT)- END OF YEAR	$ 429,294	$ 429,294	$ 434,118	

NONMAJOR ENTERPRISE FUNDS

Transit:

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

Facilities Augmentation:

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

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2018

	Transit	Facilities Augmentation	Total Nonmajor Enterprise Funds
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,310,542	$ 475,085	$ 2,785,627
Receivables, net of allowances for uncollectibles	61,127	3,289	64,416
Due from other governments	236,066	-	236,066
Total current assets	2,607,735	478,374	3,086,109
Noncurrent assets			
Capital assets	3,389,335	-	3,389,335
Less: accumulated depreciation	(2,054,560)	-	(2,054,560)
Total noncurrent assets	1,334,775	-	1,334,775
Total assets	3,942,510	478,374	4,420,884
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	427,400	-	427,400
LIABILITIES			
Current liabilities			
Accounts payable	12,791	3,711	16,502
Wages payable	33,457	-	33,457
Accrued compensated absences payable within one year	17,947	-	17,947
Total current liabilities	64,195	3,711	67,906
Noncurrent liabilities			
Net pension liability	1,971,999	-	1,971,999
Accrued compensated absences payable after one year	29,828	-	29,828
Net OPEB liability	3,241,731	-	3,241,731
Total liabilities	5,307,753	3,711	5,311,464
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	69,370	-	69,370
Deferred inflows related to OPEB	254,622	-	254,622
NET POSITION			
Net investment in capital assets	1,334,775	-	1,334,775
Restricted for critical facilities use	-	127,565	127,565
Unrestricted	(2,596,610)	347,098	(2,249,512)
Total net position (deficit)	$(1,261,835)	$ 474,663	$ (787,172)

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FOR THE YEAR ENDED JUNE 30, 2018

	Transit	Facilities Augmentation	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Charges for services	$ 591,905	$ -	$ 591,905
OPERATING EXPENSES:			
Employee services	1,318,096	-	1,318,096
Utilities	10,449	-	10,449
Supplies	145,371	-	145,371
Maintenance and operations	98,744	-	98,744
Contractual services	1,673,535	-	1,673,535
Depreciation	576,018	-	576,018
Other	271,731	242,058	513,789
TOTAL OPERATING EXPENSES	4,093,944	242,058	4,336,002
OPERATING INCOME (LOSS)	(3,502,039)	(242,058)	(3,744,097)
NONOPERATING REVENUE (EXPENSES):			
Investment income (loss)	16,656	7,975	24,631
Intergovernmental revenue	3,417,821	-	3,417,821
Other	31,236	-	31,236
Total nonoperating revenue (expense)	3,465,713	7,975	3,473,688
INCOME (LOSS) BEFORE TRANSFERS	(36,326)	(234,083)	(270,409)
TRANSFERS:			
Capital contributions	-	583,056	583,056
Transfers out	(266,402)	(1,875)	(268,277)
TOTAL TRANSFERS	(266,402)	581,181	314,779
CHANGE IN NET POSITION	(302,728)	347,098	44,370
NET POSITION (DEFICIT), BEGINNING OF YEAR, RESTATED	(959,107)	127,565	(831,542)
NET POSITION (DEFICIT), END OF YEAR	$ (1,261,835)	$ 474,663	$ (787,172)

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
NON MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Transit	Facilities Augmentation	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	$ 542,991	$ -	$ 542,991
Payments to suppliers	(1,959,074)	(238,347)	(2,197,421)
Payments to employees	(1,232,914)	-	(1,232,914)
Payments to other governments	(160,864)	-	(160,864)
Cash paid to other sources	(240,495)	-	(240,495)
Net cash provided (used) for operating activities	(3,050,356)	(238,347)	(3,288,703)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(266,402)	(1,875)	(268,277)
Intergovernmental revenues	3,417,821	-	3,417,821
Net cash provided (used) for noncapital financing activities	3,151,419	(1,875)	3,149,544
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends on investments	21,490	7,689	29,179
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	122,553	(232,533)	(109,980)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,187,989	707,618	2,895,607
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,310,542	$ 475,085	$ 2,785,627
TOTAL CASH AND CASH EQUIVALENTS	$ 2,310,542	$ 475,085	$ 2,785,627

Continued on Next Page

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
NON MAJOR ENTERPRISE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Transit	Facilities Augmentation	TOTAL NON-MAJOR ENTERPRISE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES			
Operating income (loss)	$ (3,502,039)	$ (242,058)	$ (3,744,097)
Adjustments to reconcile operating loss to net cash used by operating activities			
Depreciation	576,018	-	576,018
Pension Expense	84,912		84,912
OPEB Expense	(4,161)		(4,161)
Other non-operating income (expense)	31,237	583,056	614,293
Increase (decrease) in:			
Accounts receivable	(48,914)	-	(48,914)
Due from other governments	(160,864)	-	(160,864)
Accounts payable	(30,976)	(579,345)	(610,321)
Wages payable	1,979	-	1,979
Compensated absences	2,452	-	2,452
Net cash provided (used) by operating activities	$ (3,050,356)	$ (238,347)	$ (3,288,703)

This page has been intentionally left blank.

INTERNAL SERVICE FUNDS

Equipment Replacement:

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

Risk Management:

To account for employee benefits and insurance.

Compensated Leaves:

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

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Equipment Replacement	Risk Management	Compensated Leaves	Total Internal Service Funds
ASSETS:				
Current assets				
Cash and cash equivalents	$ 3,283,560	$ 8,346,387	$ 1,421,130	$ 13,051,077
Receivables:				
General accounts	52,550	-	-	52,550
Accrued interest	17,823	21,380	6,268	45,471
Retiree health benefits	-	49,503	-	49,503
Insurance deposits	-	3,034,476	-	3,034,476
Total current assets	3,353,933	11,451,746	1,427,398	16,233,077
Noncurrent assets				
Capital assets	4,741,577	-	-	4,741,577
Less: accumulated depreciation	(4,699,833)	-	-	(4,699,833)
Total noncurrent assets	41,744	-	-	41,744
Total assets	3,395,677	11,451,746	1,427,398	16,274,821
LIABILITIES:				
Current liabilities				
Accounts payable	-	15,418	-	15,418
Wages payable	-	405,763	16,498	422,261
Unearned revenue	-	150	-	150
Total liabilities	-	421,331	16,498	437,829
NET POSITION:				
Net investment in capital assets	41,744	-	-	41,744
Unrestricted	3,353,933	11,030,415	1,410,900	15,795,248
Total net position	$ 3,395,677	$ 11,030,415	$ 1,410,900	$ 15,836,992

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	Equipment Replacement	Risk Management	Compensated Leaves	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	$ 122,950	$ 17,549,062	$ 837,799	$ 18,509,811
Total operating revenues	122,950	17,549,062	837,799	18,509,811
OPERATING EXPENSES:				
Employee services	-	16,401,551	546,202	16,947,753
Depreciation	29,928	-	-	29,928
Total operating expenses	29,928	16,401,551	546,202	16,977,681
OPERATING INCOME (LOSS)	93,022	1,147,511	291,597	1,532,130
NONOPERATING REVENUE (EXPENSES):				
Investment income	11,475	(39,341)	16,911	(10,955)
Total nonoperating revenue (expenses)	11,475	(39,341)	16,911	(10,955)
Income (Loss) before transfers	104,497	1,108,170	308,508	1,521,175
TRANSFERS:				
Transfers out	(8,874)	-	-	(8,874)
CHANGE IN NET POSITION	95,623	1,108,170	308,508	1,512,301
NET POSITION, BEGINNING OF YEAR	3,300,054	9,922,245	1,102,392	14,324,691
NET POSITION, END OF YEAR	$ 3,395,677	$ 11,030,415	$ 1,410,900	$ 15,836,992

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
NON MAJOR INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Equipment Replacement	Risk Management	Compensated Leaves	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 70,401	$ 17,539,808	$ 837,799	$ 18,448,008
Payments to suppliers	-	(8,089)	-	(8,089)
Payments to employees	-	(16,010,201)	(560,135)	(16,570,336)
Cash received (used) from other sources	-	-	14,945	14,945
Net cash provided (used) by operating activities	70,401	1,521,518	292,609	1,884,528
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds		525,151		525,151
Transfers to other funds	(8,874)		-	(8,874)
Net cash provided (used) by noncapital financing activities	(8,874)	525,151	-	516,277
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends on investments	6,327	(39,341)	-	(33,014)
CHANGE IN CASH AND CASH EQUIVALENTS	67,854	2,007,328	292,609	2,367,791
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,215,706	6,339,059	1,128,521	10,683,286
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,283,560	$ 8,346,387	$ 1,421,130	$ 13,051,077
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 93,022	$ 1,147,511	$ 291,597	$ 1,532,130
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	29,929	-	-	29,929
Other Non-Operating income (expense)	-	-	14,945	14,945
Increase (decrease) in:				
Accounts receivable	(52,550)	(9,254)	-	(61,804)
Accounts payable	-	(8,089)	-	(8,089)
Wages payable	-	391,350	(13,933)	377,417
Net cash provided (used) by operating activities	$ 70,401	$ 1,521,518	$ 292,609	$ 1,884,528

AGENCY FUNDS

1915 Assessment Districts:

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

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

Mello-Roos Districts:

- Willow Creek Community Facilities District No. 1 Refunding
- Natoma Station Community Facilities District No. 2 Refunding
- Folsom Heights Community Facilities District No. 3 Refunding
- Broadstone Community Facilities District No. 4 Refunding
- Broadstone 2 Community Facilities District No. 7
- Parkway Community Facilities District No. 8
- Willow Creek Estates South Community Facilities District No. 8
- Empire Ranch Community Facilities District No. 10
- Willow Springs Community Facilities District No. 11
- Islands IA2 Community Facilities District No. 16
- Parkway Community Facilities District No. 14
- Islands at Parkshore 1 Community Facilities District No. 16
- Willow Hill Pipeline Community Facilities District No. 17
- Mangini Community Facilities District No. 19
- Russell Ranch Community Facilities District No. 20

Business and Improvement District

- Folsom Historic District

CITY OF FOLSOM, CALIFORNIA

COMBINING BALANCE SHEET
AGENCY FUNDS
JUNE 30, 2018

	Blue Ravine Oaks East	Legends Refunding	Natoma Station	Folsom Auto Plaza	Lake Natoma Shores	Prairie Oaks	Cobble Hills Ridge
ASSETS							
Cash and cash equivalents	$ 7,609	$ 7,186	$ 57,684	$ 63,306	$ 7,952	$ 578,169	$ 233,376
Cash with fiscal agent	-	-	-	-	-	-	-
Receivables:							
Accrued interest	43	88	485	1,125	44	7,171	759
Due from other governments	-	(105)	74	1	-	(4,691)	1,771
Restricted assets:							
Cash and cash equivalents	-	-	30,673	1	-	1,285,423	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total assets	$ 7,652	$ 7,169	$ 88,916	$ 64,433	$ 7,996	$ 1,866,072	$ 235,906
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	$ -	$ -	$ 3,751	$ -	$ -	$ 635	$ -
Rebatable Arbitrage	-	-	-	-	-	-	-
Due to assessment holders	7,652	7,169	85,165	64,433	7,996	1,865,437	235,906
Total liabilities	$ 7,652	$ 7,169	$ 88,916	$ 64,433	$ 7,996	$ 1,866,072	$ 235,906

Ridgeview	Cresleigh Natoma	Hannaford Crossing	CFD 2013-01 Water Fac & Sup	Willow Creek CFD #1	Natoma Station CFD #2	Folsom Heights CFD #3	
							ASSETS
$ 275,458	$ 113,498	$ 251,852	$ 1,616,849	$ 1,286	$ 676,420	$ 1,308	Cash and cash equivalents
-	-	-	-	-	19	-	Cash with fiscal agent
							Receivables:
1,045	301	934	5,360	7	3,988	18	Accrued interest
1,135	552	2,857	(76)	5,539	71,173	(1,225)	Due from other governments
							Restricted assets:
-	-	-	-	-	-	-	Cash and cash equivalents
-	-	-	-	-	1,074,054	-	Cash with fiscal agent
$ 277,638	$ 114,351	$ 255,643	$ 1,622,133	$ 6,832	$ 1,825,654	$ 101	Total assets
							LIABILITIES AND FUND BALANCES
							LIABILITIES:
$ -	$ -	$ 73	$ -	$ -	$ -	$ 50	Accounts payable
-	-	-	-	497	-	-	Rebatable Arbitrage
277,638	114,351	255,570	1,622,133	6,335	1,825,654	51	Due to assessment holders
$ 277,638	$ 114,351	$ 255,643	$ 1,622,133	$ 6,832	$ 1,825,654	$ 101	Total liabilities

CITY OF FOLSOM, CALIFORNIA

COMBINING BALANCE SHEET (CONTINUED)
AGENCY FUNDS
JUNE 30, 2018

	Broadstone CFD #4	Broadstone 2 CFD #7	Parkway CFD #8	Willow Creek Estates South CFD #8	Empire Ranch CFD #10	Willow Springs CFD #11	CFD #16 Islands IA2
ASSETS							
Cash and cash equivalents	$ -	$ 2,752,238	$ 372,687	$ 33,840	$ 4,197,376	$ -	$ 282,561
Cash with fiscal agent	125,429	134,350	3,108	2	1,228	3,970	5,066,385
Receivables:							
Accrued interest	164	8,282	1,110	247	9,964	104	467
Due from other governments	(465)	87,288	3,888	(101)	69,408	3,783	344
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Cash with fiscal agent	216,627	2,299,312	324,247	-	4,469,535	-	430,680
Total assets	$ 341,755	$ 5,281,470	$ 705,040	$ 33,988	$ 8,747,511	$ 7,857	$ 5,780,437
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	$ 81,648	$ (51,042)	$ 1	$ -	$ (243,319)	$ 243,322	$ -
Rebatable Arbitrage	-	-	-	-	-	-	-
Due to assessment holders	260,107	5,332,512	705,039	33,988	8,990,830	(235,465)	5,780,437
Total liabilities	$ 341,755	$ 5,281,470	$ 705,040	$ 33,988	$ 8,747,511	$ 7,857	$ 5,780,437

Parkway CFD #14	Folsom Historic District	CFD #16 Islands at Parkshore 1	CFD #17 Willow Hill Pipeline	Mangini CFD #19	Russell Ranch CFD #20	Total Agency Funds	
							ASSETS
$ 990,418	$ 4,374	$ 17,112	$ 742,291	$ -	$ 15,000	$ 13,299,850	Cash and cash equivalents
9	-	-	281,816	3,463,201	8,217,316	17,296,833	Cash with fiscal agent
							Receivables:
2,181	91	80	6,802	-	-	50,860	Accrued interest
27,668	3,317	2,032	(135)	-	-	274,032	Due from other governments
							Restricted assets:
-	-	-	-	-	-	1,316,097	Cash and cash equivalents
-	-	-	410,342	2,199,391	1,022,500	12,446,688	Cash with fiscal agent
$ 1,020,276	$ 7,782	$ 19,224	$ 1,441,116	$ 5,662,592	$ 9,254,816	$ 44,684,360	Total assets
							LIABILITIES AND FUND BALANCES
							LIABILITIES:
$ -	$ -	$ -	$ (2,800)	$ 2,800	$ -	$ 35,119	Accounts payable
-	-	-	-	-	-	497	Rebatable Arbitrage
1,020,276	7,782	19,224	1,443,916	5,659,792	9,254,816	44,648,744	Due to assessment holders
$ 1,020,276	$ 7,782	$ 19,224	$ 1,441,116	$ 5,662,592	$ 9,254,816	$ 44,684,360	Total liabilities

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Blue Ravine Oaks East				
Assets				
Cash	$ 7,508	$ 101	$ -	$ 7,609
Accrued interest	33	127	117	43
Due from other governments	-	-	-	-
Restricted cash	-	-	-	-
Total assets	$ 7,541	$ 228	$ 117	$ 7,652
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Due to assessment holders	7,541	111	-	7,652
Total liabilities	$ 7,541	$ 111	$ -	$ 7,652
Legends Refunding				
Assets				
Cash	$ 48,406	$ 759	$ 41,979	$ 7,186
Accrued interest	101	217	230	88
Due from other governments	593	-	698	(105)
Total assets	$ 49,100	$ 976	$ 42,907	$ 7,169
Liabilities				
Accounts payable	$ -	$ 41,543	$ 41,543	$ -
Due to assessment holders	49,100	49	41,980	7,169
Total liabilities	$ 49,100	$ 41,592	$ 83,523	$ 7,169
Natoma Station				
Assets				
Cash	$ 74,576	$ 15,372	$ 32,264	$ 57,684
Accrued interest	396	1,440	1,351	485
Due from other governments	409	74	409	74
Restricted cash	30,673	-	-	30,673
Total assets	$ 106,054	$ 16,886	$ 34,024	$ 88,916
Liabilities				
Accounts payable	$ 1	$ 36,014	$ 32,264	$ 3,751
Due to assessment holders	106,053	15,126	36,014	85,165
Total liabilities	$ 106,054	$ 51,140	$ 68,278	$ 88,916

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Folsom Auto Plaza				
Assets				
Cash	$ 65,952	$ 857	$ 3,503	$ 63,306
Accrued interest	3,173	1,078	3,126	1,125
Due from other governments	1	-	-	1
Restricted cash	1	-	-	1
Total assets	$ 69,127	$ 1,935	$ 6,629	$ 64,433
Liabilities				
Accounts payable	$ -	$ 3,503	$ 3,503	$ -
Due to assessment holders	69,127	(1,191)	3,503	64,433
Total liabilities	$ 69,127	$ 2,312	$ 7,006	$ 64,433
Lake Natoma Shores				
Assets				
Cash	$ 7,846	$ 106	$ -	$ 7,952
Accrued interest	33	134	123	44
Due from other governments	-	-	-	-
Total assets	$ 7,879	$ 240	$ 123	$ 7,996
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Due to assessment holders	7,879	117	-	7,996
Total liabilities	$ 7,879	$ 117	$ -	$ 7,996
Prairie Oaks Refunding				
Assets				
Cash	$ 722,215	$ 1,583,852	$ 1,727,898	$ 578,169
Accrued interest	5,377	21,769	19,975	7,171
Due from other governments	1,422	15,184	21,297	(4,691)
Restricted cash	1,096,993	188,430	-	1,285,423
Total assets	$ 1,826,007	$ 1,809,235	$ 1,769,170	$ 1,866,072
Liabilities				
Accounts payable	$ 635	$ 1,695,550	$ 1,695,550	$ 635
Due to assessment holders	1,825,372	1,767,961	1,727,896	1,865,437
Total liabilities	$ 1,826,007	$ 3,463,511	$ 3,423,446	$ 1,866,072

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Cobble Hills Ridge Refunding				
Assets				
Cash	$ 183,439	$ 166,224	$ 116,287	$ 233,376
Accrued interest	462	2,398	2,101	759
Due from other governments	1,529	1,771	1,529	1,771
Total assets	$ 185,430	$ 170,393	$ 119,917	$ 235,906
Liabilities				
Accounts payable	$ -	$ 112,987	$ 112,987	$ -
Due to assessment holders	185,430	166,760	116,284	235,906
Total liabilities	$ 185,430	$ 279,747	$ 229,271	$ 235,906
Ridgeview Refunding				
Assets				
Cash	$ 229,033	$ 155,715	$ 109,290	$ 275,458
Accrued interest	667	3,281	2,903	1,045
Due from other governments	3,402	1,135	3,402	1,135
Restricted cash	-	-	-	-
Total assets	$ 233,102	$ 160,131	$ 115,595	$ 277,638
Liabilities				
Accounts payable	$ -	$ 106,818	$ 106,818	$ -
Due to assessment holders	233,102	153,824	109,288	277,638
Total liabilities	$ 233,102	$ 260,642	$ 216,106	$ 277,638
Cresleigh Natoma Refunding				
Assets				
Cash	$ 98,165	$ 107,617	$ 92,284	$ 113,498
Accrued interest	203	928	830	301
Due from other governments	325	552	325	552
Total assets	$ 98,693	$ 109,097	$ 93,439	$ 114,351
Liabilities				
Accounts payable	$ -	$ 91,188	$ 91,188	$ -
Rebateable arbitrage	-	-	-	-
Due to assessment holders	98,693	107,942	92,284	114,351
Total liabilities	$ 98,693	$ 199,130	$ 183,472	$ 114,351

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Hannaford Crossing Refunding				
Assets				
Cash	$ 240,808	$ 194,418	$ 183,374	$ 251,852
Accrued interest	660	2,877	2,603	934
Due from other governments	4,076	2,857	4,076	2,857
Total assets	$ 245,544	$ 200,152	$ 190,053	$ 255,643
Liabilities				
Accounts payable	$ 73	$ 183,374	$ 183,374	$ 73
Due to assessment holders	245,471	195,636	185,537	255,570
Total liabilities	$ 245,544	$ 379,010	$ 368,911	$ 255,643
CFD 2013-01 Water Fac & Sup				
Assets				
Cash	$ 648,831	$ 991,574	$ 23,556	$ 1,616,849
Accrued interest	4,057	16,226	14,923	5,360
Due from other governments	30,655	-	30,731	(76)
Restricted cash	-		-	-
Total assets	$ 683,543	$ 1,007,800	$ 69,210	$ 1,622,133
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Due to assessment holders	683,543	962,145	23,555	1,622,133
Total liabilities	$ 683,543	$ 962,145	$ 23,555	$ 1,622,133
Willow Creek CFD #1 Refunding				
Assets				
Cash	$ 1,269	$ 17	$ -	$ 1,286
Accrued interest	5	22	20	7
Due from other governments	5,539	-	-	5,539
Total assets	$ 6,813	$ 39	$ 20	$ 6,832
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Rebateable arbitrage	497	-	-	497
Due to assessment holders	6,316	19	-	6,335
Total liabilities	$ 6,813	$ 19	$ -	$ 6,832

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Natoma Station CFD #2 Refunding				
Assets				
Cash	$ 1,080,702	$ 944,526	$ 1,348,808	$ 676,420
Cash with fiscal agent	13	1,301,001	1,300,995	19
Accrued interest	4,432	10,674	11,118	3,988
Due from other governments	7,809	71,173	7,809	71,173
Restricted cash	1,067,394	6,660	-	1,074,054
Total assets	$ 2,160,350	$ 2,334,034	$ 2,668,730	$ 1,825,654
Liabilities				
Accounts payable	$ -	$ 1,316,371	$ 1,316,371	$ -
Due to assessment holders	2,160,350	1,021,485	1,356,181	1,825,654
Total liabilities	$ 2,160,350	$ 2,337,856	$ 2,672,552	$ 1,825,654
Folsom Heights CFD #3 Refunding				
Assets				
Cash	$ 3,282	$ 44	$ 2,018	$ 1,308
Cash with fiscal agent	-	-	-	-
Accrued interest	14	56	52	18
Due from other governments	(1,225)	-	-	(1,225)
Restricted cash	-	-	-	-
Total assets	$ 2,071	$ 100	$ 2,070	$ 101
Liabilities				
Accounts payable	$ 50	$ -	$ -	$ 50
Due to assessment holders	2,021	48	2,018	51
Total liabilities	$ 2,071	$ 48	$ 2,018	$ 101
Broadstone CFD # 4 Refunding				
Assets				
Cash	$ 248,065	$ 6,295	$ 254,360	$ -
Cash with fiscal agent	1	321,159	195,731	125,429
Accrued interest	612	-	448	164
Due from other governments	1,826	-	2,291	(465)
Restricted cash	345,882	-	129,255	216,627
Total assets	$ 596,386	$ 327,454	$ 582,085	$ 341,755
Liabilities				
Accounts payable	$ -	$ 336,008	$ 254,360	$ 81,648
Due to assessment holders	596,386	6,569	342,848	260,107
Total liabilities	$ 596,386	$ 342,577	$ 597,208	$ 341,755

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Broadstone 2 CFD # 7				
Assets				
Cash	$ 2,656,005	$ 2,714,645	$ 2,618,412	$ 2,752,238
Cash with fiscal agent	214,762	82,741	163,153	134,350
Accrued interest	6,965	24,379	23,062	8,282
Due from other governments	39,929	87,288	39,929	87,288
Restricted cash	2,287,947	11,365	-	2,299,312
Total assets	$ 5,205,608	$ 2,920,418	$ 2,844,556	$ 5,281,470
Liabilities				
Accounts payable	$ 30,601	$ 2,371,593	$ 2,453,236	$ (51,042)
Due to assessment holders	5,175,007	2,694,274	2,536,769	5,332,512
Total liabilities	$ 5,205,608	$ 5,065,867	$ 4,990,005	$ 5,281,470
Parkway CFD # 8				
Assets				
Cash	$ 362,579	$ 357,818	$ 347,710	$ 372,687
Cash with fiscal agent	4,386	2,677	3,955	3,108
Accrued interest	911	3,281	3,082	1,110
Due from other governments	3,602	3,888	3,602	3,888
Restricted cash	323,281	966	-	324,247
Total assets	$ 694,759	$ 368,630	$ 358,349	$ 705,040
Liabilities				
Accounts payable	$ 1	$ 341,014	$ 341,014	$ 1
Due to assessment holders	694,758	357,989	347,708	705,039
Total liabilities	$ 694,759	$ 699,003	$ 688,722	$ 705,040
Willow Creek Estates South CFD # 9				
Assets				
Cash	$ 63,347	$ 7,998	$ 37,505	$ 33,840
Cash with fiscal agent	6,583	28,746	35,327	2
Accrued interest	355	571	679	247
Due from other governments	644	-	745	(101)
Restricted cash	171,000	-	171,000	-
Total assets	$ 241,929	$ 37,315	$ 245,256	$ 33,988
Liabilities				
Accounts payable	$ -	$ 30,705	$ 30,705	$ -
Due to assessment holders	241,929	459	208,400	33,988
Total liabilities	$ 241,929	$ 31,164	$ 239,105	$ 33,988

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Empire Ranch CFD # 10				
Assets				
Cash	$ 4,048,595	$ 5,656,716	$ 5,507,935	$ 4,197,376
Cash with fiscal agent	1,515	2,738,437	2,738,724	1,228
Accrued interest	9,075	28,653	27,764	9,964
Due from other governments	93,067	69,408	93,067	69,408
Restricted cash	6,010,211	2,623,206	4,163,882	4,469,535
Total assets	$ 10,162,463	$ 11,116,420	$ 12,531,372	$ 8,747,511
Liabilities				
Accounts payable	$ -	$ 4,701,264	$ 4,944,583	$ (243,319)
Due to assessment holders	10,162,463	36,141,653	37,313,286	8,990,830
Total liabilities	$ 10,162,463	$ 40,842,917	$ 42,257,869	$ 8,747,511
Willow Springs CFD # 11				
Assets				
Cash	$ 90,681	$ 465,178	$ 555,859	$ -
Cash with fiscal agent	1,435,345	743,372	2,174,747	3,970
Accrued interest	392	-	288	104
Due from other governments	13,159	3,783	13,159	3,783
Restricted cash	864,734	669	865,403	-
Total assets	$ 2,404,311	$ 1,213,002	$ 3,609,456	$ 7,857
Liabilities				
Accounts payable	$ 1	$ 776,470	$ 533,149	$ 243,322
Due to assessment holders	2,404,310	2,009,870	4,649,645	(235,465)
Total liabilities	$ 2,404,311	$ 2,786,340	$ 5,182,794	$ 7,857
CFD #16 Islands IA2				
Assets				
Cash	$ 7,199	$ 279,991	$ 4,629	$ 282,561
Cash with fiscal agent	-	5,211,091	144,706	5,066,385
Accrued interest	73	1,700	1,306	467
Due from other governments	723	344	723	344
Restricted cash	-	430,680	-	430,680
Total assets	$ 7,995	$ 5,923,806	$ 151,364	$ 5,780,437
Liabilities				
Accounts payable	$ -	$ 4,629	$ 4,629	$ -
Due to assessment holders	7,995	6,068,183	295,741	5,780,437
Total liabilities	$ 7,995	$ 6,072,812	$ 300,370	$ 5,780,437

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Parkway CFD # 14				
Assets				
Cash	$ 991,202	$ 1,387,419	$ 1,388,203	$ 990,418
Cash with fiscal agent	62,816	1,002,472	1,065,279	9
Accrued interest	2,272	5,986	6,077	2,181
Due from other governments	62,860	27,668	62,860	27,668
Restricted cash	1,414,922	1,045	1,415,967	-
Total assets	$ 2,534,072	$ 2,424,590	$ 3,938,386	$ 1,020,276
Liabilities				
Accounts payable	$ -	$ 1,262,634	$ 1,262,634	$ -
Due to assessment holders	2,534,072	15,902,506	17,416,302	1,020,276
Total liabilities	$ 2,534,072	$ 17,165,140	$ 18,678,936	$ 1,020,276
Folsom Historic District				
Assets				
Cash	$ 3,813	$ 140,763	$ 140,202	$ 4,374
Cash with fiscal agent	-	-	-	-
Accrued interest	94	260	263	91
Due from other governments	3,324	3,317	3,324	3,317
Restricted cash	-	-	-	-
Total assets	$ 7,231	$ 144,340	$ 143,789	$ 7,782
Liabilities				
Accounts payable	$ -	$ 140,202	$ 140,202	$ -
Due to assessment holders	7,231	140,753	140,202	7,782
Total liabilities	$ 7,231	$ 280,955	$ 280,404	$ 7,782
CFD #16 Islands at Parkshore 1				
Assets				
Cash	$ -	$ 31,338	$ 14,226	$ 17,112
Cash with fiscal agent	-	-	-	-
Accrued interest	112	77	109	80
Due from other governments	2,201	-	169	2,032
Restricted cash	-	-	-	-
Total assets	$ 2,313	$ 31,415	$ 14,504	$ 19,224
Liabilities				
Accounts payable	$ 4,557	$ 5,063	$ 9,620	$ -
Due to assessment holders	(2,244)	31,137	9,669	19,224
Total liabilities	$ 2,313	$ 36,200	$ 19,289	$ 19,224

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
CFD #17 Willow Hill Pipeline				
Assets				
Cash	$ 123,429	$ 1,048,142	$ 429,280	$ 742,291
Cash with fiscal agent	1,080,700	3,411	802,295	281,816
Accrued interest	16,105	9,648	18,951	6,802
Due from other governments	26,292	-	26,427	(135)
Restricted cash	409,119	1,223	-	410,342
Total assets	$ 1,655,645	$ 1,062,424	$ 1,276,953	$ 1,441,116
Liabilities				
Accounts payable	$ -	$ 418,400	$ 421,200	$ (2,800)
Due to assessment holders	1,655,645	1,017,046	1,228,775	1,443,916
Total liabilities	$ 1,655,645	$ 1,435,446	$ 1,649,975	$ 1,441,116
CFD #19 Mangini				
Assets				
Cash	$ -	$ -	$ -	$ -
Cash with fiscal agent	-	28,408,699	24,945,498	3,463,201
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted cash	-	2,204,750	5,359	2,199,391
Total assets	$ -	$ 30,613,449	$ 24,950,857	$ 5,662,592
Liabilities				
Accounts payable	$ -	$ 2,800	$ -	$ 2,800
Due to assessment holders	-	31,027,734	25,367,942	5,659,792
Total liabilities	$ -	$ 31,030,534	$ 25,367,942	$ 5,662,592
CFD #20 Russell Ranch				
Assets				
Cash	$ -	$ 15,000	$ -	$ 15,000
Cash with fiscal agent	-	13,123,204	4,905,888	8,217,316
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted cash	-	1,022,500	-	1,022,500
Total assets	$ -	$ 14,160,704	$ 4,905,888	$ 9,254,816
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Due to assessment holders	-	14,281,567	5,026,751	9,254,816
Total liabilities	$ -	$ 14,281,567	$ 5,026,751	$ 9,254,816
		Grand Totals:		
		Assets		$ 44,684,360
		Liabilities		$ 44,684,360

STATISTICAL SECTION

CITY OF
FOLSOM
DISTINCTIVE BY NATURE

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

Financial Trends Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

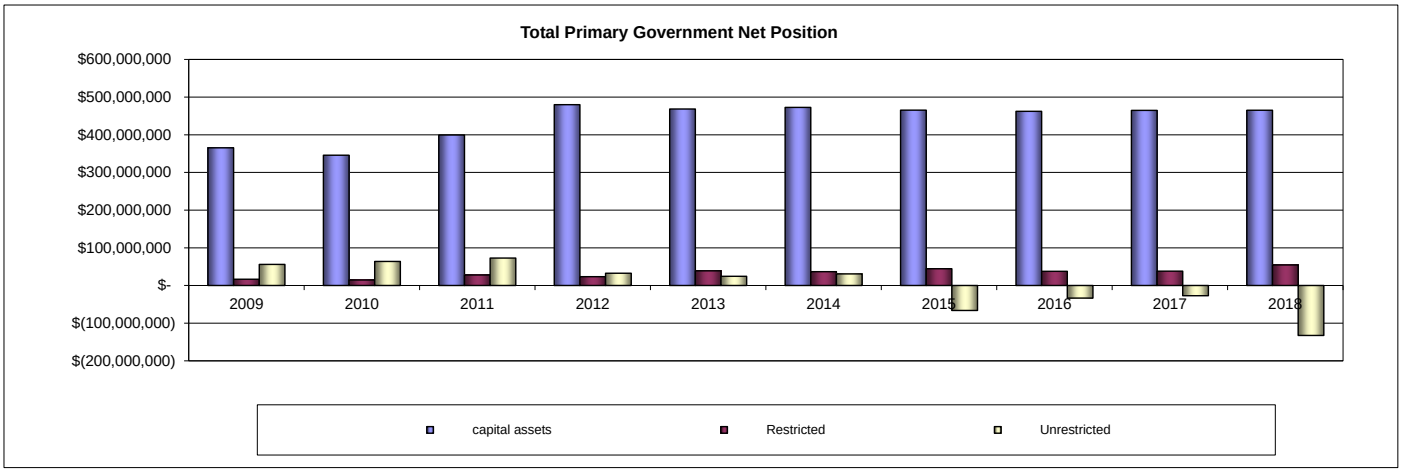
Demographic and Economic Information

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

Operating Information

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

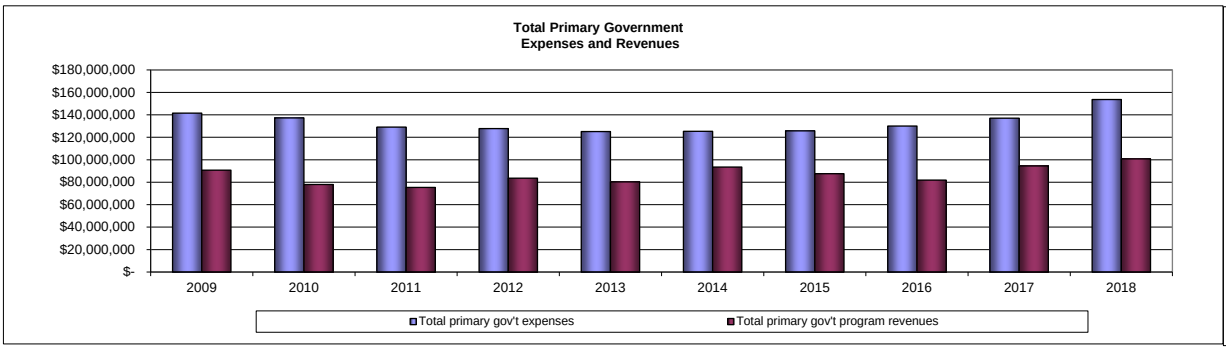
Schedule 1
CITY OF FOLSOM, CALIFORNIA
Net Position by Component,
Fiscal Year 2018, With Ten Year Trend Analysis
(accrual basis of accounting)



	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	$ 249,294,117	$ 235,070,576	$ 289,842,203	$ 373,572,187	$ 364,036,649	$ 368,751,791	$ 352,122,867	$ 345,540,942	$ 342,339,996	$ 341,907,988
Restricted	16,612,650	14,622,264	27,559,119	23,073,659	38,567,808	36,162,905	43,903,207	37,105,814	37,928,602	54,379,397
Unrestricted (1)	47,326,828	56,563,586	65,071,325	19,524,175	3,184,135	1,634,857	(71,702,596)	(39,219,804)	(37,637,622)	(133,460,554)
Total gov't activities net position	$ 313,233,595	$ 306,256,426	$ 382,472,647	$ 416,170,021	$ 405,788,592	$ 406,549,553	$ 324,323,478	$ 343,426,952	$ 342,630,976	$ 262,826,831
Business-type activities										
Net investment in capital assets	$ 116,127,108	$ 110,727,586	$ 109,579,115	$ 106,342,185	$ 104,389,312	$ 103,935,042	$ 113,263,233	$ 116,725,962	$ 122,445,820	$ 123,233,937
Restricted			326,097	326,097	326,097	512,201	520,858	527,202	127,565	127,565
Unrestricted	8,632,023	7,258,017	7,735,887	13,009,488	21,212,232	29,128,818	5,424,024	5,779,903	10,511,992	852,368
Total bus-type activities net position	$ 124,759,131	$ 117,985,603	$ 117,641,099	$ 119,677,770	$ 125,927,641	$ 133,576,061	$ 119,208,115	$ 123,033,067	$ 133,085,377	$ 124,213,870
Primary government										
Net investment in capital assets	$ 365,421,225	$ 345,798,162	$ 399,421,318	$ 479,914,372	$ 468,425,961	$ 472,686,833	$ 465,386,100	$ 462,266,904	$ 464,785,816	$ 465,141,925
Restricted	16,612,650	14,622,264	27,885,216	23,399,756	38,893,905	36,675,106	44,424,065	37,633,016	38,056,167	54,506,962
Unrestricted	55,958,851	63,821,603	72,807,212	32,533,663	24,396,367	30,763,675	(66,278,572)	(33,439,901)	(27,125,630)	(132,608,186)
Total primary gov't net position	$ 437,992,726	$ 424,242,029	$ 500,113,746	$ 535,847,791	$ 531,716,233	$ 540,125,614	$ 443,531,593	$ 466,460,019	$ 475,716,353	$ 387,040,701

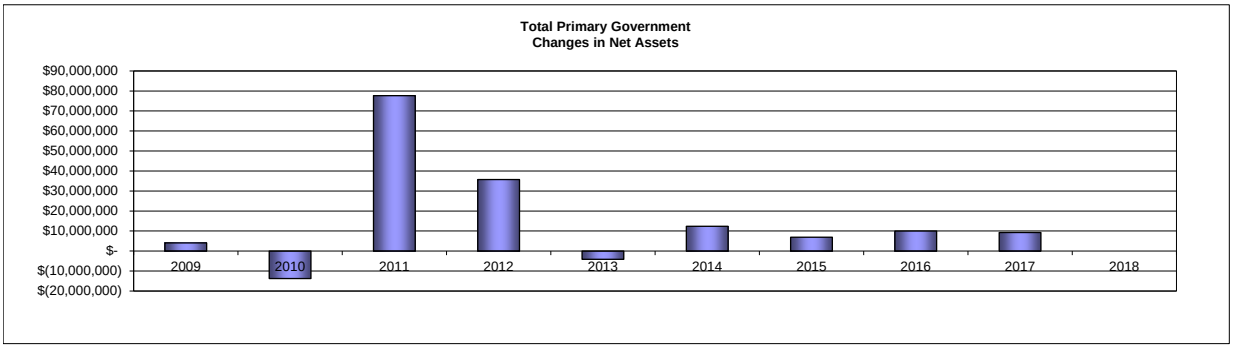
Source: The City's Comprehensive Annual Financial Reports
(1) FY12 decrease in Governmental activities, Unrestricted balance due to the State dissolution of RDA during FY12. FY14 decrease due to implementation of GASB 68

Schedule 2
CITY OF FOLSOM, CALIFORNIA
Changes in Net Position
Fiscal Year 2018, With Ten Year Trend Analysis
(accrual basis of accounting)



	Fiscal Year									
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Expenses										
Governmental activities:										
General government	$ 20,939,721	$ 21,503,751	$ 21,216,003	$ 15,526,948	$ 14,992,033	$ 16,949,780	$ 16,789,611	$ 16,842,039	$ 17,619,148	$ 21,571,309
Public safety	35,522,285	35,359,762	32,731,317	32,952,091	33,603,561	31,853,391	31,457,224	33,732,869	38,519,301	42,267,172
Public ways and facilities	23,627,838	21,212,291	19,795,837	24,285,037	24,461,319	23,900,284	24,655,423	23,760,187	23,789,377	26,740,758
Community services	4,371,136	3,503,233	3,030,879	3,100,464	3,068,322	3,293,971	3,358,210	3,795,881	4,611,256	6,328,357
Culture and recreation	15,608,095	13,882,885	13,142,439	13,256,421	13,928,174	13,949,169	13,917,727	15,226,602	16,043,161	19,316,157
Interest and fiscal changes	8,074,433	8,734,364	10,120,844	9,892,431	6,623,777	6,280,411	5,669,088	5,080,330	4,679,003	2,510,553
Total gov't activities expenses	108,143,508	104,196,287	100,037,320	99,013,392	96,677,186	96,227,005	95,847,283	98,437,909	105,261,245	118,734,307
Business-type activities:										
Water	15,785,836	18,171,481	13,578,162	13,289,143	11,920,409	12,088,326	12,666,550	12,704,599	13,169,040	14,416,465
Sewer	4,985,197	3,917,967	3,999,387	4,260,464	4,450,646	5,154,810	5,175,177	5,419,982	5,254,071	5,777,106
Solid Waste	10,225,341	9,098,186	8,126,349	7,804,698	8,358,745	8,518,137	8,702,357	9,347,062	9,488,964	10,383,837
Transit	2,172,862	1,869,090	3,347,961	3,394,091	3,704,361	3,316,706	3,344,616	3,709,459	3,847,851	4,093,944
Facilities Augmentation	210,976	9,500	-	-	-	23,375	-	407,237	3,040	242,058
Recreation	-	-	-	-	-	-	-	-	-	-
Total bus-type activities expense	33,380,212	33,066,224	29,051,859	28,748,396	28,434,161	29,101,354	29,888,700	31,588,339	31,762,966	34,913,410
Total primary gov't expenses	$141,523,720	$137,262,511	$129,089,179	$127,761,788	$125,111,347	$125,328,359	$125,735,983	$130,026,248	$137,024,211	$153,647,717
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 5,111,144	$ 11,247,511	$ 7,975,006	$ 8,179,094	$ 6,702,220	$ 7,709,627	$ 7,552,485	$ 7,496,678	$ 7,950,354	$ 9,259,206
Public safety	4,964,922	3,279,718	2,773,512	2,933,392	3,716,287	4,576,667	4,913,124	5,125,847	5,618,969	6,784,548
Public ways and facilities	12,335,305	9,008,716	8,385,271	8,090,723	9,820,449	12,599,223	11,013,797	7,997,349	8,565,624	12,763,442
Community services	3,012,191	1,710,336	2,076,218	1,745,987	2,368,217	3,498,093	4,119,947	4,986,243	4,552,806	6,861,396
Culture and recreation	4,750,580	4,881,270	4,756,192	4,913,376	5,449,076	6,364,798	6,244,176	4,966,763	6,198,906	10,852,607
Operating grants and contributions	9,874,356	1,953,565	2,430,713	2,667,867	2,090,718	2,883,514	2,631,565	2,354,928	2,233,379	2,774,627
Capital grants and contributions	19,193,100	15,472,115	13,168,019	21,050,894	12,646,821	16,542,881	14,275,960	11,437,916	14,891,177	10,798,615
Total gov't activities program revenue	59,241,598	47,553,231	41,564,931	49,581,333	42,793,788	54,174,803	50,751,054	44,365,724	50,011,215	60,094,441
Business-type activities:										
Charges for services:										
Water	12,424,614	11,806,006	12,271,149	12,684,028	14,730,130	14,201,854	13,105,941	12,205,895	13,605,851	14,119,233
Sewer	5,817,865	5,907,107	5,998,304	5,971,558	5,990,811	6,102,878	6,163,970	6,278,631	6,531,021	6,780,004
Solid Waste	9,814,954	9,938,754	10,399,855	10,071,219	10,140,081	10,240,575	10,362,825	10,620,422	10,957,586	10,840,441
Transit	190,354	183,005	780,618	702,917	690,404	1,273,371	677,295	623,745	604,935	591,905
Facilities augmentation	-	-	-	67,365	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	2,311,042	732,729	3,220,227	3,484,445	5,203,738	4,883,545	5,947,821	6,997,288	7,946,673	6,603,611
Capital grants and contributions	928,746	1,840,128	1,114,608	1,019,849	746,776	2,616,710	554,070	786,090	4,834,197	1,746,682
Total business-type activities	31,487,575	30,407,729	33,784,761	34,001,381	37,501,940	39,318,933	36,811,922	37,512,071	44,480,263	40,681,876
Total primary gov't program revenues	$ 90,729,173	$ 77,960,960	$ 75,349,692	$ 83,582,714	$ 80,295,728	$ 93,493,736	$ 87,562,976	$ 81,877,795	$ 94,491,478	$100,776,317

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



	Fiscal Year									
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Net (Expense)/Revenue										
Governmental activities	$ (48,901,910)	$ (56,643,056)	$ (58,472,389)	$ (49,432,059)	$ (53,883,398)	$ (42,052,202)	$ (45,096,229)	$ (54,072,185)	$ (55,250,030)	$ (58,639,866)
Business-type activities	(1,892,637)	(2,658,495)	4,732,902	5,252,985	9,067,779	10,217,579	6,923,222	5,923,732	12,717,297	5,768,466
Total primary gov't net (exp)/rev	$ (50,794,547)	$ (59,301,551)	$ (53,739,487)	$ (44,179,074)	$ (44,815,619)	$ (31,834,623)	$ (38,173,007)	$ (48,148,453)	$ (42,532,733)	$ (52,871,400)
General Revenue and Other changes in Net Position										
Government activities:										
Taxes										
Property	$ 27,743,274	$ 27,269,414	$ 25,183,107	$ 21,562,389	$ 17,138,883	$ 19,042,480	$ 20,169,495	$ 21,732,471	$ 23,301,973	$ 24,537,819
Sales and use	16,079,061	13,716,214	15,141,504	16,104,163	17,230,775	19,442,008	19,386,661	22,168,300	24,721,293	22,294,827
Other	1,706,058	1,612,536	1,789,663	1,807,002	2,577,095	2,593,291	2,860,264	3,202,564	3,716,243	3,820,424
Payments in lieu of services	-	-	-	-	-	-	-	-	-	-
Vehicle License Fees	5,630,342	-	-	-	-	-	-	-	-	-
Investments earnings (loss)	1,450,083	712,099	558,383	572,542	424,268	695,856	423,710	7,220,125	(2,344,854)	(3,666,825)
Miscellaneous	1,953,699	2,125,699	1,604,214	1,903,091	3,161,438	2,423,607	1,921,290	2,764,118	2,189,407	4,408,453
Gain/(loss) on disp of cap assets	7,573	-	430,486	-	3,451	3,500	96,858	168,454	-	-
Transfers	8,214,282	-	3,383,398	3,339,454	2,966,059	2,510,879	2,599,139	2,600,454	2,869,992	3,008,033
Extraordinary Items:										
Capital Contributions			86,597,855	-						
Gain on dissolution of RDA				37,840,792						
Xfer Asset from Successor Agency						(381,150)		381,150	-	9,812,877
Total governmental activities	62,784,372	45,435,962	134,688,610	83,129,433	43,501,969	46,330,471	47,457,417	60,237,636	54,454,054	64,215,608
Business-type activities:										
Investment earnings	287,151	114,892	96,525	123,140	148,151	384,577	220,380	501,674	205,005	187,322
Transfers	(8,214,282)	-	(3,383,398)	(3,339,454)	(2,966,059)	(2,510,879)	(2,599,139)	(2,600,454)	(2,869,992)	(3,008,033)
Total business-type activities	(7,927,131)	114,892	(3,286,873)	(3,216,314)	(2,817,908)	(2,126,302)	(2,378,759)	(2,098,780)	(2,664,987)	(2,820,711)
Total primary government	$ 54,857,241	$ 45,550,854	$131,401,737	$ 79,913,119	$ 40,684,061	$ 44,204,169	$ 45,078,658	$ 58,138,856	$ 51,789,067	$ 61,394,897
Change in Net Position										
Governmental activities	13,882,462	(6,977,169)	76,216,221	33,697,374	(10,381,429)	4,278,269	2,361,188	6,165,451	(795,976)	-
Business-type activities	(9,819,768)	(6,773,528)	1,446,029	2,036,671	6,249,871	8,091,277	4,544,463	3,824,952	10,052,310	-
Total Primary Government	$ 4,062,694	$ (13,750,697)	$ 77,662,250	$ 35,734,045	$ (4,131,558)	$ 12,369,546	$ 6,905,651	$ 9,990,403	$ 9,256,334	$ -
Net Position beginning of Year	433,930,032	437,992,726	422,451,496	500,113,746	535,847,791	527,756,068	436,625,942	456,469,616	466,460,019	-
(as restated in prior fiscal years)										
Net Position End of Year	$437,992,726	$424,242,029	$500,113,746	$535,847,791	$531,716,233	$540,125,614	$443,531,593	$466,460,019	$475,716,353	$ -

Source: The City's Comprehensive Annual Financial Reports

This page has been intentionally left blank.

Schedule 3

CITY OF FOLSOM, CALIFORNIA
Fund Balances, Governmental Funds,
Fiscal Year 2018, With Ten Year Trend Analysis
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013
General Fund					
Reserved	$ 5,637,081	$ 1,747,419			
Unreserved	9,584,080	5,520,065			
Nonspendable			375,393	364,358	305,446
Restricted					
Committed					
Assigned			538,234	469,059	342,002
Unassigned			3,993,214	4,108,447	5,020,894
Total Fund Balance	$ 15,221,161	$ 7,267,484	$ 4,906,841	$ 4,941,864	$ 5,668,342
All Other Govermental Funds					
Reserved	129,955,359	136,844,273			
Unreserved	45,107,514	40,315,415			
Nonspendable			7,557,236	9,869,809	9,580,393
Restricted			187,004,914	160,122,141	152,261,985
Committed			6,816,225	6,265,521	2,203,431
Assigned			936,979	500,226	467,898
Unassigned			(1,295,568)	(1,483,486)	2,775,821
Total Fund Balance	$ 175,062,873	$ 177,159,688	$ 201,019,786	$ 175,274,211	$ 167,289,528

	2014	2015	2016	2017	2018
General Fund					
Nonspendable	265,707	339,494	400,319	448,971	442,084
Restricted					
Committed					
Assigned	373,969	740,393	1,234,023	1,201,309	1,869,501
Unassigned	6,630,937	8,157,227	10,950,323	15,536,918	15,699,123
Total Fund Balance	$ 7,270,613	$ 9,237,114	$ 12,584,665	$ 17,187,198	$ 18,010,708
All Other Govermental Funds					
Nonspendable	268,396	268,396	398,396	428,782	429,294
Restricted	158,429,877	152,093,714	170,205,119	157,036,583	195,058,817
Committed	3,548,476	3,663,039	3,581,269	3,690,161	5,201,522
Assigned	3,684,362	3,236,609	3,160,859	3,309,690	3,587,539
Unassigned	(845,061)	(516,671)	(968,842)	(1,150,620)	(847,149)
Total Fund Balance	$ 165,086,050	$ 158,745,087	$ 176,376,801	$ 163,314,596	$ 203,430,023

Source: The City's Comprehensive Annual Financial Reports

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

Schedule 4
CITY OF FOLSOM, CALIFORNIA
Changes in Fund Balances, Governmental Funds
Fiscal Year 2017, With Ten Year Trend Analysis
(modified accrual basis of accounting)

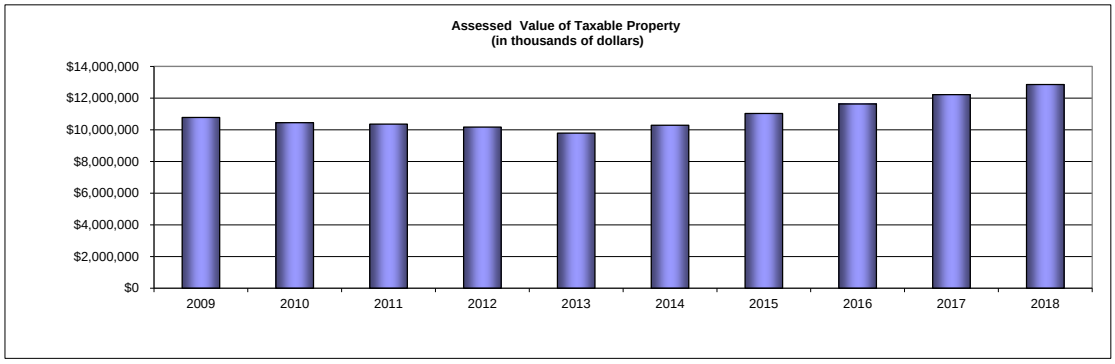
Revenue	2009	2010	2011	2012	2013
Taxes	$ 45,528,393	$ 42,598,164	$ 42,114,274	$ 39,473,554	$ 36,946,753
Licenses, fees and permits	2,187,403	1,359,583	1,398,245	1,392,332	1,740,993
Vehicle License fees	5,630,342	5,434,694	5,534,031	5,086,212	4,976,818
Intergovernmental revenue	29,067,456	17,425,680	15,598,732	20,272,302	14,307,214
Charges for services	23,548,022	17,444,906	15,586,330	15,693,296	17,404,489
Fines and penalties	855,695	537,762	424,814	366,429	490,823
Assessment collections	3,583,022	3,227,235	3,022,779	3,324,303	3,482,141
Contributions from owners	-	-	-	-	-
Investment earnings (loss)	1,411,512	700,096	1,269,936	1,214,313	386,391
Miscellaneous	1,953,699	2,125,699	1,604,214	1,903,093	3,161,438
Total revenue	$ 113,765,544	$ 90,853,819	$ 86,553,355	$ 88,725,834	$ 82,897,060
Expenditures					
General government	$ 19,673,933	$ 21,139,815	$ 20,106,486	$ 14,606,565	$ 14,069,483
Public safety	34,039,597	33,795,698	30,860,677	31,237,025	31,831,334
Public ways and facilities	13,877,886	11,578,937	9,500,414	11,089,521	11,091,457
Community services	4,293,286	3,414,705	2,925,077	3,018,894	2,986,024
Culture and recreations	13,561,972	11,431,343	10,374,452	10,413,567	11,026,557
Capital outlay	18,301,637	12,882,877	18,671,363	9,003,180	2,586,067
Debt Service:					
Principal	11,981,979	10,154,002	11,434,546	12,233,666	12,511,714
Interest and fiscal charges	8,117,222	8,925,835	9,179,038	9,277,831	6,383,068
Cost of issuance	310,252	344,052	834,778	934,415	117,505
Total expenditures	$ 124,157,764	$ 113,667,264	$ 113,886,831	$ 101,814,664	$ 92,603,209
Excess of revenue over (under) expenditures	$ (10,392,220)	$ (22,813,445)	$ (27,333,476)	$ (13,088,830)	$ (9,706,149)
Other Financing Sources (Uses)					
Sale of property	-	-	430,486	-	-
Issuance of debt	-	-	44,560,000	25,557,469	15,034,361
Capital leases	-	-	-	-	-
Bond refunding	11,955,000	28,290,000	-	-	-
Bond discount	(115,411)	(56,779)	(824,502)	(62,306)	
Issuance of loan			-	-	
Bond premium	-	771,861	-	-	-
Payment to refunded escrow agent	(12,822,662)	(13,191,868)	-	(15,041,388)	(15,656,514)
Amortized loss on PY bond refinance	-	-	-	-	-
Extraordinary loss on dissolution of RDA	-	-	-	(26,420,154)	-
Transfers in	38,167,757	32,104,952	32,318,319	27,491,475	9,111,962
Transfers out	(32,830,048)	(30,961,583)	(27,651,372)	(24,146,818)	(6,041,865)
Total other financing sources (Uses)	$ 4,354,636	$ 16,956,583	$ 48,832,931	$ (12,621,722)	$ 2,447,944
Net change in fund balances	$ (6,037,584)	$ (5,856,862)	$ 21,499,455	$ (25,710,552)	$ (7,258,205)
Debt services as a percentage of non-capital expenditures	23.2%	23.8%	21.6%	23.2%	21.0%

Source: The City's Comprehensive Annual Financial Reports

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

2014	2015	2016	2017	2018	
					Revenue
$ 41,077,779	$ 42,416,420	$ 47,103,335	$ 51,739,509	$ 50,653,070	Taxes
2,109,745	2,128,623	2,098,807	2,171,246	2,775,305	Licenses, fees and permits
5,198,998	5,596,355	5,895,909	6,065,568	6,484,423	Vehicle License fees
18,611,026	16,049,283	12,819,545	15,233,546	12,347,078	Intergovernmental revenue
23,992,496	23,823,594	20,388,258	22,787,464	36,304,402	Charges for services
798,051	776,554	729,673	954,261	921,339	Fines and penalties
2,685,714	1,518,403	1,460,233	908,120	35,728	Assessment collections
-	-	-	-	-	Contributions from owners
633,581	395,293	7,068,427	(2,356,010)	(3,655,867)	Investment earnings (loss)
2,423,607	1,921,290	2,764,118	2,189,407	2,618,452	Miscellaneous
$ 97,530,997	$ 94,625,815	$ 100,328,305	$ 99,693,111	$ 108,483,930	Total revenue
					Expenditures
$ 16,920,618	$ 17,920,405	$ 17,392,563	$ 17,718,687	$ 18,859,432	General government
31,861,011	32,467,605	34,351,734	37,299,200	37,216,488	Public safety
10,633,571	11,803,873	10,763,219	10,546,397	12,921,054	Public ways and facilities
3,394,648	3,582,489	3,975,512	4,722,516	6,196,867	Community services
11,667,695	11,971,798	12,850,827	13,387,547	14,349,508	Culture and recreations
5,989,082	5,597,833	6,833,189	9,921,548	18,189,160	Capital outlay
					Debt Service:
15,465,193	12,879,056	11,090,135	12,600,203	8,027,092	Principal
6,398,811	5,826,718	5,119,301	4,835,589	2,540,176	Interest and fiscal charges
69,524	-	-	-	-	Cost of issuance
$ 102,400,153	$ 102,049,777	$ 102,376,480	$ 111,031,687	$ 118,299,777	Total expenditures
$ (4,869,156)	$ (7,423,962)	$ (2,048,175)	$ (11,338,576)	$ (9,815,847)	Excess of revenue over (under) expenditures
					Other Financing Sources (Uses)
-	-	-	-	-	Sale of property
-	-	6,675,000	-	88,670,000	Issuance of debt
-	-	-	-	-	Capital leases
-	-	-	-	-	Bond refunding
					Bond discount
			-	1,790,000	Issuance of loan
-	-	-	-	-	Bond premium
-	-	-	-	(52,535,000)	Payment to refunded escrow agent
-	-	-	-	-	Amortized loss on PY bond refinance
-	-	-	-	-	Extraordinary loss on dissolution of RDA
7,523,050	6,704,387	6,439,736	6,331,555	8,063,764	Transfers in
(4,863,541)	(3,654,887)	(3,025,319)	(3,452,651)	(5,046,857)	Transfers out
$ 2,659,509	$ 3,049,500	$ 10,089,417	$ 2,878,904	$ 40,941,907	Total other financing sources (Uses)
$ (2,209,647)	$ (4,374,462)	$ 8,041,242	$ (8,459,672)	$ 31,126,060	Net change in fund balances
22.7%	19.6%	17.0%	17.3%	10.6%	Debt services as a percentage of non-capital expenditures

Schedule 5
CITY OF FOLSOM, CALIFORNIA
Assessed Value and Estimated Actual Value of Taxable Property
Fiscal Year 2018, With Ten Year Trend Analysis
(in thousands of dollars)



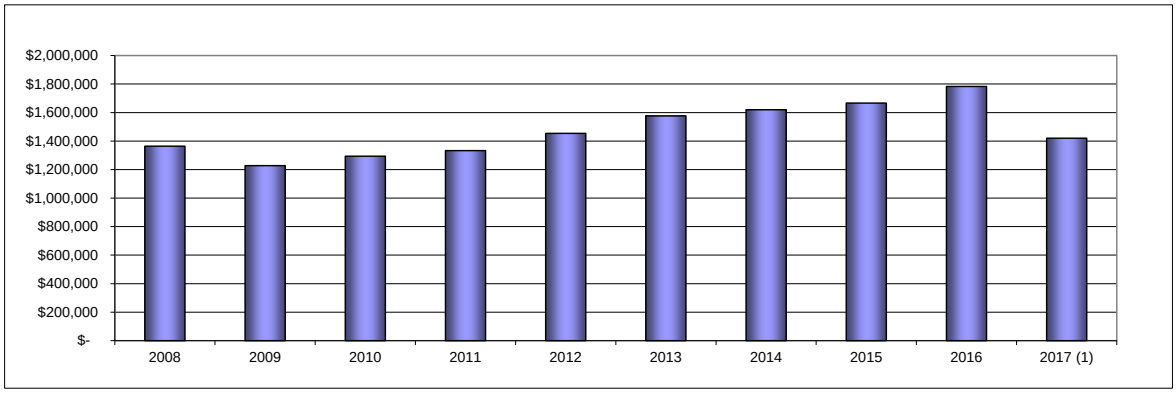
Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other (1)	Unsecured Property	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Taxable Value	Factor of Taxable Assessed Value
2009	$ 7,603,600	$ 2,537,311	$ 155,166	$ 637,347	Not available	$ 154,158	$ 10,779,267	1.1885	$ 10,933,425	Not available
2010	$ 7,322,351	$ 2,568,605	$ 160,566	$ 594,990	Not available	$ 197,310	$ 10,449,201	1.2403	$ 10,646,511	Not available
2011	$ 7,880,409	$ 1,974,636	$ 158,866	$ 587,410	Not available	$ 241,689	$ 10,359,632	1.2473	$ 10,601,321	Not available
2012	$ 7,145,644	$ 2,558,036	$ 158,600	$ 586,902	Not available	$ 276,882	$ 10,172,299	1.2735	$ 10,449,181	Not available
2013	$ 6,791,316	$ 2,108,662	$ 159,900	$ 790,301	$ 287,803	$ 346,963	$ 9,791,019	1.3068	$ 9,761,577 (3)	0.996993 (3)
2014	$ 7,237,918	$ 2,105,306	$ 162,948	$ 798,259	$ 334,685	$ 351,233	$ 10,287,883	1.3522	$ 11,517,264 (3)	1.119498 (3)
2015	$ 7,863,637	$ 2,133,511	$ 161,792	$ 894,465	$ 311,204	$ 333,742	$ 11,030,867	1.3325	$ 12,864,274 (3)	1.166207 (3)
2016	$ 8,227,029	$ 2,206,981	$ 162,828	$ 1,021,962	$ 367,993	$ 356,949	$ 11,629,844	1.4196	$ 13,598,364 (3)	1.169265 (3)
2017	$ 8,671,194	$ 2,315,233	$ 162,343	$ 1,076,357	$ 364,265	$ 370,001	$ 12,219,391	1.4648	$ 13,550,693 (3)	1.108950 (3)
2018	$ 9,209,650	$ 2,467,359	$ 166,859	$ 1,091,858	$ 348,764	$ 426,578	$ 12,857,912	1.4970	$ 15,154,811 (3)	1.178637 (3)

Source: County Assessor data, Avenu Insights & Analytics, 2011-12 and prior, previously published CAFR Report

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

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

Schedule 5A
CITY OF FOLSOM CALIFORNIA
Taxable Transactions by Category
Fiscal Year 2017, With Ten Year Trend Analysis
(Taxable transactions in thousands of dollars)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (1)
Motor Vehicle and Parts Dealers	$ 322,101	$ 260,633	$ 264,616	$ 287,365	$ 342,749	$ 408,649	$ 425,196	$ 460,449	$ 466,504	$ 356,126
Home furnishings and appliances	51,393	57,784	56,485	61,541	65,702	71,634	81,852	82,252	$ 96,706	$ 65,385
Bld Matrl and Garden Equip	80,438	69,212	71,521	74,438	84,386	93,213	94,161	102,469	$ 108,524	$ 85,503
Food and Beverage Stores	59,228	60,474	63,585	71,654	74,194	78,944	79,159	79,806	$ 81,880	$ 60,130
Gasoline Stations	75,409	64,133	69,412	80,388	83,171	84,628	83,598	69,997	$ 64,270	$ 54,306
Clothing & Clothing Accessories	94,135	111,099	120,370	124,918	129,738	143,476	148,592	152,903	$ 177,476	$ 125,640
General merchandise stores	266,788	237,615	254,801	270,447	286,652	287,505	285,722	235,840	$ 234,505	$ 207,125
Food Services and Drinking Places	126,876	120,166	124,914	134,184	149,299	156,403	161,652	175,325	$ 188,911	$ 149,033
Other retail stores	157,482	117,744	120,522	124,566	127,862	136,099	133,671	135,499	$ 131,765	$ 92,058
Subtotal retail	1,233,850	1,098,860	1,146,226	1,229,501	1,343,753	1,460,551	1,493,603	1,494,540	1,550,541	$ 1,195,306
All other outlets	130,324	128,810	147,585	103,528	110,206	115,786	126,130	171,928	$ 232,418	$ 224,734
Total	$ 1,364,174	$ 1,227,670	$ 1,293,811	$ 1,333,029	$ 1,453,959	$ 1,576,337	$ 1,619,733	$ 1,666,468	$ 1,782,959	$ 1,420,040

Sources: State Board of Equalization (BOE), California Department of Tax and Fee Administration (CDTFA)

(1) Since 2017, taxable transactions information is available via the CDTFA. Information only available through third quarter of 2017.

Schedule 6
CITY OF FOLSOM, CALIFORNIA
Direct and Overlapping Property Tax Rates
Fiscal Year 2018, With Ten Year Trend Analysis
(rate per $100 of assessed value)

	County District Rates				School District, Bonds & Assessments					
	Basic County, City, School Levy	Sacramento Regional County Sanitation	Sacramento County Bonds	Total District Rates	General Obligation - School Districts (1)	Los Rios Community College	Folsom Cordova Bond Area #2	Folsom Cordova Bond Area #3	Folsom Cordova Bond Area #5	San Juan Unified Bond
2009	1.0000	0.0000	0.0000	1.0000	.0000 - .0298	0.0074	0.0283	0.0505	0.0000	0.0725
2010	1.0000	0.0000	0.0000	1.0000	.0000 - .0294	0.0124	0.0312	0.0985	0.0000	0.0688
2011	1.0000	0.0000	0.0000	1.0000	.0000 - .0290	0.009	0.0318	0.0962	0.0000	0.0813
2012	1.0000	0.0000	0.0000	1.0000	.0000 - .0330	0.0192	0.0349	0.0916	0.0000	0.0948
2013	1.0000	0.0000	0.0000	1.0000	.0000 - .0346	0.0193	0.0371	0.1155	0.0000	0.1003
2014	1.0000	0.0000	0.0000	1.0000	.0000 - .0245	0.0181	0.0341	0.1125	0.0000	0.1630
2015	1.0000	0.0000	0.0000	1.0000	.0000 - .0133	0.0111	0.0343	0.1229	0.0000	0.1509
2016	1.0000	0.0000	0.0000	1.0000	.0000 - .0369	0.0273	0.031	0.1129	0.0568	0.1547
2017	1.0000	0.0000	0.0000	1.0000	.0000 - .0219	0.0423	0.0584	0.1259	0.0641	0.1522
2018	1.0000	0.0000	0.0000	1.0000	.0000 - .0000	0.039	0.0516	0.1878	0.0071	0.2115

Source: Sacramento County, Department of Finance, Auditor-Controller; Avenu Insights & Analytics

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

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

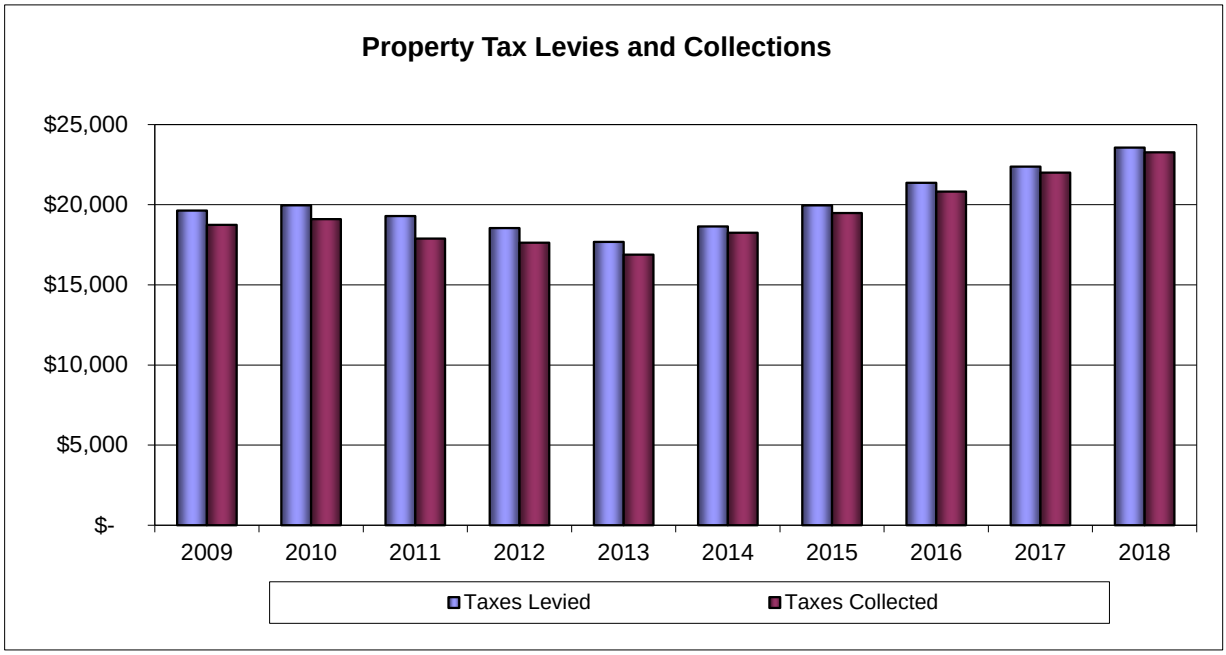
Schedule 7
CITY OF FOLSOM, CALIFORNIA
Principal Property Tax Payers
Fiscal Year 2018, And Nine Years Ago
(in thousands of dollars)

	2018			2009		
Taxpayer	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Total Taxable Assessed Value
Intel Corp	$ 687,654	1	5.35%	$ 567,788	1	5.47%
Broadstone Land Llc	216,221	2	1.68%	51,217	8	0.49%
Kaiser	79,161	3	0.62%			
Elliott Homes Inc.	72,748	4	0.57%			
Spectrum Waples Street LP	70,962	5	0.55%	62,399	4	0.60%
Chelsea Financing Partnership	64,972	6	0.51%	57,423	5	0.55%
Sequoia Equities Iron Point Fo	63,384	7	0.49%			
Kikkoman Foods Inc	58,183	8	0.45%	64,307	3	0.62%
Overlook At Blue Ravine LLC	56,801	9	0.44%	55,239	6	0.53%
Sherwood Iron Point Lp	55,749	10	0.43%			
Parkshore Plaza Office Propert				64,770	2	0.62%
Cowifi Iron Point LLC				52,020	7	0.50%
Braddock Logan Venture Group L				40,808	9	0.39%
Lakeridge Innovation LLC				40,687	10	0.39%
Total	$ 1,425,835		11.09%	$ 1,056,658		10%

Sources: Avenu Insights & Analytics, Sacramento County Assessor Combined Tax Rolls

This page has been intentionally left blank.

Schedule 8
CITY OF FOLSOM, CALIFORNIA
Property Tax Levies and Collections
Fiscal Year 2018, With Ten Year Trend Analysis
(in thousands of dollars)



Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percent of Levy (1)
2009	$ 19,635	$ 18,743	95.46%
2010	$ 19,963	$ 19,100	95.68%
2011	$ 19,293	$ 17,887	92.71%
2012	$ 18,543	$ 17,630	95.08%
2013	$ 17,680	$ 16,884	95.50%
2014	$ 18,644	$ 18,251	97.89%
2015	$ 19,960	$ 19,481	97.60%
2016	$ 21,367	$ 20,819	97.44%
2017	$ 22,377	$ 22,002	98.32%
2018	$ 23,564	$ 23,269	98.75%

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

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

Schedule 9
CITY OF FOLSOM, CALIFORNIA
Ratio of Outstanding Debt by Type
Fiscal Year 2018, With Ten Year Trend Analysis

	2009	2010	2011	2012	2013
Governmental Activities					
General Obligation Bonds	$ 20,665,000	$ 17,600,000	$ 14,900,000	$12,120,000	$9,220,000
Certificates of Participation	5,835,000	4,540,000	4,170,000	1,190,000	1,170,000
FPFA Revenue Bonds	121,800,000	117,210,000	133,690,000	130,084,002	122,625,230
RDA Tax Allocation Bonds	30,070,000	45,230,000	66,095,000	- (1)	-
City Hall & Fire Station Lease Obligation	-	-	-	10,314,467	8,947,773
Owner Participation Agreements	2,243,348	1,841,640	2,455,122	-	-
Special Assessment Debt	-	-	-	-	-
Notes Payable	2,000,000	1,500,000	1,000,000	500,000	-
Long-Term Loan					-
Capital Leases	909,667	1,099,843	875,382	575,716	486,978
Business-Type Activities					
Revenue Bonds	$ 28,730,000	$ 28,600,000	$ 27,630,000	$ 26,670,000	$ 25,685,000
Capital Leases	1,102,224	972,023	528,387	308,274	131,460
Note Payable	-	-	-	-	-
Total Primary Government	$ 213,355,239	$ 218,593,506	$ 251,343,891	$ 181,762,459	$ 168,266,441
Percentage of Personal Income	Not available	Not available	Not available	Not available	Not available
Per Capita	3,346	3,385	3,845	2,696	2,543
Population	63,772	64,576	65,375	67,429	66,174

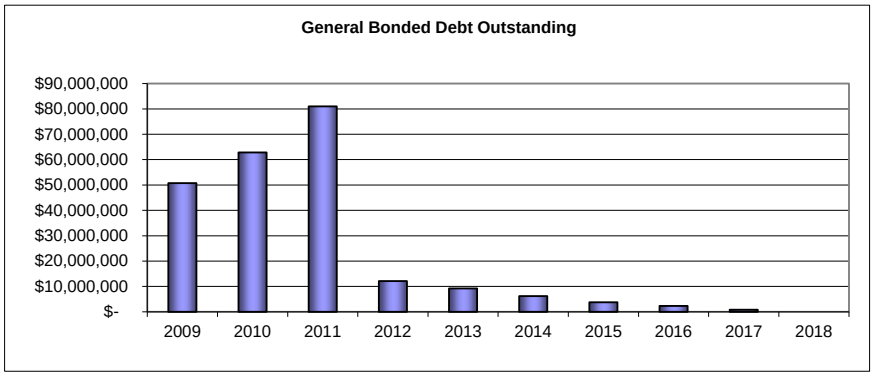
Sources: The City's Comprehensive Annual Financial Reports; State Department of Finance

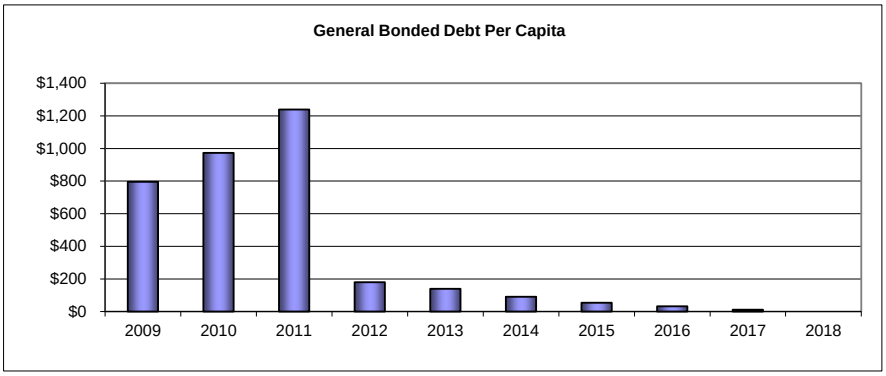
(1) The RDA was dissolved by the State during FY12. RDA Tax Allocation Bonds were transferred to a Private Purpose Trust Fund and are not legal obligations of the City.

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

2014	2015	2016	2017	2018	
					Governmental Activities
$6,195,000	$ 3,760,000	$ 2,315,000	$ 825,000	$ -	General Obligation Bonds
820,000	-	-	-	-	Certificates of Participation
112,260,832	104,491,230	103,207,933	93,841,368	124,427,251	FPFA Revenue Bonds
-	-	-	-	-	RDA Tax Allocation Bonds
7,544,642	6,113,936	4,640,514	3,117,370	1,692,207	City Hall & Fire Station Lease Obligation
-	-	-	-	-	Owner Participation Agreements
-	-	-	-	-	Special Assessment Debt
-	-	-	-	-	Notes Payable
-	-	-	-	4,457,095	Long-Term Loan
1,302,208	1,901,301	1,687,885	1,467,391	1,239,579	Capital Leases
					Business-Type Activities
$25,494,830	$ 24,352,781	$ 23,181,993	$ 21,973,818	$ -	Revenue Bonds
-	-	-	-	-	Capital Leases
-	-	-	-	-	Note Payable
$ 153,617,512	$ 140,619,248	$ 135,033,325	$ 121,224,947	$ 131,816,132	**Total Primary Government**
Not available	Not available	Not available	Not available	Not available	Percentage of Personal Income
2,246	2,016	1,872	1,652	1,793	Per Capita
68,399	69,737	72,131	73,389	73,521	Population

Schedule 10
CITY OF FOLSOM, CALIFORNIA
Ratios of General Bonded Debt Outstanding
Fiscal Year 2018, With Ten Year Trend Analysis





Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds	Redevelopment Bonds		Total	Percent of Assessed Value of Property (1)	Per Capita (2)	Population (3)
2009	$ 20,665,000	$ 30,070,000		$ 50,735,000	0.46%	795.57	63,772
2010	$ 17,600,000	$ 45,230,000	(4)	$ 62,830,000	0.59%	972.96	64,576
2011	$ 14,900,000	$ 66,095,000	(5)	$ 80,995,000	0.76%	1,238.93	65,375
2012	$ 12,120,000	$ -	(6)	$ 12,120,000	0.12%	179.74	67,429
2013	$ 9,220,000	$ -		$ 9,220,000	0.09%	139.33	66,174
2014	$ 6,195,000	$ -		$ 6,195,000	0.05%	90.57	68,399
2015	$ 3,760,000	$ -		$ 3,760,000	0.03%	53.92	69,737
2016	$ 2,315,000	$ -		$ 2,315,000	0.02%	32.09	72,131
2017	$ 825,000	$ -		$ 825,000	0.01%	11.24	73,389
2018	$ -	$ -		$ -	0.00%	-	73,521

Source: The City's Comprehensive Annual Financial Reports

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

Schedule 11
CITY OF FOLSOM, CALIFORNIA
Debt Capacity Information, Direct and Overlapping
Fiscal Year 2018, With Ten Year Trend Analysis

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		2009	2010	2011	2012	2013
Sacramento Regional County Sanitation District		$ -	$ -	$ -	$ -	$ -
Los Rios Community College District		9,918,663	13,659,353	22,435,787	21,554,132	26,372,363
Folsom Cordova Unified School District School Facility Improvement District No. 2		42,337,394	40,802,565	38,998,345	36,964,845	34,838,817
Folsom Cordova Unified School District School Facility Improvement District No. 3		955,448	1,633,953	1,656,714	1,591,946	1,313,398
Folsom Cordova Unified School District School Facility Improvement District No. 5						0
San Juan Unified School District		1,957,071	1,906,917	2,344,499	2,213,590	2,586,340
El Dorado Irrigation District						
City of Folsom, Public Financing Authority		**20,665,000**	**17,600,000**	**14,900,000**	**12,120,000**	**9,220,000**
City of Folsom 1915 Act Bonds		23,650,000	22,221,970	20,690,699	19,024,306	17,151,884
Special District 1915 Act Bonds (Estimate)		84,179	86,206	1,060,903	1,070,634	1,212,719
Folsom Community Facilities District #1		-	-	-	-	-
Folsom Community Facilities District #2		13,110,000	10,540,000	9,625,000	8,710,000	7,770,000
Folsom Community Facilities District #3		1,705,000	1,495,000	1,275,000	845,000	605,000
Folsom Community Facilities District #4		2,650,000	2,440,000	2,220,000	1,985,000	1,740,000
Folsom Community Facilities District #7		27,400,000	26,030,000	24,595,000	22,710,000	21,090,000
Folsom Community Facilities District #8		3,965,000	3,740,000	3,495,000	3,245,000	2,985,000
Folsom Community Facilities District #9		1,565,000	1,420,000	1,270,000	1,110,000	945,000
Folsom Community Facilities District #10		64,265,000	62,750,000	62,120,000	59,945,000	57,660,000
Folsom Community Facilities District #11		8,530,000	8,130,000	7,690,000	7,215,000	6,720,000
Folsom Community Facilities District #14		18,320,000	18,060,000	17,765,000	17,435,000	17,050,000
Folsom Community Facilities District #17		-	-	-	-	-
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$ 241,077,755	$ 232,515,964	$ 232,141,947	$ 217,739,453	$ 209,260,521
DIRECT & OVERLAPPING GENERAL OBLIGATION DEBT:						
Sacramento County General Fund Obligation		$ 28,362,471	$ 30,692,468	$ 29,526,970	$ 28,275,537	$ 27,124,496
Sacramento County Pension Obligations		73,769,313	76,621,294	76,197,664	82,058,088	82,019,808
Sacramento County Board of Education Cert. of Participation		880,627	868,666	827,542	782,367	747,008
Los Rios Community College District Cert. of Participation		444,749	444,682	438,419	426,251	411,593
Folsom Cordova Unified School District Cert. of Participation		24,027,205	19,329,869	18,146,947	16,684,291	15,101,192
Sacramento Metropolitan Fire District Cert. of Participation		-	-	-	-	9,060
San Juan Unified School District Cert. of Participation		36,178	14,538	12,910	11,017	-
Sacramento Metropolitan Fire District Pension Obligations		125,967	129,260	126,202	122,160	106,108
City of Folsom General Obligation Bonds		**15,050,000**	**13,910,000**	**12,730,000**	**11,495,000**	**10,117,773**
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		142,696,510	142,010,777	138,006,654	139,854,711	135,637,038
Less: Sacramento County self-supporting obligations		587,611	597,002	588,012	577,221	569,871
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT		142,108,899	141,413,775	137,418,642	139,277,490	135,067,167
DIRECT COMBINED TOTAL DEBT		**$ 35,715,000**	**$ 31,510,000**	**$ 27,630,000**	**$ 23,615,000**	**$ 19,337,773**
GROSS OVERLAPPING COMBINED TOTAL DEBT		$ 348,059,265	$ 343,016,741	$ 342,518,601	$ 333,979,164	$ 325,559,786
GROSS COMBINED TOTAL DEBT	(2)	$ 383,774,265	$ 374,526,741	$ 370,148,601	$ 357,594,164	$ 344,897,559
NET COMBINED TOTAL DEBT		$ 383,186,654	$ 373,929,739	$ 369,560,589	$ 357,016,943	$ 344,327,688

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable (1)	2014	2015	2016	2017	2018
Sacramento Regional County Sanitation District	0.000%	$ -	$ -	$ -	$ -	$ -
Los Rios Community College District	7.064%	26,100,332	25,697,846	25,091,940	24,238,927	29,175,733
Folsom Cordova Unified School District School Facility Improvement District No. 2	99.717%	31,403,928	28,320,810	25,790,703	23,083,820	20,258,927
Folsom Cordova Unified School District School Facility Improvement District No. 3	15.084%	2,681,686	3,881,454	4,952,688	7,090,114	6,882,043
Folsom Cordova Unified School District School Facility Improvement District No. 5	99.991%	-	-	39,997,200	93,738,438	183,353,497
San Juan Unified School District	0.704%	2,440,033	2,914,760	2,698,717	3,399,459	3,109,284
El Dorado Irrigation District	0.036%	520	385	935	367	175
City of Folsom, Public Financing Authority	**100.000%**	**6,195,000**	**3,760,000**	**2,315,000**	**825,000**	**-**
City of Folsom 1915 Act Bonds	100.000%	13,745,561	11,765,942	9,663,940	6,340,471	4,491,108
Special District 1915 Act Bonds (Estimate)	.382-100.%	1,050,213	1,483,894	1,661,199	2,079,247	1,966,043
Folsom Community Facilities District #1	100.000%	-	-	-	-	-
Folsom Community Facilities District #2	100.000%	6,800,000	5,795,000	4,745,000	3,645,000	2,490,000
Folsom Community Facilities District #3	100.000%	350,000	85,000	-	-	-
Folsom Community Facilities District #4	100.000%	1,485,000	1,095,000	810,000	515,000	205,000
Folsom Community Facilities District #7	100.000%	19,010,282	16,850,693	15,083,791	13,256,420	11,353,503
Folsom Community Facilities District #8	100.000%	2,597,190	2,068,197	1,786,772	1,499,948	1,203,748
Folsom Community Facilities District #9	100.000%	775,000	575,000	390,000	195,000	-
Folsom Community Facilities District #10	100.000%	55,200,000	52,265,000	49,625,000	46,900,000	43,145,000
Folsom Community Facilities District #11	100.000%	6,200,000	5,655,000	5,080,000	4,485,000	1,560,000
Folsom Community Facilities District #14	100.000%	16,620,000	15,980,000	15,615,000	14,885,000	14,640,000
Folsom Community Facilities District #16, Improvement Area #1	100.000%	-	-	-	-	5,770,000
Folsom Community Facilities District #17	100.000%	-	-	5,579,499	5,475,014	6,420,000
Folsom Community Facilities District #19	100.000%	-	-	-	-	28,530,000
Folsom Community Facilities District #20	100.000%	-	-	-	-	13,255,000
Folsom Community Facilities District #2014-1	100.000%	-	-	-	-	41,579
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$ 192,654,745	$ 178,193,981	$ 210,887,384	$ 251,652,225	$ 377,850,640
DIRECT & OVERLAPPING GENERAL OBLIGATION DEBT:						
Sacramento County General Fund Obligation	8.590%	$ 25,537,949	$ 23,919,031	$ 22,095,102	$ 20,462,977	$ 18,355,189
Sacramento County Pension Obligations	8.590%	84,998,096	84,138,157	83,630,628	81,959,486	79,517,634
Sacramento County Board of Education Cert. of Participation	8.590%	687,498	627,191	564,473	492,704	415,756
Los Rios Community College District Cert. of Participation	7.064%	399,678	386,947	67,963	49,889	31,082
Folsom Cordova Unified School District Cert. of Participation	64.492%	13,723,642	12,170,071	9,785,084	7,967,980	6,094,494
San Juan Unified School District Cert. of Participation	0.704%	7,264	5,398	3,589	3,554	1,770
Sacramento Metropolitan Fire District Cert. of Participation	0.147%	-	-	13,702	13,958	13,362
Sacramento Metropolitan Fire District Pension Obligations	0.147%	90,995	98,863	79,206	78,546	72,653
City of Folsom General Obligation Bonds	**100.000%**	**8,694,642**	**6,991,777**	**5,406,423**	**3,767,131**	**2,221,445**
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		134,139,764	128,337,435	121,646,170	114,796,225	106,723,385
Less: Sacramento County self-supporting obligations		554,033	538,642	-	-	1,545,418
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT		133,585,731	127,798,793	121,646,170	114,796,225	105,177,967
OVERLAPPING TAX INCREMENT DEBT (Successor Agency): (3)	100.000%	$ 62,000,000	$ 60,560,000	$ 59,055,000	$53,755,000	$51,430,000
DIRECT COMBINED TOTAL DEBT		**$ 14,889,642**	**$ 10,751,777**	**$ 7,721,423**	**$ 4,592,131**	**$ 2,221,445**
GROSS OVERLAPPING COMBINED TOTAL DEBT		$ 311,904,867	$ 356,339,639	$ 383,867,131	$ 415,611,319	$ 533,782,580
GROSS COMBINED TOTAL DEBT	(2)	$ 326,794,509	$ 367,091,416	$ 391,588,554	$ 420,203,450	$ 536,004,025
NET COMBINED TOTAL DEBT		$ 326,240,476	$ 366,552,774	$ 391,588,554	$ 420,203,450	$ 534,458,607

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

Ratios to 2017-18 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt	2.92%
Total Direct Debt ($2,221,445)	0.02%
Gross Combined Total Debt	4.14%
Net Combined Total Debt	4.13%

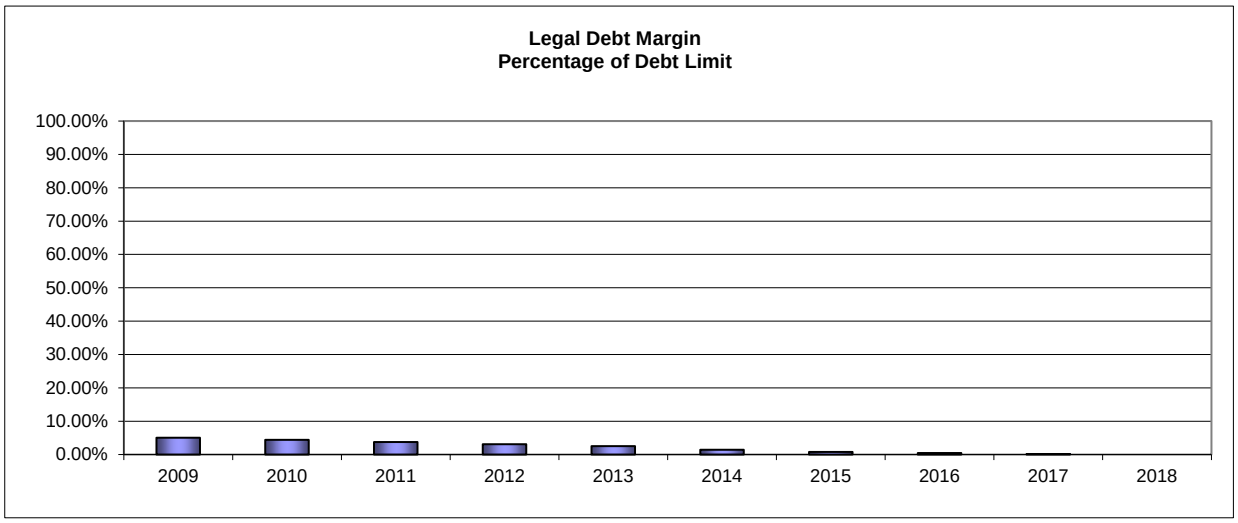
Ratios to Redevelopment Incremental Valuation ($866,201,172):

Total Overlapping Tax Increment Debt	5.94%

Source: Avenu Insights & Analytics
City of Folsom records - direct debt.

This page has been intentionally left blank.

Schedule 12
CITY OF FOLSOM, CALIFORNIA
Legal Debt Margin
Fiscal Year 2018, With Ten Year Trend Analysis
(in thousands of dollars)



	Assessed Value	Debt Limit Percentage (1)	Debt Limit	Total net debt applicable to the limit as a percentage of debt limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2009	$ 10,933,425	3.75%	$ 410,003	$ 20,665	$ 389,338	5.04%
2010	$ 10,646,511	3.75%	$ 399,244	$ 17,600	$ 381,644	4.41%
2011	$ 10,601,321	3.75%	$ 397,550	$ 14,900	$ 382,650	3.75%
2012	$ 10,449,181	3.75%	$ 391,844	$ 12,120	$ 379,724	3.09%
2013	$ 9,761,577	3.75%	$ 366,059	$ 9,220	$ 356,839	2.52%
2014	$ 11,517,264	3.75%	$ 431,897	$ 6,195	$ 425,702	1.43%
2015	$ 12,864,274	3.75%	$ 482,410	$ 3,760	$ 478,650	0.78%
2016	$ 13,598,364	3.75%	$ 509,939	$ 2,315	$ 507,624	0.45%
2017	$ 13,550,693	3.75%	$ 508,151	$ 825	$ 507,326	0.16%
2018	$ 15,154,811	3.75%	$ 568,305	$ -	$ 568,305	0.00%

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

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

Schedule 13
CITY OF FOLSOM, CALIFORNIA
Pledge Revenue Bond Coverage
Fiscal Year 2018, With Ten Year Trend Analysis

	2009	2010	2011	2012	2013
Water Revenue Bonds					
Utility Services Charges	$ 12,592,586	$ 11,866,189	$ 12,309,896	$ 12,708,434	$ 14,755,852
Less Operating Expense	9,880,814	7,054,416	7,728,237	9,769,702	8,238,934
Net Available Revenue	2,711,772	4,811,773	4,581,659	2,938,732	6,516,918
Debt Service-Principal	750,000	780,000	970,000	960,000	985,000
Debt Service-Interest	1,370,129	1,272,486	1,113,029	1,068,780	1,064,579
	$ 2,120,129	$ 2,052,486	$ 2,083,029	$ 2,028,780	$ 2,049,579
Coverage	1.28	2.34	2.20	1.45	3.18
Special Assessment & Community Facility Bonds					
Special Assessment Collections	16,226,589	16,241,785	16,022,940	16,139,062	15,705,171
Debt Service-Principal	5,690,000	6,578,030	7,951,271	7,366,393	8,794,705
Debt Service-Interest	8,847,185	8,955,158	7,627,998	7,252,534	6,635,434
Coverage	1.12	1.05	1.03	1.10	1.02
RDA/Successor Agency Tax Allocation Senior Lien Bond Coverage					
Gross Tax Revenue	6,245,658	5,924,306	5,502,072	3,385,072 (2)	2,909,463
Debt Service-Principal	525,000	580,000	515,000	880,000	940,000
Debt Service-Interest	1,330,455	1,516,386	2,017,688	1,996,763	1,969,463
Coverage of Senior Debt	3.37	2.83	2.17	1.18	1.00
RDA/Successor Agency Tax Allocation Subordinated Lien Bond Coverage					
Net Tax Revenue Available for Subordinated Debt [1]			2,648,504	1,096,510 (2)	1,060,988
Debt Service - Principal			-	250,000	215,000
Debt Service - Interest			-	846,510	845,988
Coverage of Subordinated Debt			N/A	1.00	1.00
RDA/Successor Agency Tax Allocation Housing Set-Aside Bond Coverage					
Gross Tax Revenue			1,375,518	1,124,940 (2)	1,126,088
Debt Service-Principal			-	255,000	175,000
Debt Service-Interest			-	869,940	951,088
Coverage			N/A	1.00	1.00

Source: City of Folsom

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

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

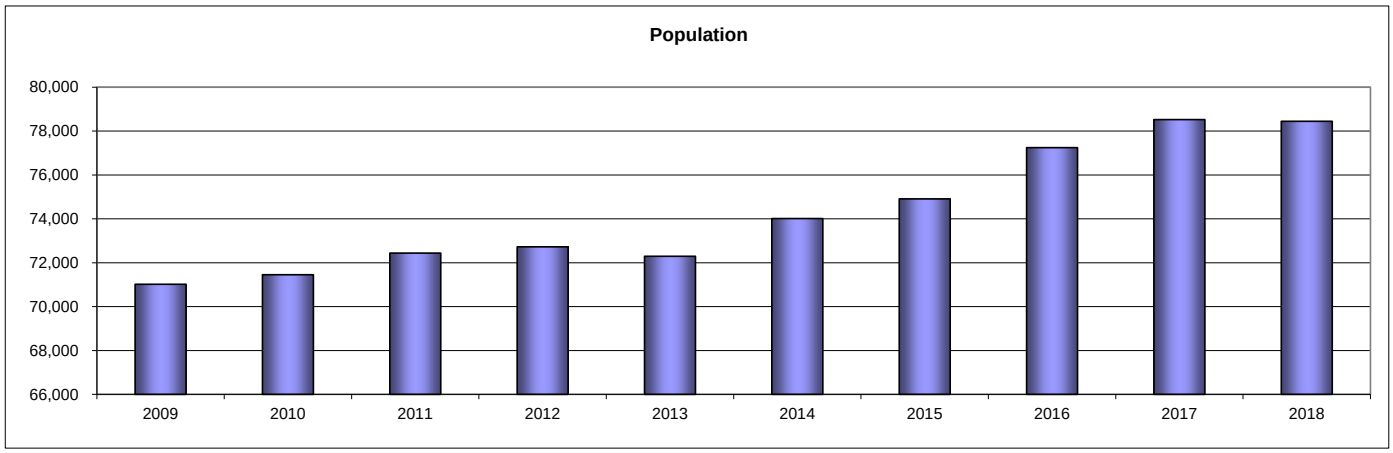
(3) In FY17, all bonds were refunded; Subordinated and Housing Set-Aside Bonds were defeased.

(4) In FY18, corrected prior year balance to exclude Lighting & Landscaping funds.

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

2014	2015	2016	2017	2018		
						Water Revenue Bonds
$ 14,349,277	$ 13,218,966	$ 12,400,653	$ 13,737,197	$ 14,209,217		Utility Services Charges
8,452,397	8,945,873	8,230,547	8,571,343	9,533,863		Less Operating Expense
5,896,880	4,273,093	4,170,106	5,165,854	4,675,354		Net Available Revenue
1,124,752	1,142,049	1,170,788	1,208,175	1,248,395		Debt Service-Principal
828,672	864,822	832,891	796,495	758,911		Debt Service-Interest
$ 1,953,424	$ 2,006,871	$ 2,003,679	$ 2,004,670	$ 2,007,306		
3.02	2.13	2.08	2.58	2.33		Coverage
						Special Assessment & Community Facility Bonds
15,378,021	15,706,798	16,152,972	15,611,680	15,115,858	(4)	Special Assessment Collections
11,895,928	9,463,202	9,480,329	10,932,664	7,113,480		Debt Service-Principal
6,349,684	5,790,222	5,507,126	4,868,399	3,623,570		Debt Service-Interest
0.84	1.03	1.08	0.99	1.41		Coverage
						RDA/Successor Agency Tax Allocation Senior Lien Bond Coverage
2,812,863	2,997,413	2,999,563	3,350,525	4,049,688	(3)	Gross Tax Revenue
875,000	1,100,000	1,145,000	1,570,000	2,325,000		Debt Service-Principal
1,937,863	1,897,413	1,854,563	1,780,525	1,724,688		Debt Service-Interest
1.00	1.00	1.00	1.00	1.00		Coverage of Senior Debt
						RDA/Successor Agency Tax Allocation Subordinated Lien Bond Coverage
1,160,319	974,850	976,688	-	-		Net Tax Revenue Available for Subordinated Debt [1]
325,000	150,000	160,000	-	-		Debt Service - Principal
835,319	824,850	816,688	-	-		Debt Service - Interest
1.00	1.00	1.00	N/A	N/A	(3)	Coverage of Subordinated Debt
						RDA/Successor Agency Tax Allocation Housing Set-Aside Bond Coverage
1,124,425	1,126,313	1,126,050	-	-		Gross Tax Revenue
180,000	190,000	200,000	-	-		Debt Service-Principal
944,425	936,313	926,050	-	-		Debt Service-Interest
1.00	1.00	1.00	N/A	N/A	(3)	Coverage

Schedule 14
CITY OF FOLSOM, CALIFORNIA
Demographic and Economic Information
Fiscal Year 2018, With Ten Year Trend Analysis



Year	Population Folsom (1)	Population County (3)	Estimated Personal Income Folsom	Per Capita Personal Income (2)	Median Projected Age (2)	Education Level in Years Schooling (2)	School Enrollment (3)	Unemployment Rate (4)
2009	71,018	1,433,187	$ 2,846,543,476	$ 40,082	36.20	Note 1	19,119	5.10%
2010	71,453	1,445,327	$ 2,889,344,961	$ 40,437	36.40	Note 1	19,182	5.80%
2011	72,439	1,428,355	$ 2,445,033,567	$ 33,753	35.90	Note 1	18,893	5.80%
2012	72,725	1,435,153	$ 2,521,521,200	$ 34,672	36.40	Note 1	19,154	5.00%
2013	72,294	1,445,806	$ 2,553,336,604	$ 35,319	37.60	Note 1	19,112	4.80%
2014	74,014	1,454,406	$ 2,669,012,933	$ 36,061	39.00	Note 1	19,356	3.90%
2015	74,909	1,470,912	$ 2,902,199,387	$ 38,743	37.70	Note 1	19,927	3.70%
2016	77,246	1,495,297	$ 3,025,812,336	$ 39,171	38.70	Note 1	19,865	3.90%
2017	78,525	1,514,770	$ 3,223,922,400	$ 41,056	39.90	Note 1	20,312	3.50%
2018	78,447	1,529,501	$ 3,425,627,518	$ 43,668	41.80	Note 1	20,353	2.80%

Note 1	2011	2012	2013	2014	2015	2016	2017	2018
Less than 9th grade	Not available	Not available	1.80%	1.60%	3.40%	2.00%	2.40%	3.40%
Some High School, no diploma	Not available	Not available	7.70%	4.20%	6.80%	6.00%	5.20%	3.70%
High School Graduate (or GED)	89.00%	89.60%	17.60%	20.80%	16.90%	17.20%	15.80%	14.40%
Some College, no degree	Not available	Not available	21.80%	20.20%	17.90%	19.90%	19.70%	21.80%
Associate Degree	Not available	Not available	9.20%	8.50%	9.00%	9.20%	9.10%	9.10%
Bachelor's Degree	40.40%	40.10%	26.90%	26.90%	26.90%	28.50%	29.40%	28.70%
Master's Degree	Not available	Not available	Not available	Not available	Not available	Not available	not available	not available
Professional School Degree	Not available	Not available	15.10%	17.80%	19.20%	17.30%	18.40%	18.90%
Doctorate Degree	Not available	Not available	Not available	Not available	Not available	Not available	not available	not available

Sources:
(1) California Department of Finance (includes prison population)
(2) Information provided by Avenu Insights & Analytics
(3) California Department of Education
(4) California Employment Development Department

Schedule 15
CITY OF FOLSOM, CALIFORNIA
Principal Employers
Fiscal Year 2018 and Nine Years Ago

	2018			2009
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**
Intel Corporation	5,984	1	16.26%	6,500
California State Prison	1,572	2	4.27%	1,450
Folsom Prison	1,103	3	3.00%	975
Folsom Cordova Unified School District	1,062	4	2.89%	875
Mercy Hospital of Folsom	748	5	2.03%	450
California ISO	624	6	1.70%	550
City of Folsom	424	7	1.15%	480
Safe Credit Union	355	9	0.96%	
Micron Technology Inc	350	8	0.95%	
Costco	300	10	0.82%	
Verizon				1,100
Worthingon Imports				680
Peterson's Folsom Lake Enterprises				654
Total City Labor Force:			36,800	26,000

Sources: Avenu Insights & Analytics
City of Folsom
Employment Development Department

Schedule 16
CITY OF FOLSOM, CALIFORNIA
Government Employment Information
Fiscal Year 2018, With Ten Year Trend Analysis

	Full-time Equivalent Employees									
Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Council	5	5	5	5	5	5	5	5	5	5
City Manager	3.75	5	6.25	6	5.25	5.5	5.5	5.75	5.5	5.5
City Attorney	5	5	4	4	4	3.75	3.75	3.75	4	4
Administrative Services (2)	11	12	0	0	0	0	0	0	0	0
City Clerk	3.5	3.5	3	3	3	3	3	3	3	3
Community Development (1)	34	38.5	26.5	26.5	22	20.4	20.4	21.4	22.4	24
Fire	78	79	69	64	63	65	65	69	69	71
Human Resources	6.75	6	6	6	5	5	5	5	5	5.5
Intergov't Affairs & Econ, Dev.	1.5	1.5	0	0	0	0	0	0	0	0
Library	16	15	13.5	12	11	11	10.5	10.5	10.5	10.5
Neighborhood Services (1)	7.5	0	0	0						
Office of Management & Budget	20	19	24	24	20	19	20	20	21	21.5
Parks & Recreation	65.55	50.8	53.8	52.8	43	43.4	42.4	44.8	46	46
Police Department	120.25	112.25	103.5	103.5	98.5	97.5	97.5	98.5	101.5	103.5
Public Works	68.2	59	54.75	55.5	51	46.9	45.9	45.9	47.7	48.4
Utilities	99	95	91.5	89	90.25	89.95	91.95	94.2	97.2	98.1
	545.00	506.55	460.80	451.30	421.00	415.40	415.90	426.80	437.80	446.00

Source: City Budget

(1) During FY 2010 Neighborhood Services was merged into Community Development.
(2) During FY 2012, Administrative Services was merged into City Manager, Finance, and Parks and Recreation

Schedule 17
CITY OF FOLSOM, CALIFORNIA
Operating Indicators by Function/Program
Fiscal Year 2018, With Ten Year Trend Analysis

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police (1)										
Misdemeanor and felony arrests	2,009	1,855	1,463	1,270	1,324	1,410	1,414	1,257	1,251	1,023
Traffic citations	16,328	13,186	8,106	7,262	6,180	6,144	3,882	2,997	2,575	2,130
Traffic collisions	1,390	1,367	1,377	1,464	1,410	1,328	1,166	1,528	1,673	1,639
Fire										
Ambulance transports	3,167	2,608	2,692	3,099	3,099	3,186	3,367	3,819	4,045	4,446
Medical responses	3,989	3,409	3,618	3,526	3,526	3,485	3,671	4,369	4,748	5,105
Inspections completed	527	1,457	1,485	1,326	1,850	1,066	1,035	1,460	506	1,017
Other public works										
Lane miles of street overlay	5.37	9.5	2.3	9	7.2	-	4	8	2	-
Curb miles of streets swept	6,756	1,530	1,308	445	568	1,807	2,511	4,275	2,930	3,900
Hot pour crack seal applied (lineal ft.)	16,615	550,000	-	120,000	104,480	103,020	80,200	150,000	390,000	350,000
Square feet of street patch	44,672	243,750	12,000	83,000	84,560	408,000	187,650	200,000	75,000	450,000
Number of miles of road added	-	-	-	-	-	-	1	1	1	-
Number of traffic signals added	-	-	4	18	-	-	-	1	-	1
Number of streetlights added	-	-	-	28	4	-	19	15	35	14
Miles of storm drains added	-	0.58	-	0.2	0.1	0.3	0.5	0.6	0.2	-
Area of Slurry Seal applied (sq ft)	7,333,745	3,690,000	3,559,000	862,000	1,895,800	1,034,100	1,500,000	2,250,000	-	-
Parks and Recreation										
Aquatic center paid admissions	55,505	56,466	56,245	59,571	63,840	68,257	62,668	58,694	61,731	56,586
Community facilities reservations	3,839	3,046	2,224	2,374	2,801	2,949	3,449	3,269	3,115	3,315
Community facilities paid rentals	956	978	667	889	1,007	1,113	1,107	1,111	1,059	1,127
Total park acreage	435	435	439	439	439	439	439	439	439	451
Open space acreage	361	409	420	420	420	420	499	631	631	631
Trails maintenance	24	34	36	36	36	36	36	45	48	48
Recreation program participation	532,474	522,803	498,879	595,934	540,688	559,776	524,545	560,973	523,268	542,249
Zoo attendance	107,827	100,423	104,032	125,564	121,387	123,440	121,360	116,057	121,953	143,367
Library										
Volumes in collection	102,215	111,726	112,170	102,767	103,253	96,833	92,979	91,519	89,133	92,033
Total volumes borrowed	664,251	666,612	543,053	552,161	564,434	608,536	609,441	613,597	603,421	618,458
Water										
New connections	218	181	149	103	187	356	348	268	180	253
Water main breaks	3	3	2	1	5	3	8	5	1	4
Average consumption (gal/day)	24.3 MGD	20.9 MGD	19.8 MGD	19.3 MGD	20.3 MGD	16.6 MGD	14.9 MGD	14.2 MGD	16.65 MGD	17.35 MGD
Plant capacity (gal/day)	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD
Wastewater										
Average daily sewage treatment (thousands of gallons)										
Daily average flow in gallons	7.0 MGD	6.95 MGD	6.77 MGD	7.82 MGD	6.22 MGD	5.75 MGD	5.75 MGD	5.98 MGD	8.03 MGD	7.1 MGD
Pump station capacity (gal/day)	12 MGD	12MGD	12 MGD	12 MGD	14.2 MGD	14.2 MGD	14.2 MGD	14.2 MGD	14 MGD	14 MGD
Refuse collection										
Solid Waste (tons per day)	138	138	134	131	136	136	140	144	150	151
Recycling (tons per day)	41	38	34	35	39	38	41	44	44	40
Green Waste (tons per day)	32	34	33	33	35	33	34	36	40	38
Transit										
Total route miles	241,675	181,153	187,036	194,900	184,727	175,402	195,390	200,897	195,989	197,147
Passengers-Folsom Stage Line	101,590	64,880	61,650	73,485	79,787	92,489	91,930	83,180	92,282	89,794
Passengers-Light Rail	780,756	764,660	739,024	778,856	745,108	734,500	702,935	689,935	619,684	627,850

Source: City of Folsom

N/A - Data not available
(1) Prior to FY 2013, Police statistics were for calendar, not fiscal year

Schedule 18
CITY OF FOLSOM, CALIFORNIA
Capital Asset and Infrastructure Statistics by Function/Program
Fiscal Year 2018, With Ten Year Trend Analysis

Function/Program	2009	2010	2011	2012	2013
Public Works					
Miles of streets	259	259	259	259	259
Number of street lights	6,660	6,667	6,667	6,699	6,703
Number of traffic signals	92	96	100	118	118
Culture and recreation					
Zoo	1	1	1	1	1
Community centers	2	4	4	4	4
Community clubhouse	3	3	2	2	2
Parks	45	45	46	46	46
Park acreage	434	435	439	439	439
Swimming pools	3	3	3	3	3
Tennis courts	23	23	23	23	23
Fire Stations	4	4	4	4	4
Police					
Stations	1	1	1	1	1
Patrol Units	61	49	49	60	52
Sewage System					
Miles of sanitary sewers	267	267	267	267	267
Number of pump stations	9	9	9	9	15
Number of service connections	21,359	21,552	21,684	21,787	21,974
Water					
Miles of water mains	343	343	343	343	343
Number of service connections	19,169	19,350	19,275	19,376	19,563
Number of fire hydrants (not inc. San Juan)	2,860	2,874	2,895	2,919	2,921
Daily average consumption in gallons	24.3 MGD	20.9	19.8	20	20.3
Maximum daily capacity of plant in gallons	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD
Drainage System					
Miles of storm drains	199	200	250	250	250

Source: City of Folsom

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

2014	2015	2016	2017	2018	Function/Program
					Public Works
300	301	302	303	303	Miles of streets
6,699	6,699	6,714	6,749	6,749	Number of street lights
118	118	119	119	122	Number of traffic signals
					Culture and recreation
1	1	1	1	1	Zoo
4	4	4	4	4	Community centers
2	2	2	2	2	Community clubhouse
46	46	46	46	47	Parks
439	439	439	439	451	Park acreage
3	3	3	3	3	Swimming pools
23	23	23	23	25	Tennis courts
4	4	4	4	5	Fire Stations
					Police
1	1	1	1	1	Stations
56	54	53	53	59	Patrol Units
					Sewage System
267	267	267	268	285	Miles of sanitary sewers
15	15	15	14	14	Number of pump stations
22,295	22,743	22,927	22,974	23,506	Number of service connections
					Water
343	343	343	346	365	Miles of water mains
19,919	20,267	20,535	20,755	21,177	Number of service connections
2,977	2,989	2,996	2,994	3,434	Number of fire hydrants (not inc. San Juan)
16.6 MGD	14.9 MGD	14.2 MGD	16.65 MGD	17.35 MGD	Daily average consumption in gallons
50 MGD	50 MGD	50 MGD	50 MGD	50 MGD	Maximum daily capacity of plant in gallons
					Drainage System
250	250	250	250	250	Miles of storm drains

Schedule 19
CITY OF FOLSOM, CALIFORNIA
Miscellaneous Statistics
Fiscal Year 2018, With Ten Year Trend Analysis

	Education				Hospitals	
	Elementary schools	Secondary schools	Number of school instructors - FTE	Community colleges	Number of hospitals	Patient beds
2009	10	5	468	1	1	105
2010	10	5	455	1	1	105
2011	10	5	451	1	1	131
2012	10	5	446	1	1	131
2013	10	5	452	1	1	131
2014	10	5	453	1	1	131
2015	10	5	489	1	1	131
2016	10	5	540	1	1	131
2017	10	5	550	1	1	131
2018	10	5	552	1	1	131

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

Printed by: ImageMaster, LLC
www.imagemaster.com