

CITY OF  
*Modesto, California*

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended June 30, 2001**

Prepared by  
Finance Department

**CITY OF MODESTO**  
 June 30, 2001  
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December 7, 2001

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Modesto:

The Comprehensive Annual Financial Report of the City of Modesto for the fiscal year ended June 30, 2001, prepared by the Finance Department, is hereby submitted. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentations, including all disclosures, rests with the City. We believe the data are accurate in all material respects and fairly represent the financial position and results of operations of the City as measured by the financial activity of its various funds and account groups. All disclosures necessary to enable the reader to understand the City's financial affairs have been included.

The comprehensive annual financial report has three sections: introductory, financial, and statistical. The introductory section consists of this transmittal letter, an organization chart, and the Certificate of Achievement for Excellence in Financial Reporting presented by the Government Finance Officers Association for the City's June 30, 2000 report, the seventeenth consecutive year in which the City has been so recognized. The financial section includes the general-purpose financial statements, the combining and individual fund and account group statements and schedules, and the independent auditor's report on the financial statements and schedules. The notes to the general-purpose financial statements explain the basis of accounting used, define the various fund types and account groups, and provide required disclosure information. The statistical section includes selected demographic data, financial trends, and the fiscal capacity of the City, and is generally presented for more than one year. This section also includes continuing disclosure requirements information on bonds issued after July 3, 1995, as required by Securities and Exchange Commission Rule 15 (c)2-12.

This report includes all City funds and accounts. In addition, the following component units are included because, among other reasons, their governing boards consist of all seven members of the City Council: Modesto Municipal Sewer District No. 1, the Redevelopment Agency of the City of Modesto, and the Modesto Public Financing Authority. The Tuolumne River Regional Park, Stanislaus Drug Enforcement Agency, City-County Capital Improvements and Financing Agency, Stanislaus Waste-to-Energy Financing Agency, Criminal Justice Training Agency and Regional Fire Training Center are considered joint ventures or jointly governed organizations, and appropriate disclosures have been made in Note IV-F.

The City provides all services typically associated with a municipality. These include police and fire protection; highway, street, and other infrastructure construction and maintenance; sanitation; planning and zoning; recreational activities and cultural events; and administrative services. Parking and airport facilities, water, sewer, storm drainage, and bus services are also provided.

## **Local Economy and Outlook**

Modesto, a dynamic City located in the heart of California's San Joaquin Valley, is the retail, service and financial center of Stanislaus County. About 250 major industrial plants are located in the Modesto area, including some of the largest food and beverage processing facilities in the United States. Manufacturing accounts for about one-fifth of the County's wage and salary workers. Agribusiness remains an important element in the Modesto area economic mix, but continued growth in the service and retail sectors has led toward a more diversified economy.

The local economy continued to improve during 2000 -2001. Building permit valuation was up for the sixth consecutive year, increasing by 30 percent over the prior year. There were 68 permits issued for new construction of commercial buildings and 1,525 for new single-family homes. In addition, over 4,500 permits were issued for home remodels and additions.

Retail sales continued to increase during the year. Several new retail establishments opened their doors, including a large home improvement center and a nationally known furniture retailer. Modest growth in the industrial sector resulted primarily from expansions of existing businesses. The economic growth has contributed to an improved employment picture. The State Employment Development Department (EDD) reported that the Modesto area's average unemployment rate for calendar year 2000 was 10.4% compared to 10.6% in 1999. The EDD's most recent available report for September 2001 shows the area's current unemployment rate to be 7.7%.

While the rapid growth of the last several years is not expected to continue, the City has experienced relatively little impact from the energy and economic problems facing the State of California. Construction and sales of new homes continue to be strong and local retail stores are reporting that sales are in excess of last year.

## **Major Initiatives**

The new police headquarters building opened in September 2000. This 40,000 square foot facility houses the Office of the Chief of Police, the Support Bureau, and the Investigative Service Division, alleviating former overcrowding of police personnel. Renovation of the existing police building, to accommodate the Field Operations Division, continues. Subsequent to year end, the City Council appropriated another \$2 million toward the renovation project from General Fund reserves.

The Stanislaus Regional 911 Center relocated its operations to a new state-of-the-art facility in November 2000. The facility houses 43 emergency dispatchers and the Modesto Police Department northeast area office, as well as the Stanislaus Consolidated Fire administration offices and the emergency operations center.

The City's new Vision-Based Organization model reflects the City Council's visioning efforts. The model assembles City departments in three teams, or business groups, to support various components of the vision. Departments are logically aligned by function under one of the three teams: Support Team, Healthy and Safe Team, and Attractive and Economically Vibrant Team. Each team has direct accountability through a team leader, either the City Manager or a Deputy City Manager. The model is a results oriented team approach, providing for checks and balances within the organization.

In September 2001, the City Council authorized use of General Fund reserves to loan up to \$5.2 million to the Storm Drain Enterprise Fund to aid in completion of the storm drain system in Village One. This loan is to be repaid from future development fees.

**Financial Information**

The City's accounting system has been developed and maintained with due consideration given to the adequacy of internal controls. These controls are designed to provide reasonable, but not absolute, assurance that assets are adequately safeguarded from waste, fraud and inefficient use. The system produces financial records which allow for the preparation of financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of a control should not exceed its benefits. The evaluation of costs and benefits requires estimates and judgments by management.

Budgetary control is maintained to ensure compliance with legal provisions of the annual appropriated budget as approved and modified by the City Council. As purchase orders are issued, corresponding amounts are encumbered for later payment so that appropriations may not be overspent. More specific information on the budgetary process may be found in the notes to the financial statements (Note II-A).

**General Government Functions**

Revenues for general governmental functions, as recorded in the general, special revenue, capital projects, and debt service funds, totaled \$119,989,121 for the year ended June 30, 2001, an increase of 13.4 percent over the prior year. The revenues from various sources, and the increases or decreases from the prior year, are summarized in the following table:

<u>Revenue Source</u>	<u>Year ended June 30, 2001</u>		<u>Increase/(Decrease) From Year ended June 30, 2000</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$62,662,051	52.1%	\$6,087,484	10.8%
Licenses and permits	183,226	.2	60,557	49.4
Intergovernmental	26,504,340	22.0	860,783	3.4
Charges for services	21,066,378	17.5	4,438,668	26.7
Special assessments levied	309,649	.3	25,332	8.9
Interest and rent	4,343,415	3.6	(67,591)	(1.5)
Net increase in fair value of investments	1,143,444	1.0	1,880,897	255.1
Fines and forfeits	1,278,945	1.1	(1,178)	(.1)
Miscellaneous	<u>2,497,673</u>	<u>2.2</u>	<u>938,732</u>	60.2
	<u>\$119,989,121</u>	<u>100.0%</u>	<u>\$14,223,684</u>	

Sales and use, utility users, general property, and other taxes produced 52.1 percent of general revenues, compared with 53.5 percent in fiscal year 2000. Tax revenues increased, primarily in the areas of sales and use and business license taxes due to the overall upswing in the local economy, as well as utility users tax, which increased in large part because of higher natural gas rates. Intergovernmental revenue increased, due to higher grant revenue related to housing loan activity, which was offset in large part by decreases due to the implementation of GASB Statement 33. This new accounting standard changed recognition requirements for many revenue sources, resulting in the recording of certain amounts as deferred revenue rather than current year revenue. The continuing improvement in building activity was responsible in large part for the increase in charges for services, due to increased building inspection fees received. Encroachment permit revenue, also related to increased building activity, caused the majority of the increase in licenses and permits revenue. The change in fair market value of the City's investments was significantly higher at June 30, 2001 than at the end of 2000. Settlement of a dispute with a service provider increased miscellaneous revenue over the previous year by close to \$1 million.

Total expenditures for general governmental purposes, as recorded in the governmental fund types, were \$106,680,016, a decrease of 7.3 percent from the prior year. Increases or decreases in levels of expenditures for major functions of the City from the preceding year were:

Function	Year Ended June 30, 2001		Increase/(Decrease) From Year ended June 30, 2000	
	Amount	Percent of Total	Amount	Percent
General government	\$11,283,157	10.6%	\$ 474,725	4.4 %
Highways and streets	10,244,794	9.6	(3,905,817)	(27.6)
Public works	4,513,156	4.3	68,940	1.6
Parks and recreation	11,691,094	11.0	1,029,388	9.7
Public safety	49,888,819	46.7	3,976,219	8.7
Capital outlay expenditures	13,172,076	12.3	(8,846,666)	(40.2)
Debt service	<u>5,886,920</u>	<u>5.5</u>	<u>(1,169,028)</u>	<u>(16.6)</u>
	<u>\$106,680,016</u>	<u>100.0%</u>	<u>\$(8,372,239)</u>	

The decrease in highways and streets expenditures was primarily due to local transportation funds being encumbered at year end, but not yet spent, and smaller expenditures on several large continuing projects. New positions and prior staffing vacancies filled, as well as some new programs this year, were largely responsible for the increases in parks and recreation and public safety expenditures. Most of the decrease in capital outlay expenditures was related to the winding down of expenditures incurred on the police administration building project. Debt service expenditures decreased because the golf course certificates of participation were transferred from the General Long Term Debt Account Group to the Golf Enterprise Fund, due to an accounting policy change.

### **Fund Equity**

Fund balances in the governmental funds were maintained at positive levels, with the exception of the following individual funds:

The Special Gas Tax Street Improvement Special Revenue Fund has a deficit fund balance of \$2,738,460 due to the implementation of GASB 33, which requires certain grant revenues to be deferred and recognized in later periods.

The Redevelopment Agency Capital Projects Fund has a deficit of \$2,958,938 because the operations of this fund were originally financed through loans from the General Fund, Housing and community Development Fund, and Special Fund for Capital Outlays. The Agency is obligated to repay these loans from future tax increment and operating revenue.

The Capital Grants Capital Projects Fund has a deficit fund balance of \$638,839 due to the deferred revenue requirements of GASB 33.

Proprietary fund retained earnings were also positive, with the exception of deficits in the Golf Enterprise Fund, and the Insurance and Employee Benefits management Internal Service funds.

All deficits are fully disclosed in the Notes to the General-Purpose Financial Statements on page 26 of this report.



## **General Fixed Assets**

Net capital additions (excluding transfers from construction in progress) during the year amounted to \$3,087,809 in the general fixed assets account group. Construction in progress at year end was valued at \$32,709,698. Net changes in capitalized assets for the year were as follows:

Land	\$1,624,977
Buildings	(2,044,579)
Improvements other than buildings	602,795
Furnishings and equipment	1,327,013
Construction in progress	<u>1,577,603</u>
	<u>\$3,087,809</u>

## **Proprietary Fund Operations**

Current year proprietary operations (airport, bus service, sewer, storm drain, water, parking, golf, community center, and the internal service funds) resulted in an increase of \$10,783,650 to retained earnings.

The following summary compares proprietary fund operations for the fiscal years ended June 30, 2000 and 2001:

	<u>Year Ended June 30</u>		Increase (Decrease)
	<u>2001</u>	<u>2000</u>	
Total operating revenues	\$ 96,861,506	\$ 91,878,228	\$4,983,278
Total operating expenses	<u>102,293,783</u>	<u>93,716,622</u>	<u>8,577,161</u>
Operating income	(5,432,277)	(1,838,394)	(3,593,883)
Nonoperating revenues/(expenses)	9,745,510	6,685,961	3,059,549
Net operating transfers in (out)	<u>785,091</u>	<u>(1,070,589)</u>	<u>1,855,680</u>
Net income (loss)	5,098,324	3,776,978	1,321,346
Add: Depreciation that reduces contributed capital	<u>5,685,326</u>	<u>5,397,348</u>	<u>287,978</u>
Net increase (decrease) in retained earnings	<u>\$ 10,783,650</u>	<u>\$ 9,174,326</u>	<u>\$ 1,609,324</u>

Operating revenues increased in Enterprise Funds by a total of \$1.9 million, with the Sewer, Bus and Community Center Funds being the major contributors. Internal Service Funds showed an increase of \$3.1 million, primarily due to employee benefit and insurance premium assessments and increased charges by the Technology and Information Services Fund. Increased insurance premiums and claims payments, along with the moving of maintenance-related projects from capital to operating accounts, were largely responsible for the increase in operating expenses. Non operating revenues increased due to capital grants and connection fees, which in previous years were added to contributed capital but were recorded as non-operating revenue this year due to the implementation of GASB Statement 33. In addition, the change in fair market value of proprietary funds showed an increase compared with a decrease in the prior year. Net operating transfers in (out) resulted in a positive change to retained earnings. The Golf Enterprise Fund no longer transfers cash to the debt service fund to pay debt service since the certificates of participation have been moved from the General Long Term Debt Account Group to the Golf Fund. Also, fiscal year 2001 was the first full year of elimination of certain utility fund transfers to the General Fund.

## **Debt Administration**

On June 30, 2001 \$2.8 million of special assessment debt with government commitment, \$25.3 million of certificates of participation, \$64.6 million of lease revenue bonds, and obligations under capital leases totaling \$.1 million were outstanding in the General Long-Term Debt Account Group. Enterprise fund long-term debt consisted of \$43.0 million of sewer revenue bonds, \$21.0 million of water system improvement certificates of participation, \$6.6 million of golf course certificates of participation, and a loan payable to the State Department of Water Resources in the amount of \$2.9 million. A liability in the amount of \$2.6 million was outstanding for advances in aid of construction in the Water Fund. Internal Service Funds owed \$.1 million on capital lease transactions.

## **Cash Management**

Under Section 2-3.401 of the Modesto Municipal Code, the Finance Department is responsible for depositing and investing funds in accordance with sound treasury management principles and applicable laws. The City's investment policy is reviewed and approved annually by the City Council. Direct responsibility for managing the City's investment portfolio rests with the Finance Director. Investments are made in accordance with the following criteria, in order of priority: safety, liquidity, and yield.

The City is in compliance with all statutory provisions of the California State Code which regulates the financial affairs of cities. Investments are secured by the maximum collateral required under law, with maturities laddered at all times to ensure cash is available when needed. Investments of City funds are limited to the following:

- a) U.S. Government securities
- b) Certificates of deposit (or time deposits) with commercial banks and savings and loan institutions
- c) Bankers acceptances (prime only)
- d) Negotiable certificates of deposit
- e) Commercial paper (rated A-1 Moody's and P-1 Standard and Poor's)
- f) Local Agency Investment Fund
- g) Repurchase agreements
- h) Passbook savings account demand deposits
- I) Other investments as may be authorized by the State

Cash temporarily idle during the past year was invested primarily in U.S. Treasury securities, federal agency issues, and the State of California Local Agency Investment Fund. The rates of interest earned ranged from 4.57 to 7.33 percent and the amount of interest earned was \$6,204,874. Investments held on June 30, 2001 had maturities ranging from one day to four years, with 66 percent available with a one day notice from the Local Agency Investment Fund.

## **Risk Management**

The City is self-insured against liability and workers' compensation claims. As protection against catastrophic loss, the City is a member of the Authority for California Cities Excess Liability (ACCEL). Members fund a pool to finance large losses. The City continues its proactive liability risk management role through careful monitoring of losses, working closely with ACCEL's third party claims administrator, and designing and implementing programs to minimize risks and reduce losses. In addition, the City's risk management division manages workers' compensation issues by inspecting work conditions and organizing safety training programs to reduce employee exposure to hazards.

## **OTHER INFORMATION**

### **Independent Audit**

The City of Modesto City Charter and Municipal Code require that a complete financial statement and report on the finances of the City be submitted to the City Council at the end of each fiscal year. The Charter also requires an annual audit of the books of account, financial records and transactions of all City departments by an independent certified public accountant selected by the City Council. The accounting firm of Macias, Gini & Company LLP was selected in 1999 to perform the City's annual financial audits for a period of three years. The auditor's report on the general purpose financial statements and combining and individual fund and account group statements and schedules is included in the financial section of this report. In addition to meeting the City Charter audit requirements, the audit was also designed to meet the requirements of the federal Single Audit Act of 1996 and related OMB Circular A-133. The auditor's reports related specifically to the Single Audit will be presented separately at a later date.

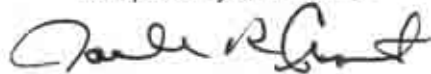
### **Awards**

For the seventeenth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Modesto for its comprehensive annual financial report for the fiscal year ended June 30, 2000. The City also received the Outstanding Award for Financial Reporting from the California Society of Municipal Finance Officers (CSMFO) for the same report. To receive this recognition, the City must publish an easily readable and efficiently organized report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. Both awards are valid for a period of one year only. Staff believes that the current comprehensive annual financial report continues to meet the requirements of both programs, and it will be submitted to the GFOA and CSMFO to determine its eligibility.


### **Acknowledgments**

The Comprehensive Annual Financial Report is the result of the cooperative work of many people. We wish to convey our appreciation to them and, in particular, commend the Accounting Division staff responsible for preparation of the report.

Respectfully submitted, .



Jack R. Crist  
City Manager



Robert V. Stout  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Modesto,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

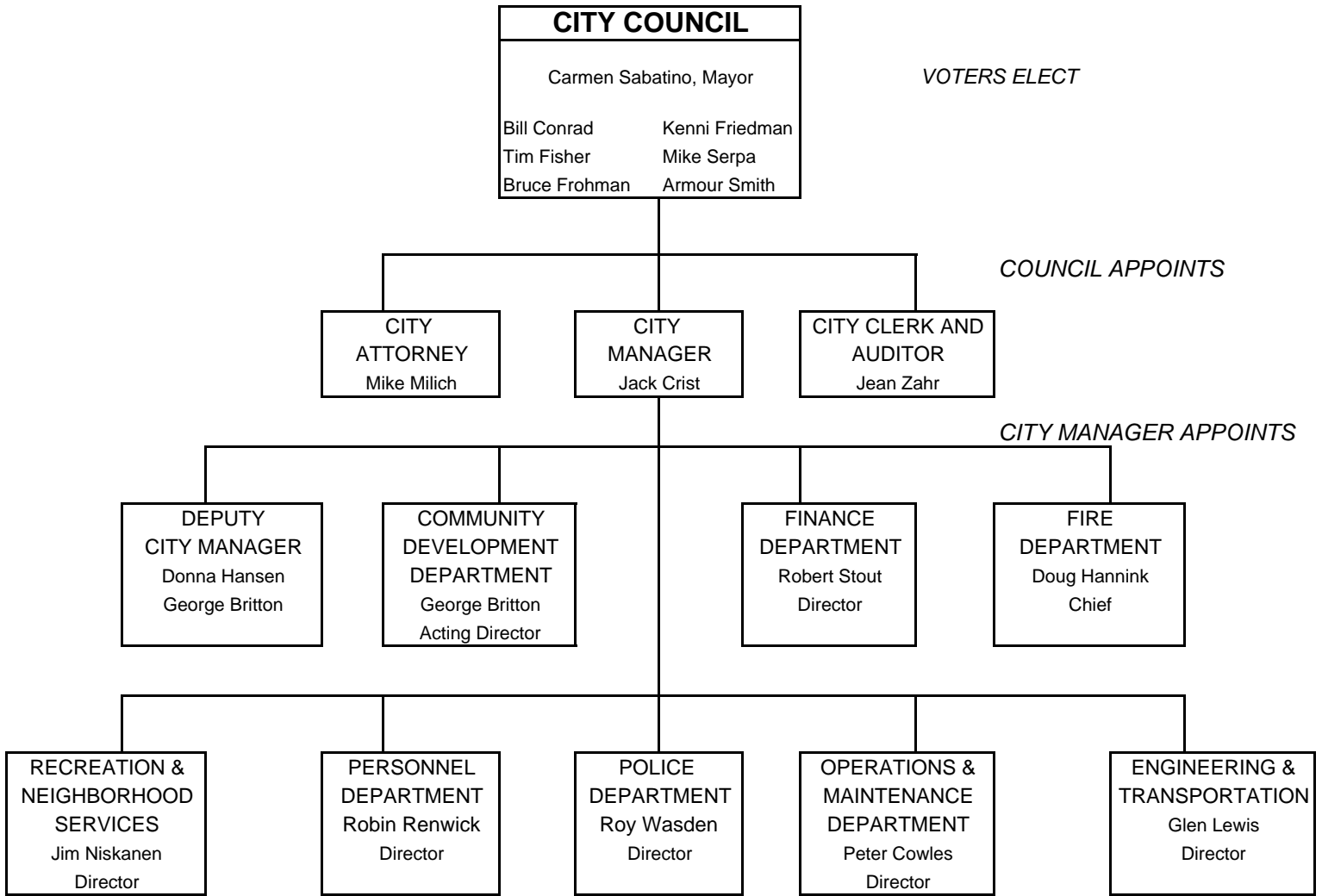
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



*Imelda Arave*  
President

*Jeffrey L. Esser*  
Executive Director

# CITY OF MODESTO



## Advisory Boards, Commissions and Committees

Equal Opportunity/Disability Commission  
 Airport Advisory Committee  
 Board of Building Appeals  
 Board of Zoning Adjustments  
 Citizen Housing & Community Development  
 Citizens Advisory Committee on Recycling  
 Community Qualities Forum  
 Culture Commission  
 Disabled Access Appeals Board  
 Downtown Improvement District Advisory Board

Economic Development Loan Committee  
 Golf Course Committee  
 Housing Maintenance & Counseling Committee  
 Housing Rehabilitation Loan Committee  
 Human Relations Commission  
 Landmark Preservation Commission  
 Planning Commission  
 Tuolumne River Regional Park Citizens Advisory Committee  
 Youth Commission

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 Management Consultants

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City Council  
 City of Modesto  
 Modesto, California

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general-purpose financial statements of the City of Modesto, California (City), as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these general-purpose 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Modesto, California, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note I (D) of the general-purpose financial statements effective July 1, 2000, the City changed its method of accounting for nonexchange transactions to comply with the provisions of Statement No. 33 of the Governmental Accounting Standards Board.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 12, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

The statistical section listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion thereon.

*Macias, Gini & Company LLP*  
 Certified Public Accountants

Fresno, California  
 October 12, 2001

## **GENERAL- PURPOSE FINANCIAL STATEMENTS**

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These statements provide an overview of the financial position and the operating results of all fund types and account groups. They also serve as an introduction to the more detailed statements and schedules which follow. Separate columns are used for each fund type and account group.



**CITY OF MODESTO**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**June 30, 2001**  
**(With comparative totals for June 30, 2000)**

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
<u>ASSETS AND OTHER DEBITS</u>				
Cash and cash equivalents (Note III-A)	\$ 21,147,073	\$ 5,202,657	\$ 26,213,780	\$ 363,806
Cash and cash equivalents with fiscal agent (Note III-A)		841,520	4,135,788	7,919,738
Receivables:				
Accounts	1,309,437	2,431,693	306,862	51,422
Taxes	5,084,131			34,865
Special assessments				893,551
Notes (Note III-J)	92,283	11,518,765	1,146,070	
Due from governments	173,469	8,647,642	404,562	
Due from other funds (Note III-F)	3,117,000		1,245,000	
Property held for resale (Note I-C 5)			577,205	
Inventories				
Restricted assets - cash and cash equivalents (Note III-A)				
Advances to other funds (Note III-F)	2,235,190	20,000	100,000	
Loans to other funds (Note III-F)	6,443,500	74,050	1,000,000	
Unamortized costs of issuance				
General fixed assets (Note III-B)				
Proprietary funds - land, buildings, and equipment, net of depreciation (Note III-B)				
Amount available for debt service				
Amount to be provided for payment of long-term debt				
 Total assets and other debits	 <u>\$ 39,602,083</u>	 <u>\$ 28,736,327</u>	 <u>\$ 35,129,267</u>	 <u>\$ 9,263,382</u>

See notes to general-purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	2001	2000
\$ 37,253,618	\$ 30,893,346	\$ 409,959			\$ 121,484,239	\$ 89,983,525
7,337,353					20,234,399	26,873,104
6,249,297	209,680				10,558,391	7,576,751
2,196					5,121,192	3,787,343
	81,464				893,551	1,106,603
2,880,755	70,755				12,838,582	11,419,287
					12,177,183	9,583,047
					4,362,000	3,131,664
	447,648				577,205	577,205
2,321,316		1,394,548			447,648	451,084
					3,715,864	4,655,608
					2,355,190	1,846,198
1,008,216					7,517,550	7,517,550
					1,008,216	1,074,281
			\$ 107,323,628		107,323,628	104,235,819
254,636,929	14,337,914				268,974,843	265,874,951
				\$ 6,652,831	6,652,831	8,532,074
				86,065,221	86,065,221	92,217,974
<u>\$ 311,689,680</u>	<u>\$ 46,040,807</u>	<u>\$ 1,804,507</u>	<u>\$ 107,323,628</u>	<u>\$ 92,718,052</u>	<u>\$ 672,307,733</u>	<u>\$ 640,444,068</u>

(Continued)

**CITY OF MODESTO**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (Continued)**  
**June 30, 2001**  
**(With comparative totals for June 30, 2000)**

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>				
Liabilities:				
Accounts payable and accrued expenses/expenditures	\$ 4,617,263	\$ 1,086,001	\$ 2,254,077	\$
Approved loans payable (Note III-K)		543,526		
Interest payable				
Due to other funds (Note III-F)		3,117,000		1,245,000
Current portion - compensated absences (Note I-C 6)				
Current portion - claims liability (Note IV-A)				
Current portion - long-term debt (Notes III-C and III-D)				
Current portion - developer advances (Note III-E)				
Deferred revenues	118,715	12,311,553	857,320	893,551
Payable from restricted assets:				
Refundable deposits				
Advances from other funds (Note III-F)			250,890	472,000
Loans from other funds (Note III-F)			7,517,550	
Special assessment debt with government commitment (Note III-C)				
Revenue bonds payable (Note III-C)				
Loan payable (Note III-C)				
Obligations under capital leases (Note III-D)				
Lease revenue bonds (Note III-C)				
Certificates of participation (Note III-C)				
Compensated absences (Note I-C 6)				
Claims liability (Note IV-A)				
Developer advances (Note III-E)				
<b>Total liabilities</b>	<u>4,735,978</u>	<u>17,058,080</u>	<u>10,879,837</u>	<u>2,610,551</u>
Equity and other credits:				
Contributed capital (Note III-G)				
Investment in general fixed assets				
Retained earnings-unreserved				
Fund balances (deficits): (Note III-H)				
Reserved	10,233,786	11,373,782	4,740,782	6,652,831
Unreserved/designated:				
For carryover projects		240,461	7,544,126	
For pending projects		2,802,464	17,933,218	
For subsequent year expenditures	11,370,874			
For departmental savings	3,667,404			
Unreserved/undesignated	9,594,041	(2,738,460)	(5,968,696)	
<b>Total equity and other credits</b>	<u>34,866,105</u>	<u>11,678,247</u>	<u>24,249,430</u>	<u>6,652,831</u>
<b>Total liabilities, equity and other credits</b>	<u>\$ 39,602,083</u>	<u>\$ 28,736,327</u>	<u>\$ 35,129,267</u>	<u>\$ 9,263,382</u>

See notes to general-purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	2001	2000
\$ 2,122,536	\$ 1,060,621				\$ 11,140,498	\$ 11,390,956
792,479	7,244				543,526	357,292
	6,155,612				799,723	763,683
	3,780,366				4,362,000	3,131,664
2,023,868	189,161				6,155,612	5,659,786
125,770					3,780,366	3,844,987
6,318,128					2,213,029	1,956,415
					125,770	132,674
					20,499,267	6,081,035
752,311		\$ 1,394,548			2,146,859	2,187,771
1,169,300	463,000				2,355,190	1,846,198
					7,517,550	7,517,550
				\$ 2,770,000	2,770,000	3,160,000
42,994,660					42,994,660	44,009,341
2,887,342					2,887,342	3,056,370
	87,381				140,433	336,590
				53,052	64,615,000	64,730,000
27,595,523				64,615,000	52,875,523	54,318,612
	23,492,254			25,280,000	23,492,254	20,209,562
	6,380,503				6,380,503	5,492,131
2,636,092					2,636,092	2,761,861
<u>89,418,009</u>	<u>41,616,142</u>	<u>1,394,548</u>		<u>92,718,052</u>	<u>260,431,197</u>	<u>242,944,478</u>
100,713,953	7,431,805				108,145,758	114,063,086
121,557,718	(3,007,140)		\$ 107,323,628		107,323,628	104,235,819
		409,959			118,550,578	109,977,627
					33,411,140	35,994,458
					7,784,587	7,529,578
					20,735,682	12,245,462
					11,370,874	5,955,952
					3,667,404	3,310,407
					886,885	4,187,201
<u>222,271,671</u>	<u>4,424,665</u>	<u>409,959</u>	<u>107,323,628</u>		<u>411,876,536</u>	<u>397,499,590</u>
<u>\$ 311,689,680</u>	<u>\$ 46,040,807</u>	<u>\$ 1,804,507</u>	<u>\$ 107,323,628</u>	<u>\$ 92,718,052</u>	<u>\$ 672,307,733</u>	<u>\$ 640,444,068</u>

**CITY OF MODESTO**  
**ALL GOVERNMENTAL FUND TYPES**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Year ended June 30, 2001**  
**(With comparative totals for year ended June 30, 2000)**

	General	Special Revenue
<b>REVENUES:</b>		
Taxes	\$ 58,412,864	\$ 1,851,817
Licenses and permits	183,226	
Intergovernmental	13,747,017	11,578,300
Charges for services	8,628,901	13,922
Special assessments levied	143,214	
Interest and rent	1,793,847	310,793
Net increase (decrease) in fair value of investments	659,439	38,749
Fines and forfeits	549,480	729,465
Miscellaneous	2,236,449	4,474
Total revenues	86,354,437	14,527,520
<b>EXPENDITURES:</b>		
Current:		
General government	11,194,030	89,127
Highways and streets	4,456,755	5,788,039
Public works	1,754,727	2,758,429
Parks and recreation	11,691,094	
Public safety	48,387,333	1,501,486
Capital outlay		
Debt service:		
Principal retirement	6,996	
Interest	3,981	
Other		
Total expenditures	77,494,916	10,137,081
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,859,521</b>	<b>4,390,439</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Operating transfers in (Note III-I)	4,426,212	954,955
Operating transfers out (Note III-I)	(6,041,034)	(5,127,016)
Sale of assets		
TOTAL OTHER FINANCING SOURCES (USES)	(1,614,822)	(4,172,061)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>7,244,699</b>	<b>218,378</b>
FUND BALANCES, July 1 (as restated)	27,621,406	11,459,869
Residual equity transfers out		
<b>FUND BALANCES, June 30</b>	<b>\$ 34,866,105</b>	<b>\$ 11,678,247</b>

See notes to general-purpose financial statements.

Capital Projects	Debt Service	Totals (Memorandum Only)	
		2001	2000
\$ 851,267	\$ 1,546,103	\$ 62,662,051	\$ 56,574,567
		183,226	122,669
1,131,303	47,720	26,504,340	25,643,557
12,423,555		21,066,378	16,627,710
	166,435	309,649	284,317
1,604,750	634,025	4,343,415	4,411,006
462,870	(17,614)	1,143,444	(737,453)
		1,278,945	1,280,123
256,750		2,497,673	1,558,941
<u>16,730,495</u>	<u>2,376,669</u>	<u>119,989,121</u>	<u>105,765,437</u>
		11,283,157	10,808,432
		10,244,794	14,150,611
		4,513,156	4,444,216
		11,691,094	10,661,706
		49,888,819	45,912,600
13,172,076		13,172,076	22,018,742
	1,130,000	1,136,996	1,835,003
	4,713,239	4,717,220	5,181,113
	32,704	32,704	39,832
<u>13,172,076</u>	<u>5,875,943</u>	<u>106,680,016</u>	<u>115,052,255</u>
<u>3,558,419</u>	<u>(3,499,274)</u>	<u>13,309,105</u>	<u>(9,286,818)</u>
3,217,733	3,059,379	11,658,279	10,644,257
(448,272)	(827,048)	(12,443,370)	(9,573,668)
			5,494,407
<u>2,769,461</u>	<u>2,232,331</u>	<u>(785,091)</u>	<u>6,564,996</u>
6,327,880	(1,266,943)	12,524,014	(2,721,822)
17,921,550	7,919,774	64,922,599	71,633,589
			(263,129)
<u>\$ 24,249,430</u>	<u>\$ 6,652,831</u>	<u>\$ 77,446,613</u>	<u>\$ 68,648,638</u>

**CITY OF MODESTO**  
**GENERAL AND SPECIAL REVENUE FUND TYPES**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**Year ended June 30, 2001**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>REVENUES:</b>			
Taxes	\$ 51,863,536	\$ 58,412,864	\$ 6,549,328
Licenses and permits	131,870	183,226	51,356
Intergovernmental	12,020,356	13,747,017	1,726,661
Charges for services	7,964,279	8,628,901	664,622
Special assessments levied	132,501	143,214	10,713
Interest and rent	1,211,562	1,793,847	582,285
Net increase in fair value of investments		659,439	659,439
Fines and forfeits	559,696	549,480	(10,216)
Miscellaneous	1,831,521	2,236,449	404,928
Total revenues	<u>75,715,321</u>	<u>86,354,437</u>	<u>10,639,116</u>
<b>EXPENDITURES:</b>			
Current:			
General government	12,618,534	11,194,030	1,424,504
Highways and streets	4,936,320	4,456,755	479,565
Public works	2,211,708	1,754,727	456,981
Parks and recreation	12,671,998	11,691,094	980,904
Public safety	49,064,736	48,387,333	677,403
Capital outlay			
Principal retirement	6,996	6,996	
Interest	3,982	3,981	1
Total expenditures	<u>81,514,274</u>	<u>77,494,916</u>	<u>4,019,358</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,798,953)</u>	<u>8,859,521</u>	<u>14,658,474</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	4,439,255	4,426,212	(13,043)
Operating transfers out	(6,080,000)	(6,041,034)	38,966
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,640,745)</u>	<u>(1,614,822)</u>	<u>25,923</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(7,439,698)</u>	<u>7,244,699</u>	<u>14,684,397</u>
<b>FUND BALANCES, July 1 (as restated)</b>	<u>27,621,406</u>	<u>27,621,406</u>	
<b>FUND BALANCES (DEFICITS), June 30</b>	<u>\$ 20,181,708</u>	<u>\$ 34,866,105</u>	<u>\$ 14,684,397</u>

See notes to general-purpose financial statements.

Special Revenue Fund Types		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,709,380	\$ 1,851,817	\$ 142,437
53,048,554	11,578,300	(41,470,254)
45,000	13,922	(31,078)
81,907	310,793	228,886
	38,749	38,749
563,750	729,465	165,715
45,000	4,474	(40,526)
<u>55,493,591</u>	<u>14,527,520</u>	<u>(40,966,071)</u>
148,700	89,127	59,573
31,005,026	5,788,039	25,216,987
4,655,947	2,758,429	1,897,518
3,231,977	1,501,486	1,730,491
<u>39,041,650</u>	<u>10,137,081</u>	<u>28,904,569</u>
<u>16,451,941</u>	<u>4,390,439</u>	<u>(12,061,502)</u>
1,070,982	954,955	(116,027)
<u>(5,281,384)</u>	<u>(5,127,016)</u>	<u>154,368</u>
<u>(4,210,402)</u>	<u>(4,172,061)</u>	<u>38,341</u>
12,241,539	218,378	(12,023,161)
<u>11,459,869</u>	<u>11,459,869</u>	
<u>\$ 23,701,408</u>	<u>\$ 11,678,247</u>	<u>\$ (12,023,161)</u>



**CITY OF MODESTO**  
**ALL PROPRIETARY FUND TYPES**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**Year ended June 30, 2001**  
**(With comparative totals for year ended June 30, 2000)**

	Enterprise	Internal Service	Totals (Memorandum Only)	
			2001	2000
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 56,606,917	\$ 40,151,802	\$ 96,758,719	\$ 91,742,183
Sales		2,546,358	2,546,358	2,735,984
Cost of sales		(2,443,571)	(2,443,571)	(2,599,939)
Total operating revenues	<u>56,606,917</u>	<u>40,254,589</u>	<u>96,861,506</u>	<u>91,878,228</u>
<b>OPERATING EXPENSES:</b>				
Salaries and wages	7,080,816	2,597,747	9,678,563	9,246,750
Contractual services	13,809,740	947,564	14,757,304	11,123,824
Utilities	2,335,579	826,367	3,161,946	3,444,816
Maintenance and supplies	7,927,252	2,865,237	10,792,489	11,471,277
Water purchases	10,700,456		10,700,456	10,600,104
Insurance	325,384	6,168,568	6,493,952	5,923,121
Claims expense		5,304,480	5,304,480	3,524,147
Employee benefits	1,955,388	19,056,297	21,011,685	20,049,748
Administration services	5,501,280	455,783	5,957,063	5,415,947
Allocated indirect administrative costs	2,204,717	173,280	2,377,997	2,331,368
Other	236,158	119,868	356,026	375,076
Depreciation	9,676,619	2,025,203	11,701,822	10,210,444
Total operating expenses	<u>61,753,389</u>	<u>40,540,394</u>	<u>102,293,783</u>	<u>93,716,622</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(5,146,472)</u>	<u>(285,805)</u>	<u>(5,432,277)</u>	<u>(1,838,394)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Operating grants	1,766,181		1,766,181	4,456,985
Capital contributions-grants and connection fees	4,534,424		4,534,424	
Loss on disposition of fixed assets	(477,246)	(100,153)	(577,399)	(547,200)
Taxes	1,343,798		1,343,798	2,197,278
Interest income	2,094,439	1,259,536	3,353,975	3,114,489
Net increase (decrease) in fair value of investments	675,631	433,662	1,109,293	(585,334)
Rental income	760,526		760,526	323,525
Interest expense	(2,418,073)	(25,007)	(2,443,080)	(2,171,574)
Amortization of bond discount	(36,143)		(36,143)	(36,143)
Amortization of costs of issuance	(66,065)		(66,065)	(66,065)
Total nonoperating revenues (expenses)	<u>8,177,472</u>	<u>1,568,038</u>	<u>9,745,510</u>	<u>6,685,961</u>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<u>3,031,000</u>	<u>1,282,233</u>	<u>4,313,233</u>	<u>4,847,567</u>
Operating transfers in (Note III-I)	715,000	252,418	967,418	948,654
Operating transfers out (Note III-I)	(180,270)	(2,057)	(182,327)	(2,019,243)
Total operating transfers in (out)	<u>534,730</u>	<u>250,361</u>	<u>785,091</u>	<u>(1,070,589)</u>
<b>NET INCOME (LOSS)</b>	<u>3,565,730</u>	<u>1,532,594</u>	<u>5,098,324</u>	<u>3,776,978</u>
Depreciation charged to contributed capital	<u>5,108,649</u>	<u>576,677</u>	<u>5,685,326</u>	<u>5,397,348</u>
Increase (decrease) in retained earnings	8,674,379	2,109,271	10,783,650	9,174,326
RETAINED EARNINGS (DEFICITS), July 1	112,883,339	(5,116,411)	107,766,928	101,778,636
Residual equity transfer out				(975,335)
<b>RETAINED EARNINGS (DEFICITS), June 30</b>	<u>\$ 121,557,718</u>	<u>\$ (3,007,140)</u>	<u>\$ 118,550,578</u>	<u>\$ 109,977,627</u>

See notes to general-purpose financial statements.

**CITY OF MODESTO**  
**ALL PROPRIETARY FUND TYPES**  
**COMBINED STATEMENT OF CASH FLOWS**  
**Year ended June 30, 2001**  
**(With comparative totals for year ended June 30, 2000)**

	Enterprise	Internal Service	Totals (Memorandum Only)	
			2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (5,146,472)	\$ (285,805)	\$ (5,432,277)	\$ (1,838,394)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	9,676,619	2,025,203	11,701,822	10,210,444
Rental income	760,526		760,526	323,525
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(410,715)	(35,790)	(446,505)	447,796
Decrease in taxes receivable	243		243	1,256
(Increase) decrease in notes receivable		1,442	1,442	(4,734)
(Increase) decrease in due from governments	2,089,983	(70,755)	2,019,228	8,170
(Increase) decrease in inventories		3,436	3,436	(52,973)
Decrease in prepaid expenses				8,368
Increase (decrease) in accounts payable and accrued expenses	(714,046)	111,211	(602,835)	(1,534,931)
Increase (decrease) in due to other funds	(305,000)		(305,000)	305,000
Increase (decrease) in deferred revenue	3,092,656		3,092,656	(900,000)
Increase in compensated absences		3,778,518	3,778,518	1,297,018
Increase (decrease) in claims liability		823,751	823,751	(476,918)
Increase (decrease) in refundable deposits	(93,256)		(93,256)	108,697
Total adjustments	<u>14,097,010</u>	<u>6,637,016</u>	<u>20,734,026</u>	<u>9,740,718</u>
Net cash provided by operating activities	<u>8,950,538</u>	<u>6,351,211</u>	<u>15,301,749</u>	<u>7,902,324</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating grants received	556,654		556,654	1,180,064
Taxes received	2,660,594		2,660,594	3,874,288
Taxes paid	(200,679)		(200,679)	(205,380)
Operating transfers in	715,000	252,418	967,418	948,654
Operating transfers out	(180,270)	(2,057)	(182,327)	(2,019,243)
Residual equity transfers out				(271,901)
New advances from other funds	190,000		190,000	
Repayments of advances from other funds	(100,000)		(100,000)	
Net cash provided (used) by noncapital financing activities	<u>3,641,299</u>	<u>250,361</u>	<u>3,891,660</u>	<u>3,506,482</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of fixed assets	(7,811,320)	(2,875,639)	(10,686,959)	(18,133,313)
Proceeds from sale of fixed assets	9,490	234,134	243,624	40,635
Principal repayments	(2,066,506)	(177,743)	(2,244,249)	(2,073,104)
Interest paid	(4,157,104)	(31,849)	(4,188,953)	(3,915,402)
Capital grants received	1,005,465		1,005,465	948,242
Residual equity transfers in				535,030
Connection fees for capital purposes	3,813,660		3,813,660	2,403,407
Net cash (used) by capital and related financing activities	<u>(9,206,315)</u>	<u>(2,851,097)</u>	<u>(12,057,412)</u>	<u>(20,194,505)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	2,727,175	1,252,950	3,980,125	3,357,768
Net increase (decrease) in the fair value of investments	675,631	433,662	1,109,293	(585,334)
Net cash provided by investing activities	<u>3,402,806</u>	<u>1,686,612</u>	<u>5,089,418</u>	<u>2,772,434</u>
Net increase (decrease) in cash and cash equivalents	6,788,328	5,437,087	12,225,415	(6,013,265)
CASH AND CASH EQUIVALENTS, JULY 1, as restated	<u>40,123,959</u>	<u>25,456,259</u>	<u>65,580,218</u>	<u>70,981,183</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 46,912,287</u>	<u>\$ 30,893,346</u>	<u>\$ 77,805,633</u>	<u>\$ 64,967,918</u>

(continued)

See notes to general-purpose financial statements.

**CITY OF MODESTO**  
**ALL PROPRIETARY FUND TYPES**  
**COMBINED STATEMENT OF CASH FLOWS (continued)**  
**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**  
**Year ended June 30, 2001**

	Enterprise	Internal Service
Fixed asset additions accrued at year end	\$ 184,923	
Fixed assets transferred from other funds and General Fixed Assets	3,120,825	\$ 778,796
Capitalized interest expense on long-term debt accrued at year end	310,550	
Operating grants accrued at year end	2,044,783	
Capital grants accrued at year end	299,909	

**CITY OF MODESTO  
INVESTMENT TRUST FUND  
STATEMENT OF CHANGES IN NET ASSETS  
Year ended June 30, 2001  
(With comparative total for year ended June 30, 2000)**

	Totals (Memorandum Only)	
	2001	2000
Additions to fund by external pool participants	\$ 520,685	\$ 843,694
Deductions from fund by external pool participants	(685,146)	(1,482,832)
Net change in investments by external pool participants	(164,461)	(639,138)
Net assets held in trust for external pool participants July 1	574,420	1,213,558
Net assets held in trust for external pool participants June 30	\$ 409,959	\$ 574,420

See notes to general-purpose financial statements.

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**NOTES TO  
GENERAL- PURPOSE FINANCIAL STATEMENTS**

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THESE NOTES ARE AN INTEGRAL PART OF THE  
GENERAL - PURPOSE FINANCIAL STATEMENTS

**CITY OF MODESTO**  
**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2001**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. THE FINANCIAL REPORTING ENTITY**

The City of Modesto (the City) was incorporated in 1884 and operates under a Council-Manager form of government as authorized by its charter adopted in 1951. The City Council consists of seven elected members. The following services are provided by the City to its citizens: public safety (police and fire), highways and streets, drinking water, wastewater collection and treatment, storm drainage, public transit, recreation and social services, public improvements, community development, planning and zoning, and general administrative services.

These financial statements present the financial status of the City and its component units. The component units discussed in the following paragraphs are included in the City's reporting entity because the City is financially accountable for their operations.

1. The Redevelopment Agency of the City of Modesto (the Agency) was established by the City as a separate legal entity in accordance with state law. The purpose of the Agency is to encourage new investment and reinvestment within legally designated redevelopment areas in partnership with property owners.
2. The Modesto Public Financing Authority was established as a separate legal entity whose sole purpose is to provide financing for various City capital projects.
3. The Modesto Municipal Sewer District is a separate legal entity formed under the Municipal Sewer and Water Facilities Law of 1911. The purpose of the District is to provide financing for needed sewerage facilities in the Modesto urban area.

Although all three component units are legally separate from the City, they are reported on a blended basis as part of the primary government because their boards consist of all seven members of the City Council. Component unit financial statements may be obtained from the City's Finance Department.

The joint ventures and jointly governed organization described in Note IV - F are not considered part of the reporting entity because the City is not financially accountable for their operations.

**B. BASIS OF PRESENTATION , BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

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

In the general-purpose financial statements in this report, the various funds are grouped into eight generic funds within three broad fund types, and a fourth category of accounting entities, the account groups. They are as

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than grants for major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

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.

#### Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations, capital acquisition, and construction that are financed in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges. The City accounts for the operations of its sewer, storm drainage and water systems, parking, bus service, airport, golf courses, and community center on this basis.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one City department to other departments on a cost-reimbursement basis including purchasing (supplies), services from the equipment pool and stores inventory, mail services, records management, employee benefit payments, building maintenance, technology and information services, and insurance costs.

#### Fiduciary Funds

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity.

Agency Funds - Agency Funds are used to account for assets held by the City in an agent capacity. Agency Funds are custodial in nature (assets equal liabilities).

#### Account Groups

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to maintain accounting control and accountability for the City's investment in land, buildings and equipment which is not accounted for in a Proprietary Fund.

General Long -Term Debt Account Group - Long-term liabilities expected to be financed from Governmental Funds are accounted for in this account group, not in the Governmental Funds. Long-term liabilities directly related to Proprietary Funds are accounted for in those funds.

#### Basis of Accounting

All Governmental Funds and Agency Funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance the expenditures of the current period (susceptible to accrual). Major revenue sources susceptible to accrual include substantially all property taxes, taxpayer-assessed taxes (such as sales and use, utility users, business license, transient occupancy, franchise fees and gas taxes), interest, special assessments levied, state and federal grants and charges for current services. Revenues from licenses, permits, fines and forfeits are recorded as received.



## Measurement Focus

All Governmental Funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

All Proprietary Funds and the Investment Trust Fund are accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

## Management's Use of Estimates

Financial statement preparation in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## C. ASSETS, LIABILITIES AND EQUITY

### 1. Cash and Cash Equivalents

Cash and investments (including restricted assets) held in the City's investment pool are reported as cash and cash equivalents on the combined balance sheet because funds can spend cash at any time without prior notice or penalty. All investments with fiscal agents are also considered cash equivalents because they are highly liquid. Investments are stated at fair value. Valuations are obtained by using quotations obtained from independent published sources.

### 2. Restricted Assets - Cash and Cash Equivalents

Proceeds of the Wastewater Revenue Bonds Series 1997, which are held by the City and are set aside for construction purposes, are classified as restricted assets - cash and cash equivalents on the balance sheet because their use is limited by bond covenants.

### 3. Receivables and Payables

Balances representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either "due from/due to other funds" (amounts due within one year), "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or "loans to/from other funds" (long-term lending/borrowing transactions evidenced by loan agreements). Advances and loans to other funds are offset by a fund balance reserve in applicable Governmental Funds to indicate they are not available for appropriation and are not expendable available financial resources.

All property taxes are collected and allocated by the County of Stanislaus to the various taxing entities. Property taxes are determined annually as of March 1 and attach as an enforceable lien on real property as of January 1.

Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The City participates in the County "Teeter Plan" method of property tax distribution. Under the Teeter Plan, the County remits property taxes to the City based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year.

Grants, entitlements or shared revenues are recorded as receivables and revenues in the General, Special Revenue and Capital Projects Funds when they are received or susceptible to accrual. Grants awarded for Proprietary Funds are recorded as receivables and nonoperating revenues when they are earned and are measurable. The total amount due from governments for grants, entitlements, and shared receivables and revenues at June 30, 2001 is \$12,838,582.

Utility service accounts receivable are reported net of \$230,594 allowance for doubtful collections.

#### 4. Inventories

Inventories of material and supplies held by Proprietary Funds are stated at average cost. Materials and supplies used by Governmental Funds are recorded as an expenditure at the time they are purchased or obtained from the Internal Service Funds.

#### 5. Land, Buildings and Equipment

Land, buildings and equipment owned by Enterprise and Internal Service Funds are stated at historical cost where available and at estimated historical cost when original cost was not available. Depreciation is recorded using the straight line method over the estimated useful lives of the assets, which are 75 years for pipelines, 30 years for buildings, 20 years for improvements, 12 years for buses, and 10 years for furnishings and equipment. Operating expenses include depreciation on all depreciable fixed assets. Depreciation recognized on assets acquired or constructed through external resources restricted to capital acquisition is closed to contributed capital. Interest is capitalized on Proprietary Fund assets acquired with tax-exempt debt. The amount of interest capitalized is determined by offsetting interest expense incurred from the date of the borrowing until completion of the project against interest earned on invested proceeds over the same period. \$1,236,799 of net interest expense on tax-exempt debt was capitalized in the Enterprise Funds during the fiscal year ended June 30, 2001.

Land, buildings and equipment of the General Fixed Assets Account Group are stated at historical cost, except that estimated historical cost was used when original cost was not available. Donated assets are stated at estimated market value at date of donation.

Capital leases are recorded as an asset and an obligation at an amount equal to the present value at the beginning of the lease term of minimum lease payments during the lease term.

Depreciation is not recorded for general fixed assets. Public domain fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the City are recognized as expenditures, but are not recorded in the General Fixed Assets Account Group.

Newly acquired real property expected to be resold is recorded as "property held for resale" in the Governmental Funds. The reason such assets are not reported in the General Fixed Assets Account Group is that they are expected to be converted to cash in the ordinary course of their life, rather than used to provide services. Property held for resale is reported at the lower of cost or market value. As of June 30, 2001, the Redevelopment Agency had completed the process of acquiring property used for a mixed-use retail/government office complex in the downtown area. Property valued at \$577,205 is recorded in the Redevelopment Agency Capital Projects Fund and is to be sold, at cost, to the City-County Capital Improvements and Financing Authority.

#### 6. Compensated Absences

All earned vacation, holiday, and compensating time, and a portion of accumulated sick leave payable upon termination or retirement, are accrued in the Employee Benefits Management Fund as compensated absences. Estimated sick leave termination payments have been calculated using the Governmental Accounting Standards Board Statement 16 vesting method. Under this method, a liability is accrued for a portion of the sick leave

Reserves of fund balances represent those amounts which are not available for appropriation in future periods or which are legally segregated for specific future uses. Fund designations indicate tentative plans for future utilization of financial resources. Reservations of retained earnings are limited to outside third-party restrictions.

Enterprise and Internal Service Funds record the following as contributed capital: cash transfers of equity from other funds, grants awarded for the acquisition of land, buildings and equipment, and capital assets contributed from other funds.

#### D. OTHER SIGNIFICANT ACCOUNTING POLICIES

##### 1. Employee Benefits

The City established the Employee Benefits Management Internal Service Fund to account for all compensated absences and non-insurance benefits. Insurance benefits for current employees are paid from the Insurance Internal Service Fund. The Employee Benefits Management Fund is reimbursed based on actual benefits paid and leave taken, through payroll charges to the City's operating funds. Leave earned but not taken is being funded over time by budgeted charges to the operating funds.

##### 2. Interfund Transactions

The City transfers resources among funds in the course of normal operations. Quasi-external transactions, such as equipment pool rental, are accounted for as revenues and expenditures or expenses. Transactions to reimburse a fund for expenditures/expenses initially made from it that are applicable to another fund are recorded as expenditures/expenses in the correct fund and as reductions of expenditures/expenses in the original fund. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers of land, buildings and equipment into the Proprietary Funds (where the assets were originally purchased by the Governmental Funds) or between Proprietary Funds are recorded as contributed capital in the Proprietary Funds and as deletions from the General Fixed Assets Account Group. Other nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

##### 3. Governmental Accounting Standards Board Statement 20

Pursuant to Governmental Accounting Standards Board (GASB) Statement 20, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989 are applied to Proprietary Funds unless they conflict with GASB pronouncements. The City has elected not to apply FASB statements issued subsequent to November 30, 1989.

##### 4. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

##### 5. Comparative Data

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain

availability criteria under the new pronouncement.

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. BUDGETARY INFORMATION**

The City follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at specially scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is legally adopted through passage of an ordinance.
4. During the fiscal year, changes to the adopted budget may be authorized, as follows:
  - a. Items requiring City Council action - appropriation of fund balance reserves; transfers of appropriations between funds; appropriation of any non-departmental revenue; new interfund loans or advances; and creation of new capital projects or increases to existing capital projects.
  - b. Items delegated to the City Manager - transfers between departments within funds; appropriation of unbudgeted departmental revenues; and approval of transfers which increase salary and benefit appropriations.
  - c. Items delegated to the Finance Director - approval authority over any changes in or transfers from budgeted allocations for Internal Service Fund charges.
  - d. Items delegated to Department Heads - allocation of departmental appropriations to line item level.
5. Formal budgetary accounting is employed as a management tool for all funds, except the Agency Funds which do not have revenues or expenditures. Annual budgets are legally adopted and amended as required for the General, Special Revenue, Enterprise and Internal Service Funds. Project length budgets are adopted for the Capital Projects Fund. All budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP), and budgetary comparisons for the General and Special Revenue Funds are presented on this basis in this report. A debt service payment schedule for the Debt Service Funds is also approved as part of the budget process.
6. Budget amounts are reflected after all authorized amendments and revisions.
7. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called "department". A "department" for legal appropriation purposes may be a single organization (e.g., City Attorney), or an entire department having multiple organizations within the same fund (e.g., Operations and Maintenance), or an entire fund (e.g., Downtown Improvement District). All departments and funds completed the year within their legally authorized expenditures. Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded to reserve the applicable appropriations, is employed in the General, Special Revenue and Capital Projects Funds.

The Special Gas Tax Street Improvement Special Revenue Fund has a deficit fund balance of \$2,738,460 due to the implementation of GASB 33, which requires certain grant revenues to be deferred and recognized in later periods.

The Redevelopment Agency Capital Projects Fund has a deficit of \$2,958,938 because the operations of this fund were originally financed through loans from the General Fund, Housing and Community Development Fund, and Special Fund for Capital Outlays. The Agency is obligated to repay these loans from future tax increment and operating revenue.

The Capital Grants Capital Projects Fund has a deficit fund balance of \$638,839 due to the deferred revenue requirements of GASB 33.

The Golf Enterprise Fund has a deficit retained earnings of \$2,261,788, due to a change in accounting policy. The City originally recorded the 1993 Refunding Certificates of Participation in the General Long-Term Debt Account Group, with construction proceeds transferred to the Golf Enterprise Fund when the certificates were issued. However, since the Golf Fund is paying, and is expected to continue paying, the entire debt service cost, it was decided that the balance of the debt should be moved during the current fiscal year.

The Insurance Internal Service fund has deficit retained earnings of \$859,047 due to higher workers compensation and liability claims expenses than expected during the prior fiscal year. The City has increased the premiums charged to operating funds to reduce this deficit.

The Employee Benefits Management Internal Service Fund has a retained earnings deficit of \$18,988,108. It exists because the total compensated absences balance previously reported in the General Long-Term Debt Account Group was included in this fund at its inception eight years ago, and has not yet been fully funded. In addition, the City performed an actuarial valuation of the sick leave liability during 1999, which increased the deficit. The City is planning to reduce this deficit over time by increasing the benefit rates charged to the operating funds, and by continuing to deposit in this Fund portions of one-time revenues related to employee benefits.

### **III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

#### **A. CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is used by all funds. The City also maintains "cash and cash equivalents with fiscal agent" which represent monies held by fiscal agents for payment of various City debt and capital projects costs. The fiscal agents invest these monies in investments authorized by the City. The assets of the Agency Funds, certain deposits held in trust in other funds, and proceeds of the Wastewater Revenue Bonds, Series 1997, held by the City under the bond indenture for construction purposes are displayed on the balance sheet as "restricted assets - cash and cash equivalents".

Each fund type's portion of the City's cash and investment pool is displayed on the combined balance sheet as "cash and cash equivalents". Each fund is allocated interest on average monthly cash balances held by the funds throughout the year. A majority of the interest from the Fleet Management Internal Service Fund is credited to the General Fund.

Cash and investments are reported on the combined balance sheet as follows:

All deposits are entirely insured and/or collateralized. At year-end, the reconciled book balance of the City's deposits was \$1,360,267 and the bank balance was \$3,851,821. Of the bank balance, \$400,000 was covered by federal depository insurance and \$3,451,821 was covered by collateral held in the pledging bank's trust department in the City's name.

### Investments

Statutes authorize the City to invest in obligations of U.S. Government agencies and in U.S. Government securities, certificates of deposit, bankers' acceptances, mutual funds, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and Local Agency Investment Fund demand deposits. Investments are stated at fair value. The City's investment in the Local Agency Investment Fund (LAIF) is \$81,128,605, which is the same as the value of the pool shares. The total amount invested by all public agencies in LAIF is \$54,944,446,059. Of that amount, 95.5 percent is invested in non-derivative financial products, and 4.5 percent in derivative financial products. The state treasurer has regulatory oversight over the pool.

The City's investments are categorized in the following table to give an indication of the level of custodial risk associated with each investment at year-end. Category one includes investments that are insured or registered, or securities held by the City or its agent in the City's name. Category two includes uninsured and unregistered investments, with securities held by the counter party's trust department or agent in the City's name. Category three includes uninsured and unregistered investments, with securities held by the counter party's trust department or agent but not in the City's name. The table also includes investments not subject to categorization, and deposits.

	<u>Category</u>			<u>Not Required to be Categorized</u>	<u>Carrying Amount at Fair Value</u>
	<u>One</u>	<u>Two</u>	<u>Three</u>		
Amounts invested in City pool:					
Deposits				\$ 1,360,267	\$ 1,360,267
U.S. Government agencies	\$41,983,748				41,983,748
Local Agency Investment Fund				81,128,605	81,128,605
Total investments and cash controlled by City Treasurer	<u>41,983,748</u>			<u>82,488,872</u>	<u>124,472,620</u>
Investments controlled by fiscal agents:					
Money market funds				12,447,989	12,447,989
Repurchase agreements		\$1,977,050			1,977,050
U. S. Government agencies	<u>4,967,837</u>				<u>4,967,837</u>
Total investments by fiscal agents	<u>4,967,837</u>	<u>1,977,050</u>		<u>12,447,989</u>	<u>19,392,876</u>
Other pooled investments:					
California Asset Management Program				<u>1,569,006</u>	<u>1,569,006</u>
Total cash and investments	<u>\$46,951,585</u>	<u>\$1,977,050</u>	<u>\$</u>	<u>\$96,505,867</u>	<u>\$145,434,502</u>

A summary of the investments held by the City Treasurer is as follows:

provided the collateral is an allowable security under current statutes and the City's policy. The securities underlying repurchase agreements met the required fair value level and were allowable securities under current statutes and the City's investment policy.

The following are condensed statements of net assets, and changes in net assets, for the City Treasurer's investment pool as of June 30, 2001:

Statement of Net Assets

Net assets held for pool participants	<u>\$124,472,620</u>
Equity of internal pool participants	\$124,062,661
Equity of external pool participants	<u>409,959</u>
Total equity	<u>\$124,472,620</u>

Statement of Changes in Net Assets

Net assets, July 1, 2000	\$ 92,503,035
Net change in investments by pool participants	<u>31,969,585</u>
Net assets, June 30, 2001	<u>\$124,472,620</u>

The Finance Director/Treasurer prepares and submits a comprehensive investment report to the City Council on a quarterly basis. The City determines and adjusts to the fair value at the end of each fiscal year. The pool values participants' shares on an amortized cost basis. Specifically, the pool distributes income to participants on a monthly basis based on their relative participation during the month that is calculated based on (1) realized investment gains and losses calculated on an amortized cost basis; (2) interest income based on stated rates (both paid and accrued); (3) amortization of discounts and premiums on a straight-line basis; and (4) investment and administrative expenses. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pool's investments.

The City has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2001 to support the value of shares in the Treasurer's investment pool.

A summary of changes in general fixed assets is presented below:

	<b>Balance June 30, 2000</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance June 30, 2001</b>
Land	\$15,373,214	\$1,624,977			\$16,998,191
Buildings	19,448,930	1,121,098	\$3,165,677		17,404,351
Improvements other than buildings	25,080,626	611,545	8,750	\$1,163,002	26,846,423
Furnishings and equipment	11,890,456	1,985,531	658,518		13,217,469
Equipment pool	147,496	185,848	185,848		147,496
Construction in progress	<u>32,295,097</u>	<u>1,887,493</u>	<u>309,890</u>	<u>(1,163,002)</u>	<u>32,709,698</u>
	<u>\$104,235,819</u>	<u>\$7,416,492</u>	<u>\$4,328,683</u>	<u>\$</u>	<u>\$107,323,628</u>

The beginning balance of Buildings was increased, and Improvements decreased, by \$8,043,025 because certain assets were improperly classified in the prior year. There was no change in the total beginning value of General Fixed Assets.

Land buildings, equipment, and other fixed assets of Proprietary Fund types at June 30, 2001 include:

	<b>Enterprise</b>	<b>Internal Service</b>
Land	\$22,163,660	\$ 270,692
Buildings	69,326,853	818,910
Improvements other than buildings	127,072,097	2,372,494
Equipment pool		20,346,583
Furnishings and equipment	6,258,746	4,038,885
Buses and fareboxes	8,337,387	
Pipelines	103,581,156	
Construction in progress	<u>10,282,952</u>	<u>85,654</u>
	\$347,022,851	\$27,933,218
Less: accumulated depreciation	<u>(92,385,922)</u>	<u>(13,595,304)</u>
	<u>\$254,636,929</u>	<u>\$14,337,914</u>



C. LONG-TERM DEBT

Loan Payable-Water Enterprise Fund:

Loan payable to the State of California Department of Water Resources, assumed from Del Este Water Company at acquisition, for purposes of upgrading the water delivery system; interest at 3.2%; semi-annual installments on April 1 and October 1 of \$132,327, including interest, through October 1, 2015.

\$3,056,210

Less: Current portion

(168,868)

Water Fund loan payable - long-term portion

\$2,887,342

Special Assessment Debt with Government Commitment - General Long-Term Debt Account Group:

1915 Act Special Assessment Bonds; interest rates range from 5.75% to 9.70%, maturities range through 2006. The general credit of the City is obligated only to the extent that liens foreclosed against the properties in the special assessment districts are insufficient to retire outstanding bonds.

\$ 950,000

Community Facilities District No. 1998-1 Special Tax Bonds; variable interest rate, to a maximum of 12%, mature in 2023. The general credit of the City is obligated only to the extent that liens foreclosed against the properties in the community facilities district are insufficient to retire outstanding bonds. The bonds are also secured by an irrevocable letter of credit in favor of the trustee.

1,820,000

Total General Long-Term Debt Account Group special assessment debt

\$2,770,000

Certificates of Participation

General Long-Term Debt Account Group:

1993 Refunding Certificates of Participation (Community Center Project); serial certificates with annual maturities on November 1, in amounts from \$655,000 to \$1,040,000; interest rates from 4.6% - 5.6%; term certificates at 5.6% in the amount of \$4,740,000 maturing November 1, 2014, and in the amount of \$12,235,000 at 5.0% maturing November 1, 2023, with annual payments of \$1,090,000 to \$1,610,000 beginning in 2011.

\$25,280,000

Enterprise Funds:

Golf Enterprise Fund:

1993 Refunding Certificates of Participation (Golf Course Project); serial certificates with annual maturities on November 1, in amounts from \$160,000 to \$235,000; interest rates from 4.6% to 5.5%; term certificates at 5.6% in the amount of \$1,390,000 due November 1, 2014, and in the amount of \$3,585,000 at 5.0% due November 1, 2023, with annual payments ranging from \$250,000 to \$480,000 beginning in 2010.

6,740,000

Less: Current portion

(160,000)

Golf Fund certificates of participation - long-term portion

6,580,000

Certificates of Participation-Water Enterprise Fund:

1997 Refunding Certificates of Participation (Water Utility System Project); serial certificates with annual maturities on October 1, in amounts from \$600,000 to \$1,050,000; interest rates from 4.5% to 5.0%; term certificates at 5.4% in the amount of \$6,145,000 maturing on October 1, 2017, and in the amount of \$7,965,000 at 5.43% maturing on October 1, 2022, with annual payments from \$1,015,000 to \$1,765,000 beginning in 2013.

	\$23,785,000
Less: Current portion	(600,000)
Unamortized bond discount	(496,426)
Deferred amount on refunding	<u>(1,673,051)</u>
Water Fund certificates of participation - long-term portion	<u>21,015,523</u>

Total Enterprise Funds Certificates of Participation	<u>27,595,523</u>
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Total certificates of participation	<u>\$52,875,523</u>
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Lease Revenue Bonds - General Long-Term Debt Account Group

1997 Lease Revenue Bonds (John Thurman Field Renovation Project); term certificates bearing interest at 6.125% maturing November 1, 2016, with mandatory annual redemption of amounts from \$120,000 to \$305,000 on November 1.

	\$ 3,185,000
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1998 Lease Revenue Bonds (Capital Improvements and Refinancing Project); serial certificates totaling \$6,125,000 with annual maturities beginning September 1, 2001, in amounts from \$245,000 to \$910,000; interest payments beginning September 1, 1998, at 4.0% to 4.8%; term certificates totaling \$55,305,000, maturing in 2016, 2020, 2024, 2029, and 2033, bearing interest rates of 4.75% to 5.125%, with annual payments beginning in 2014. Of the total principal, \$18,490,000 is payable through a reimbursement agreement with the Redevelopment Agency.

	<u>61,430,000</u>
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Total lease revenue bonds	<u>\$64,615,000</u>
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Revenue Bonds-Sewer Enterprise Fund

Wastewater Treatment Facility Revenue Bonds, Series 1997; interest payable on May 1 and November 1; serial certificates with annual maturities on November 1 beginning in 2000, in amounts from \$5,000 to \$1,335,000, with interest rates from 4.6% to 6.0%; term certificates in the amount of \$10,955,000 at 5.625% maturing November 1, 2017, and in the amount of \$15,435,000 at 5.75% maturing November 1, 2022, with annual payments ranging from \$1,410,000 to \$3,450,000 beginning in 2013.

	\$32,395,000
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Wastewater Treatment Facility Refunding Revenue Bonds, Series 1996; interest payable on May 1 and November 1; serial certificates with annual maturities on November 1, in amounts from \$740,000 to \$815,000, with interest rates from 4.5% to 5.3%; term certificates at 5.5% in the amount of \$1,920,000 maturing November 1, 2007 with annual payments of \$935,000 to \$985,000 beginning in 2006.

	5,790,000
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Wastewater Revenue Bonds, Series 1993; interest rates from 4.0% to 5.1% payable semi-annually on May 1 and November 1; principal amounts from \$350,000 to \$660,000, final payment on November 1, 2013; bonds maturing on or after November 1, 2004 are subject to call.

	6,550,000
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Less: Current portion	1997 Bonds	\$ (5,000)
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The following is a summary of changes in the General Long-Term Debt Account Group for the fiscal year ended June 30, 2001:

	<u>July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2001</u>
Special assessment debt	\$ 3,160,000		\$390,000	\$ 2,770,000
Certificates of participation	25,905,000		625,000	25,280,000
Lease revenue bonds	64,730,000		115,000	64,615,000
Obligations under capital leases	<u>60,048</u>	<u>          </u>	<u>6,996</u>	<u>53,052</u>
	<u>\$93,855,048</u>	<u>\$          </u>	<u>\$1,136,996</u>	<u>\$92,718,052</u>

The beginning balance of General Long-Term Debt certificates of participation has been reduced by \$6,895,000 due to a change in accounting policy relating to the 1993 Golf Course Refunding Certificates of Participation, as further described in Note IV-J.

Debt service requirements to maturity of all long-term debt, including total interest of \$151,873,363, are summarized below (see Note III-D for capital leases):

<u>Year Ending June 30</u>	<u>Loan Payable</u>	<u>Special Assessment Debt</u>	<u>Certificates of Participation</u>	<u>Lease Revenue Bonds</u>	<u>Revenue Bonds</u>	<u>Total Debt Service</u>
2002	\$ 264,654	\$ 496,670	\$ 4,236,235	\$ 3,592,793	\$ 3,550,019	\$ 12,140,371
2003	264,653	497,697	4,242,093	3,595,136	3,551,960	12,151,539
2004	264,654	435,076	4,238,965	3,601,419	3,550,119	12,090,233
2005	264,654	433,490	4,246,192	3,626,144	3,549,633	12,120,113
2006	264,654	373,445	4,251,006	3,643,787	3,550,145	12,083,037
Later years	<u>2,514,946</u>	<u>5,826,433</u>	<u>72,153,595</u>	<u>121,404,468</u>	<u>60,369,838</u>	<u>262,269,280</u>
Total requirements	3,838,215	8,062,811	93,368,086	139,463,747	78,121,714	\$322,854,573
Less: interest	<u>(782,005)</u>	<u>(5,292,811)</u>	<u>(37,563,086)</u>	<u>(74,848,747)</u>	<u>(33,386,714)</u>	<u>(151,873,363)</u>
Principal balances	3,056,210	2,770,000	55,805,000	64,615,000	44,735,000	170,981,210
Less:						
Current portion	(168,868)		(760,000)		(1,095,000)	(2,023,868)
Unamortized bond discount			(496,426)		(240,689)	(737,115)
Deferred amount on refunding			<u>(1,673,051)</u>		<u>(404,651)</u>	<u>(2,077,702)</u>
Long-term debt	<u>\$2,887,342</u>	<u>\$2,770,000</u>	<u>\$52,875,523</u>	<u>\$64,615,000</u>	<u>\$42,994,660</u>	<u>\$166,142,525</u>

#### D. LEASES

The City leases ballfield parking lot lighting under a capital lease agreement. The related liability is included in obligations under capital leases in the General Long-Term Debt Account Group. The following is a schedule of the future minimum lease payments on the capital lease as of June 30, 2001:

<b>Year ending</b>	
<b><u>June 30</u></b>	
2002	10,977
2003	10,977
2004	10,977
2005	10,977
2006	10,977
Later Years	<u>10,062</u>
Total	64,947
Less interest	<u>(11,895)</u>
Present value of future minimum lease payments	<u>\$ 53,052</u>

Assets subject to the above capital lease valued at \$77,331 have been recorded in the General Fixed Assets Account Group. Rental expenses incurred under operating leases are not material.

#### Leases - Internal Service Funds

The City leases copiers valued at \$37,664, net of \$17,005 accumulated depreciation, recorded in the Central Services Internal Service Fund. Leased computer equipment with a net value of \$537,600, net of accumulated depreciation of \$222,400, and a printer valued at \$204,098, net of accumulated depreciation of \$27,344 are recorded in the Technology and Information Services Internal Service Fund. The following is a schedule of the future minimum lease payments on Internal Service Fund capital leases as of June 30, 2001:

<b>Year ending</b>	
<b><u>June 30</u></b>	
2002	\$209,591
2003	28,005
2004	28,006
2005	28,005
2006	<u>21,003</u>
Total	314,610

E. DEVELOPER ADVANCES

The Del Este Water Company (Del Este) entered into various agreements with developers under which infrastructure components were either constructed on behalf of Del Este or cash was advanced to the company to construct the infrastructure. Agreements in existence at the time of the City’s acquisition of Del Este were assumed by the City. The terms of repayment call for no interest, with principal paid over a 40 year period. As of June 30, 2001, the total outstanding balance due under the agreements is \$2,761,862. The total annual payments fluctuate depending on the ending date of each agreement. At June 30, 2001, the amount of \$125,770, due during fiscal year 2002, has been reported as “current portion-developer advances” on the Enterprise Funds balance sheet. The remaining \$2,636,092 of outstanding principal has been reported under other liabilities, as “developer advances”.

F. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances as of June 30, 2001 consist of the following:

**Due from/due to other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Gas Tax	\$2,839,000
	Housing and Community Development	278,000
Redevelopment Agency Capital Projects	Redevelopment Agency Debt Service	<u>1,245,000</u>
Total		<u>\$4,362,000</u>

**Advances to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Facilities Fees	\$ 180,890
	Redevelopment Agency Capital Projects	50,000
	Redevelopment Agency Debt Service	472,000
	Airport	137,300
	Golf	932,000
	Central Services	463,000
Strategic Planning and Development	Community Facilities Districts	20,000
Special Fund for Capital Outlays	Airport	<u>100,000</u>
Total		<u>\$2,355,190</u>

**Loans to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Redevelopment Agency Capital Projects	\$6,443,500

G. CONTRIBUTED CAPITAL

The following schedule shows changes in contributed capital during the fiscal year ended June 30, 2001:

**Enterprise Funds**

	<u>Parking</u>	<u>Water</u>	<u>Sewer</u>	<u>Airport</u>	<u>Bus</u>	<u>Golf</u>	<u>Community Center</u>	<u>Total</u>
Balance July 1, 2000, as restated	\$ 654,852	\$15,782,089	\$48,788,360	\$7,050,841	\$11,586,293	\$133,752	\$18,705,590	\$102,701,777
Additions:								
Fixed asset donations		10,784	8,286		2,930,039	171,716		3,120,825
Deductions:								
Depreciation	(68,169)	(539,433)	(2,674,660)	(333,780)	(758,125)	(15,884)	(718,598)	(5,108,649)
Balance June 30, 2001	<u>\$ 586,683</u>	<u>\$15,253,440</u>	<u>\$46,121,986</u>	<u>\$6,717,061</u>	<u>\$13,758,207</u>	<u>\$289,584</u>	<u>\$17,986,992</u>	<u>\$100,713,953</u>

The beginning balance of Golf Fund contributed capital has been reduced by \$4,131,623 due to a change in accounting policy relating to the 1993 Refunding Certificates of Participation, as described in Note IV-J.

**Internal Service Funds**

	<u>Fleet Management</u>	<u>Central Services</u>	<u>Technology and Information Services</u>	<u>Insurance</u>	<u>Building Services</u>	<u>Total</u>
Balance July 1, 2000	\$5,328,995	\$66,364	\$1,772,704	\$ 3,812	\$ 57,811	\$7,229,686
Additions:						
Fixed asset donations	633,199		77,114		68,483	778,796
Deductions:						
Depreciation	(453,271)	(233)	(95,663)		(27,510)	(576,677)
Balance June 30, 2001	<u>\$5,508,923</u>	<u>\$66,131</u>	<u>\$1,754,155</u>	<u>\$3,812</u>	<u>\$ 98,784</u>	<u>\$7,431,805</u>

## H. RESERVES AND DESIGNATIONS OF FUND BALANCES

The City's reserves and designations at June 30, 2001 are comprised of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Trust and Agency Funds</u>
<b>Reserves:</b>					
Encumbrances	\$1,457,653	\$ 304,493	\$1,368,804		
Interfund loans	6,443,500	74,050	1,000,000		
Petty cash	5,160				
Loan programs	92,283	10,975,239	1,146,070		
Interfund advances	2,235,190	20,000	100,000		
Redevelopment Agency set-aside requirement			1,125,908		
Debt service				\$6,652,831	
External investment pool participants					\$409,959
<b>Total reserves</b>	<b><u>\$10,233,786</u></b>	<b><u>\$11,373,782</u></b>	<b><u>\$4,740,782</u></b>	<b><u>\$6,652,831</u></b>	<b><u>\$409,959</u></b>
<b>Designations:</b>					
Carryover projects		\$ 240,461	\$ 7,544,126		
Pending projects		2,802,464	17,933,218		
Subsequent year expenditures	\$11,370,874				
Departmental savings	<u>3,667,404</u>				
<b>Total designations</b>	<b><u>\$15,038,278</u></b>	<b><u>\$3,042,925</u></b>	<b><u>\$25,477,344</u></b>		

1. Reserve for encumbrances - Amounts reserved for encumbrances represent the total of outstanding purchase orders and contracts which are scheduled for reappropriation in the next fiscal year.
2. Reserve for interfund loans - The City reserves an amount in each fund which has made loans to other funds.
3. Reserve for petty cash - An amount equal to the City's petty cash account is reserved in the General Fund because it is available only for petty cash purposes.
4. Reserve for loan programs - Amounts equal to the outstanding housing program and small business notes receivable are reserved in the Housing and Community Development Fund Special Revenue Fund, General Fund and the Redevelopment Agency Capital Projects Fund.
5. Reserve for interfund advances - The City reserves an amount in each fund equal to the advances to other funds.
6. Reserve for Redevelopment Agency set-aside requirement - The portion of fund balance relating to State required low-to-moderate income housing set-aside, has been reserved in the Redevelopment Agency Capital Projects Fund.
7. Reserve for debt service - The total fund balances of the debt service funds are reserved for future debt service requirements.

11. Designation for subsequent year expenditures - Designations for subsequent year expenditures represent that portion of fund balance set aside for fiscal year 2001/02. This includes the adopted budget, plus a major amendment adopted by City Council on September 25, 2001, to appropriate \$7.2 million for remodeling of the old police building and storm drain improvements.

12. Designation for departmental savings - The City designates 50% of net General Fund appropriation savings to be carried over for use by the saving departments in the subsequent fiscal year

I. INTERFUND TRANSFERS

The following is a schedule of interfund transfers.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Operating transfers:		
General Fund	\$ 4,426,212	\$ 6,041,034
Special Revenue Funds:		
Local Transportation	10,710	1,722,879
Traffic Safety		576,178
Special Gas Tax Street Improvements	879,950	2,746,899
Housing and Community Development	1,095	81,060
Strategic Planning and Development	63,200	
Capital Projects Funds:		
Special Fund for Capital Outlays	1,890,998	38,840
Capital Facility Fees	300	370,578
Parks	506,550	
Redevelopment Agency	487,130	
Capital Grants	222,730	
Community Facilities Districts	110,025	
Public Financing Authority		41,854
Debt Service Funds:		
Redevelopment Agency	308,149	827,048
Public Financing Authority	2,751,230	
Enterprise Funds:		
Parking	69,000	
Water		81,305
Sewer		80,241
Storm Drain		724
Bus		18,000
Community Center	646,000	
Internal Service Funds:		
Fleet Management	59,830	
Technology and Information Services	<u>192,588</u>	<u>2,057</u>
Total interfund transfers	<u>\$12,625,697</u>	<u>\$12,625,697</u>



The General Fund notes receivable of \$92,283 consist of small business loans. These notes were determined to be ineligible for federal grant funds; therefore, the General Fund purchased them from the Housing and Community Development Special Revenue Fund.

The \$1,146,070 of notes receivable reported in the Redevelopment Agency Capital Projects fund consist of loans made for down payment assistance to low-income first time home buyers, and for building and rehabilitating affordable housing. The loans are collateralized by second deeds of trust. All payments are deferred until the property is sold.

Loans to employees for computer acquisition make up the \$81,464 notes receivable balance in the Employee Benefits Management Fund. The maximum loan period is 3 years, with payment deducted from paychecks.

#### K. APPROVED LOANS PAYABLE

The approved loans payable in the Housing and Community Development Special Revenue Fund of \$543,526 consist of amounts being held for rehabilitation of properties using funds provided by federal grants. The liability is expected to be liquidated within one year.

### IV. OTHER INFORMATION

#### A. 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 and illnesses of employees; and natural disasters. The City maintains the Insurance Internal Service Fund to account for and finance its risks of loss. Under this program, the City is self-insured for the following risks up to the maximum amount per claim as follows: workers' compensation \$400,000; liability \$1,000,000; employee disability \$123,000; and dental care \$1,200. The maximum allowed per covered employee under the self-insured vision plan is \$1,000 over a two year period. In July 1995, the City dropped its self-insured health plan, and now offers a variety of commercial plans to its employees. The City purchases commercial insurance for property loss, airport liability, and for claims in excess of the preceding self-insured coverage amounts.

For liability claims, the City is one of twelve members of the Authority for California Cities Excess Liability (ACCEL) risk pool. This pool covers City claims between \$1,000,000 and \$10,000,000. The purpose of the pool is to spread the adverse effect of losses among the member agencies. The City contributes its pro rata share of anticipated losses to the pool. Should actual losses among participants be greater than anticipated, the City will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro rata share of the excess. Commercial insurance covers claims over \$10,000,000, up to an additional \$10,000,000 per claim. Settled claims have not exceeded this commercial coverage in any of the past five fiscal years.

All operating funds participate in the program and make payments to the Insurance Fund based on historical cost and/or actuarial estimates of the amounts needed to pay prior and current year claims, and to allow accrual of estimated incurred but not reported claims. Insurance premiums to commercial insurers are also processed through the Insurance Fund. The total claims liability at June 30, 2001 is \$10,160,869 consisting of \$6,600,807 workers' compensation, \$3,165,871 general liability, \$284,983 dental, \$48,661 disability, and \$60,547 vision. The current portion of the total claims liability is estimated to be \$3,780,366 and the balance of \$6,380,503 is reported

	<u>Claims Liability July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Current Year Claim Payments</u>	<u>Balance June 30</u>
1999-00	9,814,036	3,524,147	(4,001,065)	9,337,118
2000-01	9,337,118	5,304,480	(4,480,729)	10,160,869

## B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

	<u>Parking</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Airport</u>	<u>Bus</u>	<u>Golf</u>	<u>Community Center</u>	<u>Total</u>
Operating revenues	\$508,306	\$26,891,961	\$19,162,689	\$4,702,244	\$ 620,470	\$2,305,894	\$2,109,884	\$ 305,469	\$56,606,917
Depreciation	68,169	2,025,777	4,985,472	469,011	333,780	758,125	317,687	718,598	9,676,619
Operating income (loss)	(129,600)	2,176,037	1,018,858	(506,861)	(249,312)	(5,944,379)	87,277	(1,598,492)	(5,146,472)
Operating grants		1,772	34,511	9,765		1,714,828	5,305		1,766,181
Taxes	(4,468)	(109,820)	(86,391)		162,687	1,381,790			1,343,798
Operating transfers in	69,000							646,000	715,000
Operating transfers out		(81,305)	(80,241)	(724)		(18,000)			(180,270)
Net income (loss)	11,285	4,554,613	2,035,856	(458,481)	511,512	(2,316,086)	(273,182)	(499,786)	3,565,730
Current capital contributions		10,784	8,286			2,930,039	171,716		3,120,825
Land, buildings, and equipment: Net changes		1,536,221	5,471,602	275,154	520,747	3,314,467	218,929	92,721	11,429,841
Net working capital	1,016,808	24,581,964	13,964,936	886,789	448,491	279,357	393,309	768,784	42,340,438
Total assets	3,214,784	90,346,496	152,595,187	12,195,040	7,741,880	20,857,829	5,871,807	18,866,657	311,689,680
Bonds and other long-term liabilities		26,538,957	42,994,660				6,580,000		76,113,617
Total equity	3,190,295	61,490,284	107,093,405	12,051,493	7,449,920	14,139,823	(1,972,204)	18,828,655	222,271,671

## C. PRIOR-YEAR DEFEASANCE OF DEBT

Certificates of Participation

In 1997, the Modesto Public Financing Authority issued Water Utility System Project Refunding Revenue Certificates of Participation to refund 1992 certificates. The proceeds were used to purchase U.S. government securities, which were placed in an irrevocable trust to provide for all future debt service payments on the refunded certificates. Accordingly, as of June 30, 2001, the \$22,135,000 liability for the defeased certificates is excluded from the general long-term debt account group.

#### D. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, commercial, health care, and multiple-family housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from developer payments on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are considered conduit debt obligations and are not reported as liabilities in the accompanying financial statements.

As of June 30, 2001 there were nine series of conduit revenue bonds outstanding. The aggregate principal amount payable for these multiple-family housing and health care facility bond issues, issued between 1992 and 2001 was \$65,243,000.

#### E. COMMITMENTS AND CONTINGENCIES

The City is involved in litigation relating to tort claims, workers' compensation claims and other claims such as contract actions and inverse condemnation actions for which the City is self-insured. Management and the City's legal counsel anticipate there will be no material effect on the financial statements beyond the amounts accrued in the Insurance Internal Service Fund (Note IV-A).

The City receives funding from a number of federal, state and local grant programs, principally the Federal Highway Administration, Community Development Block Grants, and Federal Transit Administration grants. These programs are subject to financial and compliance review by the grantors. Accordingly, the City's compliance with applicable grant requirements will be determined at some future date. Expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time. The City does not expect the undeterminable amounts of disallowed expenditures, if any, to materially affect the general purpose financial statements. Receipt of these federal, state and local grant revenues is not assured in the future.

The City has commitments of \$7,810,928 as of June 30, 2001 for contracts awarded but not completed and other outstanding purchase orders. This amount consists of \$1,457,653 in the General Fund, \$304,493 in the Special Revenue Funds, \$1,368,804 in the Capital Projects Funds, \$2,397,757 in the Enterprise Funds, and \$2,282,221 in the Internal Service Funds. Commitments of the Governmental Funds are recorded as fund balance reserve for encumbrances on the balance sheet. Major contracts and other purchase orders outstanding are for the new police headquarters building and records system, Pelandale/McHenry extension, various wastewater and street maintenance and improvement projects, airport taxiway resurfacing, computer equipment and fleet vehicle purchases.

Proposition 218, which was approved by the voters in November 1996, provides certain limitations over the ability of local governments within the State of California to impose, increase and extend taxes, assessments and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218,

clarify these issues. At this time, management is uncertain as to the total effect Proposition 218 will have on the City's ability to maintain or increase the revenue it receives from taxes, assessments and fees. Also unclear is the extent to which Proposition 218 is impacted by a 1995 California Supreme Court ruling (the *Guardino* case) that upheld the voter approval requirements of a previously enacted state initiative (Proposition 62), particularly with regard to taxes imposed or increased between November 5, 1986 and December 11, 1995.

#### F. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

##### Tuolumne River Regional Park

The City participates with Stanislaus County and the City of Ceres in the operation and development of the Tuolumne River Regional Park (TRRP). The governing body consists of 2 members from the County Board of Supervisors, 2 members from the Modesto City Council, and 1 member from the Ceres City Council. The TRRP board prepares the annual budget, which must be approved by both cities' councils and the board of supervisors. Each participant has an equity interest in the fixed assets of TRRP based on the percentage of cumulative contributions paid. The City's contribution to TRRP was \$171,917 for the fiscal year ended June 30, 2001. As of June 30, 2001 the City's equity interest in fixed assets was \$1,362,229, and is included in the General Fixed Assets Account Group. Financial statements for TRRP are prepared by the City of Modesto Finance Department.

##### Stanislaus Drug Enforcement Agency

Stanislaus County (County) and the cities of Modesto, Oakdale, Ceres, Patterson, Turlock, Riverbank and Newman are the participants in the Stanislaus Drug Enforcement Agency (SDEA). The purpose of the SDEA is to maintain a specially trained police unit to assist each of the participating agencies in the enforcement of drug control laws, and to study, plan, and set priorities for effective enforcement of such laws throughout Stanislaus County. The governing board consists of the sheriff of Stanislaus County and the chief of police of each participating city. All participants contribute to the funding of the SDEA budgeted expenditures, based on population and assessed property value. The City's contribution to the SDEA for the fiscal year ended June 30, 2001 was \$570,383, consisting of a \$208,408 cash contribution and in-kind services valued at \$327,975. The City's equity interest in the fixed assets of the SDEA was \$778,825 as of June 30, 2001. This amount is reported in the General Fixed Assets Account Group. The City also has an interest in the financial assets of the SDEA due to a pass through grant. The receivable amount of \$21,680 is reported as part of due from governments in the General Fund. Financial statements of the SDEA are now prepared by Stanislaus County.

##### City-County Capital Improvements and Financing Agency

The City and Stanislaus County formed the City-County Capital Improvements and Financing Agency (Agency) to provide for the design, construction, ownership, operation, management and financing of a City-County administration center located in Modesto's downtown redevelopment area. The governing body is a commission consisting of 2 members of the City Council, 2 members of the County Board of Supervisors, the County Chief Executive Officer, and the City Manager. The commission is responsible for developing an annual budget and determining the annual contribution rates, subject to approval by both the City and the County. Proportionate share of project costs, as well as the equity interests in fixed assets, will be developed by the commission in connection with the project and annual budgets of the Agency. The City's contribution during the fiscal year ended June 30, 2001 was \$955,391. The amount of \$155,391 is reported as a payable to the Agency. Financial statements of the Agency are prepared by Stanislaus County.

### Regional Fire Training Center

The City has entered into an agreement with the Yosemite Community College District (YCCD) and Stanislaus County for the use and management of the regional fire training center at Modesto Junior College. The executive board consists of the YCCD chancellor, the president of Modesto Junior College, the city manager of the City of Modesto, and the chief executive officer of Stanislaus County. The YCCD is responsible for accounting and for monitoring the center's budget. All three entities share in the operating costs. Initial construction costs were paid by the YCCD from borrowed funds, with the City and County reimbursing a portion of these costs in exchange for future use of the center. The City has paid its share of the construction costs in full. Title to the constructed asset is held by the YCCD.

### Criminal Justice Training Agency

The City has entered into an agreement with the Yosemite Community College District (YCCD) and Stanislaus County (County) to provide Modesto Junior College Criminal Justice Courses at the regional training center or other locations as approved by the Agency. The agency is administered by a four-member commission consisting of the Chief Executive Officer of the YCCD, the Chief Executive Officer of the County, the President of Modesto Junior College, and the City Manager of Modesto. Stanislaus County is responsible for accounting and for monitoring the budget. All three entities share in the operating costs, and the City's contributions of cash and/or in-kind contributions of staff or guest lecturers are currently set at \$125,000 annually. For 2001, the City's required contributions were entirely covered by in-kind services. Construction costs of the training center were paid by Stanislaus County, and the County holds title to the center. Upon termination of the joint powers agreement, any other property acquired by the Agency will be distributed based on contributions made. As of June 30, 2001, the City has no equity interest. Financial statements of the Agency are available from Stanislaus County.

## G. TREATMENT AND DELIVERY AGREEMENT

In 1992, the City entered into a treatment and delivery agreement with the Modesto Irrigation District (MID) and the Del Este Water Company (Del Este). The City assumed Del Este's interest and obligations under the agreement when it acquired Del Este in July 1995. Under the agreement, MID built and operates a surface water treatment plant on the Tuolumne River for the purpose of providing a long-term source of domestic treated water for the City. MID is the sole owner of the project, and has all management and operations responsibility. In exchange for the treated water, the City has agreed to pay: all debt service on bonds issued by MID for the construction of the project; a raw water charge as set forth in the agreement; project operation, administration, and maintenance costs; and insurance on the project. Gross revenues of the City's Water Fund are irrevocably pledged for the punctual payment of the MID debt service and all obligations of the City under any parity debt. Current parity debt of the City consists of the 1997 Water System Improvement Project Refunding Certificates of Participation, and the California Safe Drinking Water Act loan (Note III-C). The minimum annual amount payable to MID, consisting of the debt service component only, is \$7,925,979. The treatment plant completed all tests and began commercial operations on May 15, 1995, at which time the City began paying for raw water and operations. The total amount paid to MID during the fiscal year ended June 30, 2001 was \$10,700,456, and is reported as "water purchases" on the Enterprise Funds Statement of Revenues, Expenses and Changes in Retained Earnings.

## H. POST- RETIREMENT HEALTH CARE BENEFITS

as part of the compensated absences liability balances.

## I. DEFINED BENEFIT PENSION PLAN

### Plan Description

The City contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan, which acts as a common investment and administrative agent for participating public entities in California. CalPERS provides retirement and disability benefits, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

### Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary, of which the City pays the majority on behalf of the employees. The City is required to contribute at an actuarially determined rate; the current rate is 0% for non-safety employees and 5.328% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

### Annual Pension Cost

For 2001, the City's annual pension cost of \$1,225,521 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 1998 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual merit or seniority salary increases that vary by length of service, and (c) no post-retirement benefit increases. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of the City's CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). The City's CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2000 was 9 years for the safety plan.

### **THREE-YEAR TREND INFORMATION FOR PERS**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/99	4,393,031	100%	0
6/30/00	1,407,029	100%	0
6/30/01	1,225,521	100%	0

**SCHEDULE OF FUNDING PROGRESS FOR PERS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Entry Age Actuarial Accrued Liability (B)</b>	<b>Unfunded Actuarial Accrued Liability (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>Unfunded Actuarial Liability as Percentage of Covered Payroll [(B-A) / C]</b>
<b>6/30/98:</b>						
Misc.	\$159,034,449	\$117,531,823	\$ (41,502,626)	135.3%	\$27,994,683	(148.252)%
Safety	<u>162,838,959</u>	<u>149,162,484</u>	<u>(13,676,475)</u>	<u>109.2%</u>	<u>22,412,337</u>	<u>(61.022)%</u>
<b>Total</b>	<b><u>\$321,873,408</u></b>	<b><u>\$266,694,307</u></b>	<b><u>\$(55,179,101)</u></b>	<b><u>120.7%</u></b>	<b><u>\$50,407,020</u></b>	<b><u>(109.467)%</u></b>
<b>6/30/99:</b>						
Misc.	\$185,644,453	\$135,001,258	\$(50,643,195)	137.5%	\$29,581,339	(171.200)%
Safety	<u>186,134,042</u>	<u>158,167,937</u>	<u>(27,966,105)</u>	<u>117.7%</u>	<u>22,808,490</u>	<u>(122.613)%</u>
<b>Total</b>	<b><u>\$371,778,495</u></b>	<b><u>\$293,169,195</u></b>	<b><u>\$(78,609,300)</u></b>	<b><u>126.8%</u></b>	<b><u>\$52,389,829</u></b>	<b><u>(150.047)%</u></b>
<b>6/30/00:</b>						
Misc.	\$202,858,050	\$144,359,908	\$(58,498,142)	140.5%	\$30,129,271	(194.157)%
Safety	<u>212,877,025</u>	<u>183,470,121</u>	<u>(29,406,904)</u>	<u>116.0%</u>	<u>22,874,244</u>	<u>(128.559)%</u>
<b>Total</b>	<b><u>\$415,735,075</u></b>	<b><u>\$327,830,029</u></b>	<b><u>\$(87,905,046)</u></b>	<b><u>126.8%</u></b>	<b><u>\$53,003,515</u></b>	<b><u>(165.85)%</u></b>

**J. CHANGES IN ACCOUNTING POLICY**

1. The City previously reported certain operating grants in the General Fund. To improve grant reporting, it was determined that these grants should be recorded in a separate fund, and the Operating Grants Special Revenue Fund was established.

2. The City implemented Governmental Accounting Standards Board Statement 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement 36, "Recipient Reporting for Certain Shared Nonexchange Revenues - an amendment of GASB Statement 33".

Beginning fund balances have been adjusted for the two changes above, as follows:

	<b>General Fund</b>	<b>Special Revenue Funds</b>
Fund balances, July 1, 2000, as originally reported	\$27,983,221	\$14,211,793

3. The City previously recorded the 1993 Refunding Certificates of Participation (Golf Course Project) in the General Long-Term Debt Account Group, with construction proceeds transferred to the Golf Enterprise Fund as contributed capital. However, since the golf fund has been paying, and is expected to continue paying, the entire debt service costs of this issue, it was decided that the balance of the debt should be moved to the Golf Enterprise Fund. Beginning fund equity has been adjusted, as follows:

<u>Governmental Funds:</u>	<u>Debt Service Funds</u>
Fund balance, July 1, 2000, as originally reported	\$ 8,532,074
Cumulative effect of change in accounting policy	<u>(612,300)</u>
Fund balance, July 1, 2000, as restated	<u>\$ 7,919,774</u>

<u>Proprietary Funds:</u>	<u>Enterprise Funds</u>
Retained earnings, July 1, 2000, as originally reported	\$115,094,038
Cumulative effect of change in accounting policy	<u>(2,210,699)</u>
Retained earnings, July 1, 2000, as restated	<u>\$112,883,339</u>
Contributed capital, July 1, 2000, as originally reported	\$106,833,400
Cumulative effect of change in accounting policy	<u>(4,131,623)</u>
Contributed capital, July 1, 2000, as restated	<u>\$102,701,777</u>



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## **GENERAL FUND**

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The General Fund is used to account for all financial transactions not restricted for specific uses by resolution, ordinance, or general laws and accounted for in another fund.

Among the revenues included in this fund are general property taxes, sales tax, licenses, fees, permits, penalties, fines, and charges for special services.

Expenditures include the operating costs for most City services. These services include fire and police protection, park and recreation activities, various public works activities, and general government functions.

**CITY OF MODESTO  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2001 and 2000**

	2001	2000
<b>ASSETS</b>		
Cash and cash equivalents	\$ 21,147,073	\$ 15,150,674
Receivables:		
Accounts	1,309,437	1,283,136
Taxes	5,084,131	3,757,709
Notes	92,283	92,283
Due from governments	173,469	55,715
Due from other funds	3,117,000	2,530,000
Advances to other funds	2,235,190	1,726,198
Loans to other funds	6,443,500	6,443,500
 Total assets	 \$ 39,602,083	 \$ 31,039,215
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued expenditures	\$ 4,617,263	\$ 3,417,809
Deferred revenues	118,715	
Total liabilities	4,735,978	3,417,809
Fund balances:		
Reserved:		
For encumbrances	1,457,653	698,064
For interfund loans	6,443,500	6,443,500
For petty cash	5,160	4,880
For loan programs	92,283	92,283
For interfund advances	2,235,190	1,726,198
Unreserved:		
Designated:		
For subsequent year expenditures	11,370,874	5,955,952
For departmental savings	3,667,404	3,310,407
Unreserved/undesignated	9,594,041	9,745,449
Total fund balances	34,866,105	27,621,406
 Total liabilities and fund balances	 \$ 39,602,083	 \$ 31,039,215

**CITY OF MODESTO  
GENERAL FUND  
SCHEDULE OF REVENUES, COMPARED TO BUDGET (GAAP BASIS)  
Year ended June 30, 2001  
(With comparative totals for year ended June 30, 2000)**

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
<b><u>TAXES:</u></b>				
Sales tax	\$ 21,320,498	\$ 23,252,371	\$ 1,931,873	\$ 20,881,338
Utility users tax	11,864,308	14,360,974	2,496,666	11,628,593
Property tax	7,583,984	8,162,755	578,771	7,911,820
Transient occupancy tax	1,928,875	2,148,441	219,566	1,837,962
Franchise tax	2,584,304	2,496,606	(87,698)	2,427,833
Business license	6,581,567	7,991,717	1,410,150	6,770,741
<b>Total taxes</b>	<b>51,863,536</b>	<b>58,412,864</b>	<b>6,549,328</b>	<b>51,458,287</b>
<b><u>LICENSES AND PERMITS:</u></b>				
	131,870	183,226	51,356	122,669
<b><u>INTERGOVERNMENTAL:</u></b>				
Motor vehicle license fees	8,935,920	9,942,400	1,006,480	9,023,910
State	1,236,713	1,250,986	14,273	1,323,125
County	1,046,810	1,731,036	684,226	282,349
Federal	327,958	370,442	42,484	99,802
Other intergovernmental	472,955	452,153	(20,802)	406,687
<b>Total intergovernmental</b>	<b>12,020,356</b>	<b>13,747,017</b>	<b>1,726,661</b>	<b>11,135,873</b>
<b><u>CHARGES FOR SERVICES:</u></b>				
General government	3,062,523	3,880,167	817,644	2,816,702
Highways and streets	167,302	169,728	2,426	110,028
Public works	174,000	222,915	48,915	146,684
Parks and recreation	759,665	506,971	(252,694)	557,424
Public safety	1,184,653	1,346,307	161,654	1,295,844
Other current charges for services	130,000	7,973	(122,027)	5,885
Indirect cost recovery	2,486,136	2,494,840	8,704	2,445,920
<b>Total charges for services</b>	<b>7,964,279</b>	<b>8,628,901</b>	<b>664,622</b>	<b>7,378,487</b>
<b><u>SPECIAL ASSESSMENT</u></b>				
	132,501	143,214	10,713	110,849
<b><u>INTEREST AND RENT</u></b>				
	1,211,562	1,793,847	582,285	1,538,215
<b><u>NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS</u></b>				
	0	659,439	659,439	(342,272)
<b><u>FINES AND FORFEITURES</u></b>				
	559,696	549,480	(10,216)	553,840
<b><u>MISCELLANEOUS:</u></b>				
Mandated cost recovery	100,000	422,450	322,450	257,784
Other	1,731,521	1,813,999	82,478	927,564
<b>Total miscellaneous</b>	<b>1,831,521</b>	<b>2,236,449</b>	<b>404,928</b>	<b>1,185,348</b>
<b>Total revenues</b>	<b>\$ 75,715,321</b>	<b>\$ 86,354,437</b>	<b>\$ 10,639,116</b>	<b>\$ 73,141,296</b>

**CITY OF MODESTO  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION, COMPARED TO BUDGET (GAAP BASIS)  
Year ended June 30, 2001  
(With comparative totals for year ended June 30, 2000)**

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
General government:				
City council	\$ 228,126	\$ 205,238	\$ 22,888	\$ 212,589
Personnel/training	1,109,157	905,410	203,747	831,222
City manager	1,625,708	1,424,218	201,490	1,171,226
City attorney	1,017,767	871,118	146,649	789,808
City clerk/auditor	430,741	352,668	78,073	642,396
Finance	3,545,714	3,257,583	288,131	2,822,704
Community development	4,661,321	4,177,795	483,526	4,235,090
Total general government	<u>12,618,534</u>	<u>11,194,030</u>	<u>1,424,504</u>	<u>10,704,035</u>
Highways and streets:				
Engineering and Transportation Dept:				
Administration	763,719	664,376	99,343	538,874
Electrical division	1,750,560	1,516,050	234,510	1,464,092
Operations and Maintenance Dept:				
Traffic operations	704,686	657,263	47,423	659,537
Streets division	1,717,355	1,619,066	98,289	1,268,328
Total highways and streets	<u>4,936,320</u>	<u>4,456,755</u>	<u>479,565</u>	<u>3,930,831</u>
Public works:				
Engineering and Transportation Dept:				
Engineering design	129,331	174,450	(45,119)	110,493
Construction administration/permits	744,459	493,773	250,686	217,283
Engineering administration	413,345	347,767	65,578	347,001
Franchise management	676,008	552,506	123,502	358,046
Operations and Maintenance Dept:				
Administration	248,565	186,231	62,334	172,042
Total public works	<u>2,211,708</u>	<u>1,754,727</u>	<u>456,981</u>	<u>1,204,865</u>
Parks and recreation:				
Operations and Maintenance Dept:				
Service and maintenance	4,493,924	4,317,968	175,956	3,874,294
Community forestry	3,073,940	2,948,445	125,495	2,839,938
Community Services & Neighborhood Connection:				
Administration	1,220,356	969,068	251,288	579,034
Culture	531,818	526,366	5,452	470,240
Recreation division	2,555,177	2,157,439	397,738	2,746,187
Facilities	796,783	771,808	24,975	152,013
Total parks and recreation	<u>12,671,998</u>	<u>11,691,094</u>	<u>980,904</u>	<u>10,661,706</u>
Public safety:				
Fire protection	15,701,498	15,053,294	648,204	14,299,167
Police protection	33,363,238	33,334,039	29,199	31,552,811
Total public safety	<u>49,064,736</u>	<u>48,387,333</u>	<u>677,403</u>	<u>45,851,978</u>
Total expenditures by department	<u>81,503,296</u>	<u>77,483,939</u>	<u>4,019,357</u>	<u>72,354,415</u>
Debt service:				
Principal retirement	6,996	6,996		805,003
Interest	3,982	3,981	1	55,318
Total debt service	<u>10,978</u>	<u>10,977</u>	<u>1</u>	<u>860,321</u>
Total general fund	<u>\$ 81,514,274</u>	<u>\$ 77,494,916</u>	<u>\$ 4,019,358</u>	<u>\$ 73,214,736</u>

## **SPECIAL REVENUE FUNDS**

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Special Revenue Funds include funds which are restricted as to use by the Federal or State governments, and special purpose funds established by authority of the City Council. Special Revenue Funds include:

**OPERATING GRANTS FUND** - To account for a variety of governmental fund operating grants, including law enforcement grants.

**LOCAL TRANSPORTATION FUND** - To account for revenues and expenditures of Local Transportation Fund allocations for streets, urban trails, and non-motorized facilities. Allocations for the City bus system are reported directly in the Bus Enterprise Fund.

**TRAFFIC SAFETY FUND** - To account for receipts and expenditures of traffic safety fines.

**SPECIAL GAS TAX STREET IMPROVEMENT FUND** - To account for State-collected, locally-shared gas tax monies. These funds may be used for all street purposes including construction, purchase of rights-of-way, and maintenance.

**DOWNTOWN IMPROVEMENT DISTRICT FUND** - To account for the fiscal activities of Business Improvement Area A of the City of Modesto.

**HOUSING AND COMMUNITY DEVELOPMENT FUND** - To account for grants and other monies received and disbursed for projects developed and administered under the Housing and Community Development Act of 1974.

**STRATEGIC PLANNING AND DEVELOPMENT FUND** - Established to provide a funding source for future village planning, general plan update and other large expenses related to planning and development. This fund was originally financed with an apportionment of the PERS rebate related to AB702. Subsequent funding has been provided by transfers from the General Fund. Future funding will be provided by fees imposed on private development.

**CITY OF MODESTO  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET**

**June 30, 2001**

**(With comparative totals for June 30, 2000)**

	Operating Grants	Local Transportation	Traffic Safety	Special Gas Tax Street Improvement
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,244,151	\$ 2,826,687	\$ 719,964	\$ 49,558
Cash and cash equivalents with fiscal agent				
Receivables:				
Accounts		8,238		786,760
Notes				
Due from governments		188,270		8,264,187
Advances to other funds				
Loans to other funds				
Total assets	\$ 1,244,151	\$ 3,023,195	\$ 719,964	\$ 9,100,505
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued expenditures	\$ 44,500			\$ 771,656
Approved loans payable				
Due to other funds				2,839,000
Deferred revenues	1,067,679	\$ 3,015,565		8,228,309
Total liabilities	1,112,179	3,015,565		11,838,965
 Fund balances:				
Reserved:				
For encumbrances	131,972	7,630		
For interfund loans				
For loan programs				
For interfund advances				
Unreserved:				
Designated:				
For carryover projects				
For pending projects			\$ 719,964	
Undesignated				(2,738,460)
Total fund balances	131,972	7,630	719,964	(2,738,460)
 Total liabilities and fund balances	\$ 1,244,151	\$ 3,023,195	\$ 719,964	\$ 9,100,505

Downtown Improvement District	Housing and Community Development	Strategic Planning and Development	Totals	
			2001	2000
\$ 51,509	\$ 921 841,520	\$ 309,867	\$ 5,202,657 841,520	\$ 2,754,653 2,246,130
2,434	1,629,876 11,518,765 195,185	4,385	2,431,693 11,518,765 8,647,642	86,517 10,061,268 3,926,696
	74,050	20,000	20,000 74,050	20,000 74,050
<u>\$ 53,943</u>	<u>\$ 14,260,317</u>	<u>\$ 334,252</u>	<u>\$ 28,736,327</u>	<u>\$ 19,169,314</u>
\$ 1,105	\$ 268,740 543,526 278,000		\$ 1,086,001 543,526 3,117,000 12,311,553 17,058,080	\$ 587,163 357,292 1,900,000 1,751,251 4,595,706
<u>1,105</u>	<u>1,090,266</u>			
	487 74,050 10,975,239	\$ 164,404	304,493 74,050 10,975,239 20,000	2,308,070 74,050 9,703,976 20,000
	190,521 1,929,754	49,940 99,908	240,461 2,802,464 (2,738,460)	49,940 2,417,572
<u>52,838</u>	<u>13,170,051</u>	<u>334,252</u>	<u>11,678,247</u>	<u>14,573,608</u>
<u>\$ 53,943</u>	<u>\$ 14,260,317</u>	<u>\$ 334,252</u>	<u>\$ 28,736,327</u>	<u>\$ 19,169,314</u>



**CITY OF MODESTO  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
Year ended June 30, 2001  
(With comparative totals for year ended June 30, 2000)**

	Operating Grants	Local Transportation	Traffic Safety
REVENUES:			
Taxes		\$ 1,689,749	
Intergovernmental	\$ 1,158,370		
Charges for services			
Interest and rent	89,256	44,991	
Net increase (decrease) in fair value of investments	24,017	7,620	
Fines and forfeits			\$ 729,465
Miscellaneous			
Total revenues	1,271,643	1,742,360	729,465
EXPENDITURES:			
Current expenditures:			
General government			
Highways and streets		30,191	
Public safety	1,501,486		
Public works			
Total expenditures	1,501,486	30,191	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(229,843)	1,712,169	729,465
OTHER FINANCING SOURCES (USES):			
Operating transfers in		10,710	
Operating transfers out		(1,722,879)	(576,178)
TOTAL OTHER FINANCING SOURCES (USES)		(1,712,169)	(576,178)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(229,843)		153,287
FUND BALANCES, JULY 1 (as restated)	361,815	7,630	566,677
Residual equity transfer out			
FUND BALANCES, JUNE 30	\$ 131,972	\$ 7,630	\$ 719,964

Special Gas Tax Street Improvement	Downtown Improvement District	Housing and Community Development	Strategic Planning and Development	Totals	
				2001	2000
	\$ 162,068			\$ 1,851,817	\$ 3,307,140
\$ 5,800,537		\$ 4,619,393		11,578,300	14,070,238
13,922				13,922	226,840
27,200	3,212	126,837	\$ 19,297	310,793	169,248
	1,054		6,058	38,749	(23,300)
		4,474		729,465	726,283
				4,474	62,541
<u>5,841,659</u>	<u>166,334</u>	<u>4,750,704</u>	<u>25,355</u>	<u>14,527,520</u>	<u>18,538,990</u>
			89,127	89,127	103,397
5,757,848				5,788,039	10,219,780
	193,391	2,565,038		1,501,486	60,622
<u>5,757,848</u>	<u>193,391</u>	<u>2,565,038</u>	<u>89,127</u>	<u>2,758,429</u>	<u>3,239,351</u>
				10,137,081	13,623,150
83,811	(27,057)	2,185,666	(63,772)	4,390,439	4,915,840
879,950		1,095	63,200	954,955	2,217,343
(2,746,899)		(81,060)		(5,127,016)	(6,183,173)
<u>(1,866,949)</u>		<u>(79,965)</u>	<u>63,200</u>	<u>(4,172,061)</u>	<u>(3,965,830)</u>
(1,783,138)	(27,057)	2,105,701	(572)	218,378	950,010
(955,322)	79,895	11,064,350	334,824	11,459,869	13,633,462
					(9,864)
<u>\$ (2,738,460)</u>	<u>\$ 52,838</u>	<u>\$ 13,170,051</u>	<u>\$ 334,252</u>	<u>\$ 11,678,247</u>	<u>\$ 14,573,608</u>

**CITY OF MODESTO  
OPERATING GRANTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
Year ended June 30, 2001  
(With comparative totals for year ended June 30, 2000)**

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
REVENUES:				
Intergovernmental	\$ 3,164,843	\$ 1,158,370	\$ (2,006,473)	\$ 555,003
Interest and rent - interest	22,000	89,256	67,256	56,777
Net increase (decrease) in fair value of investments		24,017	24,017	(14,076)
Total revenues	<u>3,186,843</u>	<u>1,271,643</u>	<u>(1,915,200)</u>	<u>597,704</u>
EXPENDITURES:				
Public safety	<u>3,231,977</u>	<u>1,501,486</u>	<u>1,730,491</u>	<u>60,622</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(45,134)</u>	<u>(229,843)</u>	<u>(184,709)</u>	<u>60,622</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers out				<u>(174,459)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(45,134)	(229,843)	(184,709)	362,623
FUND BALANCES, JULY 1	<u>361,815</u>	<u>361,815</u>		<u>(808)</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 316,681</u>	<u>\$ 131,972</u>	<u>\$ (184,709)</u>	<u>\$ 361,815</u>

**CITY OF MODESTO**  
**LOCAL TRANSPORTATION SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**Year ended June 30, 2001**  
**(With comparative totals for year ended June 30, 2000)**

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
<b>REVENUES:</b>				
Taxes - sales taxes	\$ 1,543,273	\$ 1,689,749	\$ 146,476	\$ 3,156,480
Intergovernmental	2,403,267		(2,403,267)	927,052
Interest and rent - interest		44,991	44,991	23,055
Net increase (decrease) in fair value of investments		7,620	7,620	(4,152)
<b>Total revenues</b>	<u>3,946,540</u>	<u>1,742,360</u>	<u>(2,204,180)</u>	<u>4,102,435</u>
<b>EXPENDITURES - highways and streets</b>				
Engineering and transportation	1,459,835	30,191	1,429,644	1,192,940
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>2,486,705</u>	<u>1,712,169</u>	<u>(774,536)</u>	<u>2,909,495</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	20,832	10,710	(10,122)	40,169
Operating transfers out	(1,864,204)	(1,722,879)	141,325	(2,949,664)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,843,372)</u>	<u>(1,712,169)</u>	<u>131,203</u>	<u>(2,909,495)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	643,333		(643,333)	
<b>FUND BALANCES, JULY 1</b>	<u>7,630</u>	<u>7,630</u>		<u>7,630</u>
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<u>\$ 650,963</u>	<u>\$ 7,630</u>	<u>\$ (643,333)</u>	<u>\$ 7,630</u>

**CITY OF MODESTO**  
**TRAFFIC SAFETY SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**Year ended June 30, 2001**  
**(With comparative totals for year ended June 30, 2000)**

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
REVENUES - fines and forfeits:				
Motor vehicle fines	\$ 563,750	\$ 729,465	\$ 165,715	\$ 726,283
OTHER FINANCING USES:				
Operating transfers out	(589,221)	(576,178)	13,043	(521,560)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)				
OTHER USES	(25,471)	153,287	178,758	204,723
FUND BALANCES, JULY 1	566,677	566,677		361,954
FUND BALANCES, JUNE 30	\$ 541,206	\$ 719,964	\$ 178,758	\$ 566,677

**CITY OF MODESTO**  
**SPECIAL GAS TAX STREET IMPROVEMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**Year ended June 30, 2001**  
**(With comparative totals for year ended June 30, 2000)**

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
<b>REVENUES:</b>				
Intergovernmental:				
State grants	\$ 8,961,325	\$ 2,504,741	\$ (6,456,584)	\$ 3,560,891
Federal grants	30,319,839	3,295,796	(27,024,043)	
County grants	50,000		(50,000)	6,324,814
Total intergovernmental revenues	<u>39,331,164</u>	<u>5,800,537</u>	<u>(33,530,627)</u>	<u>9,885,705</u>
Charges for services		13,922	13,922	95,792
Interest and rent - interest	30,000	27,200	(2,800)	(63,634)
Miscellaneous				59,823
Total revenues	<u>39,361,164</u>	<u>5,841,659</u>	<u>(33,519,505)</u>	<u>9,977,686</u>
<b>EXPENDITURES:</b>				
Highway and streets	<u>29,545,191</u>	<u>5,757,848</u>	<u>23,787,343</u>	<u>9,026,840</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>9,815,973</u>	<u>83,811</u>	<u>(9,732,162)</u>	<u>950,846</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	879,950	879,950		2,109,424
Operating transfers out	(2,746,899)	(2,746,899)		(2,496,960)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,866,949)</u>	<u>(1,866,949)</u>		<u>(387,536)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	7,949,024	(1,783,138)	(9,732,162)	563,310
<b>FUND BALANCES, JULY 1 (as restated)</b>	<u>(955,322)</u>	<u>(955,322)</u>		<u>1,595,107</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 6,993,702</u>	<u>\$ (2,738,460)</u>	<u>\$ (9,732,162)</u>	<u>\$ 2,158,417</u>

**CITY OF MODESTO**  
**DOWNTOWN IMPROVEMENT DISTRICT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**Year ended June 30, 2001**  
**(With comparative totals for year ended June 30, 2000)**

	2001			2000
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>REVENUES:</b>				
Taxes - business license tax	\$ 166,107	\$ 162,068	\$ (4,039)	\$ 150,660
Interest and rent - interest	5,311	3,212	(2,099)	5,122
Net increase (decrease) in fair value of investments		1,054	1,054	(1,065)
Total revenues	<u>171,418</u>	<u>166,334</u>	<u>(5,084)</u>	<u>154,717</u>
<b>EXPENDITURES - public works:</b>				
Downtown improvement district administration:				
Professional and contractual services	153,896	162,462	(8,566)	173,220
Materials and supplies	4,360	3,495	865	4,158
Other	19,200	17,856	1,344	19,375
Downtown improvements	25,300	9,578	15,722	9,102
Total expenditures	<u>202,756</u>	<u>193,391</u>	<u>9,365</u>	<u>205,855</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(31,338)</u>	<u>(27,057)</u>	<u>4,281</u>	<u>(51,138)</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in				12,500
DEFICIENCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES	(31,338)	(27,057)	4,281	(38,638)
FUND BALANCES, JULY 1	<u>79,895</u>	<u>79,895</u>		<u>118,533</u>
FUND BALANCES, JUNE 30	<u>\$ 48,557</u>	<u>\$ 52,838</u>	<u>\$ 4,281</u>	<u>\$ 79,895</u>

**CITY OF MODESTO**  
**HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**Year ended June 30, 2001**  
**(With comparative totals for year ended June 30, 2000)**

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
<b>REVENUES:</b>				
Intergovernmental - federal grants	\$ 8,149,280	\$ 4,619,393	\$ (3,529,887)	\$ 2,702,478
Interest and rent - interest	15,000	126,837	111,837	131,895
Miscellaneous	45,000	4,474	(40,526)	2,718
Total revenues	<u>8,209,280</u>	<u>4,750,704</u>	<u>(3,458,576)</u>	<u>2,837,091</u>
<b>EXPENDITURES - public works:</b>				
Housing program	3,140,051	2,155,277	984,774	2,447,393
Removal of architectural barriers	830,192	356,709	473,483	573,788
Miscellaneous improvements	482,948	53,052	429,896	12,315
Total expenditures	<u>4,453,191</u>	<u>2,565,038</u>	<u>1,888,153</u>	<u>3,033,496</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,756,089</u>	<u>2,185,666</u>	<u>(1,570,423)</u>	<u>(196,405)</u>
<b>OTHER FINANCING USES:</b>				
Operating transfers in	107,000	1,095	105,905	
Operating transfers out	(81,060)	(81,060)		(40,530)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>25,940</u>	<u>(79,965)</u>	<u>105,905</u>	<u>(40,530)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>3,782,029</u>	<u>2,105,701</u>	<u>(1,464,518)</u>	<u>(236,935)</u>
<b>FUND BALANCES, JULY 1</b>	11,064,350	11,064,350		11,311,149
Residual equity transfer out				(9,864)
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 14,846,379</u>	<u>\$ 13,170,051</u>	<u>\$ (1,464,518)</u>	<u>\$ 11,064,350</u>



**CITY OF MODESTO**  
**STRATEGIC PLANNING AND DEVELOPMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**Year ended June 30, 2001**  
**(With comparative totals for year ended June 30, 2000)**

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
REVENUES:				
Charges for services	\$ 45,000		\$ (45,000)	\$ 131,048
Interest and rent - interest	9,596	\$ 19,297	9,701	16,033
Net increase (decrease) in fair value of investments		6,058	6,058	(4,007)
Total revenues	<u>54,596</u>	<u>25,355</u>	<u>(29,241)</u>	<u>143,074</u>
EXPENDITURES - general government:				
Professional and contractual services	<u>148,700</u>	<u>89,127</u>	<u>59,573</u>	<u>103,397</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(94,104)</u>	<u>(63,772)</u>	<u>30,332</u>	<u>39,677</u>
OTHER FINANCING SOURCES:				
Operating transfers in	<u>63,200</u>	<u>63,200</u>		<u>55,250</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(30,904)	(572)	30,332	94,927
FUND BALANCES, JULY 1	<u>334,824</u>	<u>334,824</u>		<u>239,897</u>
FUND BALANCES, JUNE 30	<u>\$ 303,920</u>	<u>\$ 334,252</u>	<u>\$ 30,332</u>	<u>\$ 334,824</u>

## **CAPITAL PROJECTS FUNDS**

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Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. Capital Projects Funds include:

**SPECIAL FUND FOR CAPITAL OUTLAYS** - To account for capital outlay authorized by the City Council. No monies placed in this fund are to be disbursed except for this purpose unless authorized by a vote of the people.

**CAPITAL FACILITY FEES FUND** - To account for special fees collected on new building permits to be used for construction of certain growth related projects. The fees and related capital projects include police department expansion, fire department expansion, expressway loop, street lights, parks, new traffic signals, City hall expansion, wastewater treatment, streets, public transportation, and air quality improvement.

**PARKS FUND** - To account for a discretionary transfer of General Fund property tax revenue to provide for the development of parks within the City, as directed by the City Council.

**STATE PARKS AND RECREATION FUND** - To account for monies used for acquisition and development of neighborhood, community, and regional park facilities.

**McHENRY MANSION RESTORATION FUND** - To account for donations and other revenues received and appropriated for the purpose of restoring the McHenry Mansion.

**REDEVELOPMENT AGENCY FUND** - To account for the construction of capital projects financed by the Redevelopment Agency of the City of Modesto.

**IMPROVEMENT DISTRICTS FUND** - To account for the construction of public improvements deemed to benefit properties against which special assessments are levied.

**CAPITAL GRANTS FUND** - To account for receipts and disbursements of a variety of Governmental Fund capital grants.

**COMMUNITY FACILITIES DISTRICTS FUND** - To account for the construction of public improvements deemed to benefit properties against which special taxes are levied.

**PUBLIC FINANCING AUTHORITY FUND** - To account for the financing of various projects authorized by the Modesto Public Financing Authority.

**CITY OF MODESTO  
CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001  
(With comparative totals for June 30, 2000)**

	Special Fund for Capital Outlays	Capital Facility Fees	Parks	State Parks and Recreation
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,326,321	\$ 14,117,242	\$ 844,487	\$ 89,609
Cash and cash equivalents with fiscal agent	3,470,254			
Receivables:				
Accounts	2,748	274,621	3,930	414
Notes				
Due from governments		307,898		10,637
Due from other funds				
Property held for resale				
Advances to other funds	100,000			
Loans to other funds	1,000,000			
Total assets	\$ 6,899,323	\$ 14,699,761	\$ 848,417	\$ 100,660
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued expenditures	\$ 180,960	\$ 1,188,794	\$ 13,527	
Due to other funds				
Deferred revenue		105,633		\$ 10,637
Advances from other funds		180,890		
Loans from other funds				
Total liabilities	180,960	1,475,317	13,527	10,637
Fund balances (deficits):				
Reserved:				
For encumbrances	580,452	667,318	22,093	
For interfund loans	1,000,000			
For loan programs				
For interfund advances	100,000			
For set-aside requirement				
Unreserved:				
Designated:				
For carryover projects	3,488,156	2,741,573	812,797	90,023
For pending projects	1,549,755	9,815,553		
Undesignated				
Total fund balances (deficits)	6,718,363	13,224,444	834,890	90,023
Total liabilities and fund balances	\$ 6,899,323	\$ 14,699,761	\$ 848,417	\$ 100,660

McHenry Mansion Restoration	Redevelopment Agency	Improvement Districts	Capital Grants	Community Facilities Districts	Totals	
					2001	2000
\$ 5,642	\$ 1,774,177 102,676	\$ 27,596	\$ 90,482	\$ 6,938,224 562,858	\$ 26,213,780 4,135,788	\$ 16,974,930 8,445,010
137	9,430 1,146,070		1,730	13,852	306,862 1,146,070	146,539 1,182,830
	1,245,000 577,205		86,027		404,562 1,245,000	434,549 601,664
					577,205 100,000	577,205 100,000
					1,000,000	1,000,000
<u>\$ 5,779</u>	<u>\$ 4,854,558</u>	<u>\$ 27,596</u>	<u>\$ 178,239</u>	<u>\$ 7,514,934</u>	<u>\$ 35,129,267</u>	<u>\$ 29,462,727</u>

	\$ 245,946		\$ 76,028	\$ 548,822	\$ 2,254,077	\$ 3,394,729
						325,000
	50,000		741,050		857,320	
	7,517,550			20,000	250,890	303,898
	<u>7,813,496</u>		<u>817,078</u>	<u>568,822</u>	<u>10,879,837</u>	<u>11,541,177</u>

	87,547		11,394		1,368,804	2,883,918
	1,146,070				1,000,000	1,000,000
	1,125,908				1,146,070	1,182,830
					100,000	100,000
					1,125,908	650,195
				411,577	7,544,126	7,479,638
\$ 5,779	\$ 27,596			6,534,535	17,933,218	10,183,217
	(5,318,463)		(650,233)		(5,968,696)	(5,558,248)
<u>5,779</u>	<u>(2,958,938)</u>	<u>27,596</u>	<u>(638,839)</u>	<u>6,946,112</u>	<u>24,249,430</u>	<u>17,921,550</u>
<u>\$ 5,779</u>	<u>\$ 4,854,558</u>	<u>\$ 27,596</u>	<u>\$ 178,239</u>	<u>\$ 7,514,934</u>	<u>\$ 35,129,267</u>	<u>\$ 29,462,727</u>

**CITY OF MODESTO  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
Year ended June 30, 2001  
(With comparative totals for year ended June 30, 2000)**

	Special Fund for Capital Outlays	Capital Facility Fees	Parks	State Parks and Recreation
<b>REVENUES:</b>				
Taxes				
Intergovernmental		\$ 1,086,239		\$ 45,064
Charges for services		7,002,778	\$ 44,050	
Interest and rent	\$ 380,355	639,379	88,002	
Net increase (decrease) in fair value of investments	37,766	250,908	14,329	
Miscellaneous	31,500			
Total revenues	<u>449,621</u>	<u>8,979,304</u>	<u>146,381</u>	<u>45,064</u>
<b>EXPENDITURES:</b>				
Capital outlay:				
General government	966,651	1,408,754		
Highways and streets	67,973	1,525,572		
Parks and recreation	151,951	887,253	433,292	23,976
Public safety	1,583,231	23,807		
Debt service:				
Cost of issuance				
Total expenditures	<u>2,769,806</u>	<u>3,845,386</u>	<u>433,292</u>	<u>23,976</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,320,185)</u>	<u>5,133,918</u>	<u>(286,911)</u>	<u>21,088</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	1,890,998	300	506,550	
Operating transfers out	<u>(35,840)</u>	<u>(370,578)</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,855,158</u>	<u>(370,278)</u>	<u>506,550</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(465,027)</u>	<u>4,763,640</u>	<u>219,639</u>	<u>21,088</u>
FUND BALANCES (DEFICITS), July 1 (as restated)	7,183,390	8,460,804	615,251	68,935
Residual equity transfers out				
FUND BALANCES (DEFICITS), June 30	<u>\$ 6,718,363</u>	<u>\$ 13,224,444</u>	<u>\$ 834,890</u>	<u>\$ 90,023</u>

McHenry Mansion Restoration	Redevelopment Agency	Improvements Districts	Capital Grants	Capital Facilities Districts	Public Financing Authority	Totals	
						2,001	2000
	\$ 571,265			\$ 280,002		\$ 851,267	\$ 677,550
				5,376,727		1,131,303	393,291
\$ 330	155,887		\$ (15,376)	356,371	\$ (198)	12,423,555	9,022,383
107	41,553		(12,808)	131,015		1,604,750	1,994,164
	250			225,000		462,870	(373,871)
<u>437</u>	<u>768,955</u>		<u>(28,184)</u>	<u>6,369,115</u>	<u>(198)</u>	<u>256,750</u>	<u>311,052</u>
						<u>16,730,495</u>	<u>12,024,569</u>
	671,639			4,594,592		7,641,636	14,946,876
			833,385			2,426,930	2,182,183
						1,496,472	3,031,590
						1,607,038	1,858,093
							1,749
	<u>671,639</u>		<u>833,385</u>	<u>4,594,592</u>		<u>13,172,076</u>	<u>22,018,742</u>
<u>437</u>	<u>97,316</u>		<u>(861,569)</u>	<u>1,774,523</u>	<u>(198)</u>	<u>3,558,419</u>	<u>(9,994,173)</u>
	487,130		222,730	110,025		3,217,733	1,015,567
					(41,854)	(448,272)	(313,169)
	<u>487,130</u>		<u>222,730</u>	<u>110,025</u>	<u>(41,854)</u>	<u>2,769,461</u>	<u>702,398</u>
437	584,446		(638,839)	1,884,548	(42,052)	6,327,880	(9,291,775)
5,342	(3,543,384)	\$ 27,596		5,061,564	42,052	17,921,550	27,313,890
							(10,565)
<u>\$ 5,779</u>	<u>\$ (2,958,938)</u>	<u>\$ 27,596</u>	<u>\$ (638,839)</u>	<u>\$ 6,946,112</u>	<u>\$</u>	<u>\$ 24,249,430</u>	<u>\$ 17,921,550</u>

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## **DEBT SERVICE FUNDS**

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Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Debt Service Funds include:

**REDEVELOPMENT AGENCY DEBT SERVICE FUND** - To account for certificates of participation issued to finance the acquisitions and construction of the Modesto Centre Plaza.

**IMPROVEMENT DISTRICTS DEBT SERVICE FUND** - To account for payment of bonded debt issued to finance Improvement District capital projects.

**COMMUNITY FACILITIES DISTRICTS DEBT SERVICE FUND** - To account for payment of bonded debt issued to finance Community Facilities District capital projects.

**PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND** - To account for payment of debt issued to finance projects authorized by the Modesto Public Financing Authority.



**CITY OF MODESTO  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001  
(With comparative totals for June 30, 2000)**

	<u>Redevelopment Agency</u>	<u>Improvement Districts</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,472	\$ 360,881
Cash and cash equivalents with fiscal agent	2,033,979	212,428
Receivables:		
Accounts	46,248	5,098
Taxes	34,865	
Special assessments		893,551
	<u>                    </u>	<u>                    </u>
Total assets	\$ <u><u>2,116,564</u></u>	\$ <u><u>1,471,958</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable and accrued expenditures		
Due to other funds	\$ 1,245,000	
Deferred revenues		\$ 893,551
Advances from other funds	472,000	
Total liabilities	<u>1,717,000</u>	<u>893,551</u>
 Fund balances:		
Reserved for debt service	<u>399,564</u>	<u>578,407</u>
Total liabilities and fund balances	\$ <u><u>2,116,564</u></u>	\$ <u><u>1,471,958</u></u>

Community Facilities Districts	Public Financing Authority	Totals	
		2001	2000
\$ 162,015	\$ 1,453 5,511,316	\$ 363,806 7,919,738	\$ 337,498 8,718,800
76		51,422 34,865 893,551	48,510 27,195 1,106,603
<u>\$ 162,091</u>	<u>\$ 5,512,769</u>	<u>\$ 9,263,382</u>	<u>\$ 10,238,606</u>
			\$ 556 601,664
		\$ 1,245,000 893,551 472,000 2,610,551	1,104,312 1,706,532
<u>\$ 162,091</u>	<u>\$ 5,512,769</u>	<u>6,652,831</u>	<u>8,532,074</u>
<u>\$ 162,091</u>	<u>\$ 5,512,769</u>	<u>\$ 9,263,382</u>	<u>\$ 10,238,606</u>

**CITY OF MODESTO  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
Year ended June 30, 2001  
(With comparative totals for year ended June 30, 2000)

	<u>Redevelopment Agency</u>	<u>Improvement Districts</u>
REVENUES:		
Taxes	\$ 1,246,686	
Intergovernmental - state	47,720	
Special assessments levied		\$ 166,435
Interest and rent	165,000	91,297
Net increase (decrease) in fair value of investments	<u>(20,634)</u>	<u>2,850</u>
Total revenues	<u>1,438,772</u>	<u>260,582</u>
EXPENDITURES - debt service:		
Principal retirement	625,000	185,000
Interest	1,334,145	72,218
Other	5,995	14,910
Total expenditures	<u>1,965,140</u>	<u>272,128</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(526,368)</u>	<u>(11,546)</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers in	308,149	
Operating transfer out	<u>(827,048)</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(518,899)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(1,045,267)</u>	<u>(11,546)</u>
FUND BALANCES, JULY 1	<u>1,444,831</u>	<u>589,953</u>
FUND BALANCES, JUNE 30	<u>\$ 399,564</u>	<u>\$ 578,407</u>

Community Facilities Districts	Public Financing Authority	Totals	
		2001	2000
\$ 299,417		\$ 1,546,103	\$ 1,131,590
		47,720	44,156
7,973	\$ 369,755	166,435	173,468
170		634,025	709,379
<u>307,560</u>	<u>369,755</u>	<u>(17,614)</u>	<u>1,990</u>
		<u>2,376,669</u>	<u>2,060,583</u>
205,000	115,000	1,130,000	1,030,000
66,989	3,239,887	4,713,239	5,125,795
2,451	9,348	32,704	39,832
<u>274,440</u>	<u>3,364,235</u>	<u>5,875,943</u>	<u>6,195,627</u>
33,120	(2,994,480)	(3,499,274)	(4,135,044)
	2,751,230	3,059,379	2,081,432
		(827,048)	(705,527)
	<u>2,751,230</u>	<u>2,232,331</u>	<u>1,375,905</u>
33,120	(243,250)	(1,266,943)	(2,759,139)
<u>128,971</u>	<u>5,756,019</u>	<u>7,919,774</u>	<u>11,291,213</u>
\$ <u>162,091</u>	\$ <u>5,512,769</u>	\$ <u>6,652,831</u>	\$ <u>8,532,074</u>

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## **ENTERPRISE FUNDS**

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Enterprise Funds are established to account for the financing of self-supporting activities of governmental units which render services on a user-charge basis to the general public. Enterprise Funds include:

**PARKING FUND** - Revenues in this fund consist of charges for off-street parking and the downtown parking garage, as well as in-lieu parking fees. The revenue is used to develop and maintain parking facilities.

**WATER FUND** - Accounted for within this fund are all revenues collected by the City for the purpose of financing the construction, operation, and maintenance of the City water distribution system. Revenues are derived from water service charges and various installation fees.

**SEWER FUND** - Accounted for within this fund are amounts collected by the City for the purpose of financing the construction, operation, and maintenance of the City sewer system. Revenues include, but are not limited to, sewer service charges and sewer lateral charges.

**STORM DRAIN FUND** - To account for storm drain improvements, operations and maintenance previously financed in the Sewer Fund. The activities of the fund include street cleaning, rock well maintenance, and compliance with Federal and State water quality standards on storm water discharge.

**AIRPORT FUND** - To account for all airport operations as stipulated in the City-Stanislaus County agreement of January 1968. Amounts received from the Federal government, State of California, and Stanislaus County, requiring matching amounts by the City, are recorded in this fund and are appropriated to finance approved capital projects.

**BUS FUND** - Pursuant to the terms of a Federal grant agreement, the City has agreed to provide mass transportation service. All operating, maintenance, and capital expenditures are appropriated in this fund. Buses are operated by a private contractor under the terms of a supervisory agreement with the City. A separate contract agreement provides Dial-a-Ride service for the elderly and handicapped.

**GOLF FUND** - Revenues in this fund consist of fees charged for using the City's golf courses. The revenue is used to improve, operate, and maintain the courses.

**COMMUNITY CENTER FUND** - Accounted for within this fund are all amounts collected for the purpose of operating and maintaining the Modesto Centre Plaza Community Center. Revenues include room rental, catering fees, ticket sales, and other charges for using the center.

**CITY OF MODESTO**  
**ENTERPRISE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2001**  
**(With comparative totals for June 30, 2000)**

<u>ASSETS</u>	<u>Parking</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>
Current assets:				
Cash and cash equivalents	\$ 1,026,602	\$ 22,663,682	\$ 7,540,932	\$ 490,304
Cash and cash equivalents with fiscal agent		401,449	6,322,211	
Receivables:				
Accounts	992	3,296,461	2,259,713	535,494
Taxes		2,196		
Due from governments	13,703		132,322	4,538
Total current assets	<u>1,041,297</u>	<u>26,363,788</u>	<u>16,255,178</u>	<u>1,030,336</u>
Restricted assets-cash and cash equivalents:				
Cash deposits		535,431	216,880	
Revenue bond construction account			1,569,005	
Total restricted assets-cash and cash equivalents		<u>535,431</u>	<u>1,785,885</u>	
Other assets:				
Unamortized costs of issuance		<u>309,808</u>	<u>698,408</u>	
Land, buildings and equipment:				
Land	1,277,703	1,368,662	11,534,879	626,597
Buildings	2,121,462	3,920,485	28,719,455	
Improvements other than buildings	425,527	30,087,553	71,386,127	9,528,110
Furnishings and equipment	69,333	1,027,744	3,240,355	142,405
Buses and fareboxes				
Pipelines		42,949,162	57,956,276	2,675,718
Construction in progress		769,611	8,691,904	120,137
Accumulated depreciation	(1,720,538)	(16,985,748)	(47,673,280)	(1,928,263)
Total land, buildings and equipment	<u>2,173,487</u>	<u>63,137,469</u>	<u>133,855,716</u>	<u>11,164,704</u>
Total assets	<u>\$ 3,214,784</u>	<u>\$ 90,346,496</u>	<u>\$ 152,595,187</u>	<u>\$ 12,195,040</u>

Airport	Bus	Golf	Community Center	Totals	
				2001	2000
\$ 136,955	\$ 4,633,834	\$ 2,238 613,693	\$ 759,071	\$ 37,253,618 7,337,353	\$ 28,735,091 7,463,164
12,549	18,837	77,536	47,715	6,249,297	5,844,742
353,647	2,344,692	31,853		2,196	2,439
<u>503,151</u>	<u>6,997,363</u>	<u>725,320</u>	<u>806,786</u>	<u>2,880,755</u>	<u>5,166,087</u>
				752,311	845,567
				<u>1,569,005</u>	<u>2,467,837</u>
				<u>2,321,316</u>	<u>3,313,404</u>
				<u>1,008,216</u>	<u>1,074,281</u>
929,891	2,483,167	275,741	3,667,020	22,163,660	22,163,660
3,480,565	6,953,329	1,274,595	22,856,962	69,326,853	66,026,377
7,575,272	921,214	6,493,347	654,947	127,072,097	118,434,879
743,834	626,956	89,991	318,128	6,258,746	5,493,614
	8,337,387			8,337,387	8,225,628
				103,581,156	98,201,880
174,272	507,229	19,799		10,282,952	17,046,972
(5,665,105)	(5,968,816)	(3,006,986)	(9,437,186)	(92,385,922)	(82,761,024)
<u>7,238,729</u>	<u>13,860,466</u>	<u>5,146,487</u>	<u>18,059,871</u>	<u>254,636,929</u>	<u>252,831,986</u>
<u>\$ 7,741,880</u>	<u>\$ 20,857,829</u>	<u>\$ 5,871,807</u>	<u>\$ 18,866,657</u>	<u>\$ 311,689,680</u>	<u>\$ 304,431,194</u>

(continued)



**CITY OF MODESTO  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET (continued)  
June 30, 2001  
(With comparative totals for June 30, 2000)**

<u>LIABILITIES AND EQUITY</u>	<u>Parking</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>
Current liabilities:				
Accounts payable and accrued expenses	\$ 24,489	\$ 566,525	\$ 781,806	\$ 143,547
Interest payable		320,661	413,436	
Due to other funds				
Current portion - long-term debt		768,868	1,095,000	
Current portion - developer advances		125,770		
Deferred revenues				
Total current liabilities	<u>24,489</u>	<u>1,781,824</u>	<u>2,290,242</u>	<u>143,547</u>
Other liabilities:				
Payable from restricted assets - refundable deposits		535,431	216,880	
Advances from other funds				
Revenue bonds payable			42,994,660	
Loan payable		2,887,342		
Certificates of participation		21,015,523		
Developer advances		2,636,092		
Total other liabilities		<u>27,074,388</u>	<u>43,211,540</u>	
Total liabilities	<u>24,489</u>	<u>28,856,212</u>	<u>45,501,782</u>	<u>143,547</u>
Equity:				
Contributed capital	586,683	15,253,440	46,121,986	
Retained earnings (deficits)-unreserved	2,603,612	46,236,844	60,971,419	12,051,493
Total equity	<u>3,190,295</u>	<u>61,490,284</u>	<u>107,093,405</u>	<u>12,051,493</u>
Total liabilities and equity	<u>\$ 3,214,784</u>	<u>\$ 90,346,496</u>	<u>\$ 152,595,187</u>	<u>\$ 12,195,040</u>

Airport	Bus	Golf	Community Center	Totals	
				2001	2000
\$ 54,660	\$ 508,727	\$ 4,780	\$ 38,002	\$ 2,122,536	\$ 3,041,289
		58,382		792,479	749,598
		160,000		2,023,868	305,000
	6,209,279	108,849		125,770	1,778,672
<u>54,660</u>	<u>6,718,006</u>	<u>332,011</u>	<u>38,002</u>	<u>6,318,128</u>	<u>3,225,472</u>
				<u>11,382,781</u>	<u>9,232,705</u>
				752,311	845,567
237,300		932,000		1,169,300	1,079,300
				42,994,660	44,009,341
				2,887,342	3,056,370
		6,580,000		27,595,523	21,518,612
				2,636,092	2,761,861
<u>237,300</u>	<u></u>	<u>7,512,000</u>	<u></u>	<u>78,035,228</u>	<u>73,271,051</u>
<u>291,960</u>	<u>6,718,006</u>	<u>7,844,011</u>	<u>38,002</u>	<u>89,418,009</u>	<u>82,503,756</u>
6,717,061	13,758,207	289,584	17,986,992	100,713,953	106,833,400
732,859	381,616	(2,261,788)	841,663	121,557,718	115,094,038
<u>7,449,920</u>	<u>14,139,823</u>	<u>(1,972,204)</u>	<u>18,828,655</u>	<u>222,271,671</u>	<u>221,927,438</u>
\$ <u><u>7,741,880</u></u>	\$ <u><u>20,857,829</u></u>	\$ <u><u>5,871,807</u></u>	\$ <u><u>18,866,657</u></u>	\$ <u><u>311,689,680</u></u>	\$ <u><u>304,431,194</u></u>

**CITY OF MODESTO**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**Year ended June 30, 2001**  
**(With comparative totals for year ended June 30, 2000)**

	<u>Parking</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>
OPERATING REVENUES:				
Charges for services	\$ 508,306	\$ 26,891,961	\$ 19,162,689	\$ 4,702,244
OPERATING EXPENSES:				
Salaries and wages	160,602	1,121,610	3,644,488	889,989
Contractual services	170,841	1,936,852	2,915,579	1,869,650
Utilities	18,853	1,014,836	900,083	25,431
Maintenance and supplies	113,090	3,141,734	2,487,105	889,034
Water purchases		10,700,456		
Insurance	9,933	97,657	149,146	13,730
Employee benefits	15,529	543,425	868,864	228,882
Administration services	74,726	3,306,677	1,139,622	646,436
Allocated indirect administrative costs	5,711	756,687	946,900	170,732
Other	452	70,213	106,572	6,210
Depreciation	68,169	2,025,777	4,985,472	469,011
Total operating expenses	<u>637,906</u>	<u>24,715,924</u>	<u>18,143,831</u>	<u>5,209,105</u>
OPERATING INCOME (LOSS)	<u>(129,600)</u>	<u>2,176,037</u>	<u>1,018,858</u>	<u>(506,861)</u>
NONOPERATING REVENUES (EXPENSES)				
Operating grants		1,772	34,511	9,765
Capital contributions-grants and connection fees		2,512,330	1,301,330	
Loss on disposition of fixed assets		(249,099)	(179,373)	(22,776)
Taxes	(4,468)	(109,820)	(86,391)	
Interest income	57,159	1,299,269	633,140	51,467
Net increase (decrease) in fair value of investments	19,194	397,845	153,783	10,648
Rental income		9,600	5,733	
Interest expense		(1,366,003)	(699,300)	
Amortization of bond discount		(22,175)	(13,968)	
Amortization of costs of issuance		(13,839)	(52,226)	
Total nonoperating revenues (expenses)	<u>71,885</u>	<u>2,459,880</u>	<u>1,097,239</u>	<u>49,104</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(57,715)</u>	<u>4,635,917</u>	<u>2,116,097</u>	<u>(457,757)</u>
Operating transfers in	69,000			
Operating transfers out		(81,305)	(80,241)	(724)
Total operating transfers in (out)	<u>69,000</u>	<u>(81,305)</u>	<u>(80,241)</u>	<u>(724)</u>
NET INCOME (LOSS)	11,285	4,554,612	2,035,856	(458,481)
Depreciation charged to contributed capital	68,169	539,433	2,674,660	
Increase (decrease) in retained earnings	79,454	5,094,045	4,710,516	(458,481)
RETAINED EARNINGS (DEFICITS), July 1 (as restated)	2,524,158	41,142,799	56,260,903	12,509,974
Residual equity transfers out				
RETAINED EARNINGS (DEFICITS), June 30	<u>\$ 2,603,612</u>	<u>\$ 46,236,844</u>	<u>\$ 60,971,419</u>	<u>\$ 12,051,493</u>

	Airport	Bus	Golf	Community Center	Totals	
					2001	2000
\$	620,470	\$ 2,305,894	\$ 2,109,884	\$ 305,469	\$ 56,606,917	\$ 55,029,320
	230,721	483,499		549,907	7,080,816	6,876,547
	33,068	5,365,225	1,474,515	44,010	13,809,740	10,340,569
	68,396	48,234	96,840	162,906	2,335,579	2,667,919
	75,950	970,171	41,319	208,849	7,927,252	8,926,562
					10,700,456	10,600,104
	17,156	10,961	3,228	23,573	325,384	242,384
	54,273	125,766	4,942	113,707	1,955,388	1,841,496
	9,880	250,227	4,611	69,101	5,501,280	5,011,641
	39,631	212,987	72,069		2,204,717	2,161,486
	6,927	25,078	7,396	13,310	236,158	238,683
	333,780	758,125	317,687	718,598	9,676,619	8,230,084
	869,782	8,250,273	2,022,607	1,903,961	61,753,389	57,137,475
	(249,312)	(5,944,379)	87,277	(1,598,492)	(5,146,472)	(2,108,155)
		1,714,828	5,305		1,766,181	4,456,985
	510,207	210,557			4,534,424	
	(22,509)	(852)	(690)	(1,947)	(477,246)	(176,138)
	162,687	1,381,790			1,343,798	2,197,278
	(9,559)	47,046	(20,864)	36,781	2,094,439	1,928,168
	1,123	83,004	(3,440)	13,474	675,631	(352,746)
	118,875	209,920	12,000	404,398	760,526	323,525
			(352,770)		(2,418,073)	(2,141,663)
					(36,143)	(36,143)
					(66,065)	(66,065)
	760,824	3,646,293	(360,459)	452,706	8,177,472	6,133,201
	511,512	(2,298,086)	(273,182)	(1,145,786)	3,031,000	4,025,046
				646,000	715,000	790,649
		(18,000)			(180,270)	(1,148,254)
		(18,000)		646,000	534,730	(357,605)
	511,512	(2,316,086)	(273,182)	(499,786)	3,565,730	3,667,441
	333,780	758,125	15,884	718,598	5,108,649	4,871,343
	845,292	(1,557,961)	(257,298)	218,812	8,674,379	8,538,784
	(112,433)	1,939,577	(2,004,490)	622,851	112,883,339	107,530,589
						(975,335)
\$	732,859	\$ 381,616	\$ (2,261,788)	\$ 841,663	\$ 121,557,718	\$ 115,094,038

**CITY OF MODESTO  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year ended June 30, 2001  
(With comparative totals for year ended June 30, 2000)**

	<u>Parking</u>	<u>Water</u>	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (129,600)	\$ 2,176,037	\$ 1,018,858
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	68,169	2,025,777	4,985,472
Rental income		9,600	5,733
Change in assets and liabilities:			
(Increase) in accounts receivable		(163,381)	(141,846)
Decrease in taxes receivable		243	
(Increase) decrease in due from governments	(2,551)		(5,258)
Decrease in prepaid expenses			
Increase (decrease) in accounts payable and accrued expenses	14,794	114,973	(173,786)
Increase (decrease) in due to other funds			
Increase (decrease) in deferred revenue			
Increase (decrease) in refundable deposits		(153,144)	59,888
Total adjustments	<u>80,412</u>	<u>1,834,068</u>	<u>4,730,203</u>
Net cash provided (used) by operating activities	<u>(49,188)</u>	<u>4,010,105</u>	<u>5,749,061</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants received		1,772	34,511
Taxes received			
Taxes paid	(4,468)	(109,820)	(86,391)
Operating transfers in	69,000		
Operating transfers out		(81,305)	(80,241)
Residual equity transfers out			
New advances from other funds			
Repayments of advances from other funds			
Net cash provided (used) by noncapital financing activities	<u>64,532</u>	<u>(189,353)</u>	<u>(132,121)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of fixed assets		(1,859,694)	(4,524,975)
Proceeds from sale of fixed assets		9,490	
Principal repayments		(866,506)	(1,045,000)
Interest paid		(1,298,914)	(2,504,180)
Capital grants received			
Residual equity transfers in			
Connection fees for capital purposes		2,512,330	1,301,330
Net cash provided (used) by capital and related financing activities		<u>(1,503,294)</u>	<u>(6,772,825)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	56,368	1,298,330	1,265,872
Net (decrease) in the fair value of investments	19,194	397,845	153,783
Net cash provided (used) by investing activities	<u>75,562</u>	<u>1,696,175</u>	<u>1,419,655</u>
Net increase (decrease) in cash and cash equivalents	90,906	4,013,633	263,770
CASH AND CASH EQUIVALENTS, JULY 1, as restated	<u>935,696</u>	<u>19,586,929</u>	<u>15,385,258</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 1,026,602</u>	<u>\$ 23,600,562</u>	<u>\$ 15,649,028</u>

Storm Drain	Airport	Bus	Golf	Community Center	Totals	
					2001	2000
\$ (506,861)	\$ (249,312)	\$ (5,944,379)	\$ 87,277	\$ (1,598,492)	\$ (5,146,472)	\$ (2,108,155)
469,011	333,780	758,125	317,687	718,598	9,676,619	8,230,084
	118,875	209,920	12,000	404,398	760,526	323,525
(5,591)	(6,416)	(18,837)	(66,559)	(8,085)	(410,715)	(61,960)
		2,097,792			243	1,256
					2,089,983	8,170
						8,368
(335,411)	26,845	(251,785)	(111,246)	1,570	(714,046)	(1,674,111)
	(305,000)				(305,000)	305,000
		2,983,807	108,849		3,092,656	(900,000)
					(93,256)	108,697
<u>128,009</u>	<u>168,084</u>	<u>5,779,022</u>	<u>260,731</u>	<u>1,116,481</u>	<u>14,097,010</u>	<u>6,349,029</u>
<u>(378,852)</u>	<u>(81,228)</u>	<u>(165,357)</u>	<u>348,008</u>	<u>(482,011)</u>	<u>8,950,538</u>	<u>4,240,874</u>
9,765		505,301	5,305		556,654	1,180,064
	162,687	2,497,907			2,660,594	3,874,288
					(200,679)	(205,380)
				646,000	715,000	790,649
(724)		(18,000)			(180,270)	(1,148,254)
						(145,040)
			190,000		190,000	
	(100,000)				(100,000)	
<u>9,041</u>	<u>62,687</u>	<u>2,985,208</u>	<u>195,305</u>	<u>646,000</u>	<u>3,641,299</u>	<u>4,346,327</u>
(355,569)	(545,747)	(382,763)	(47,903)	(94,669)	(7,811,320)	(15,734,443)
					9,490	10,000
			(155,000)		(2,066,506)	(1,836,041)
			(354,010)		(4,157,104)	(3,878,732)
	705,556	299,909			1,005,465	948,242
						84,017
					3,813,660	2,403,407
<u>(355,569)</u>	<u>159,809</u>	<u>(82,854)</u>	<u>(556,913)</u>	<u>(94,669)</u>	<u>(9,206,315)</u>	<u>(18,003,550)</u>
51,870	(9,610)	47,046	(19,315)	36,614	2,727,175	2,197,541
10,648	1,123	83,004	(3,440)	13,474	675,631	(352,746)
<u>62,518</u>	<u>(8,487)</u>	<u>130,050</u>	<u>(22,755)</u>	<u>50,088</u>	<u>3,402,806</u>	<u>1,844,795</u>
(662,862)	132,781	2,867,047	(36,355)	119,408	6,788,328	(7,571,554)
1,153,166	4,174	1,766,787	652,286	639,663	40,123,959	47,083,213
\$ <u>490,304</u>	\$ <u>136,955</u>	\$ <u>4,633,834</u>	\$ <u>615,931</u>	\$ <u>759,071</u>	\$ <u>46,912,287</u>	\$ <u>39,511,659</u>

(Continued)

**CITY OF MODESTO  
ENTERPRISE FUND  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES  
Year ended June 30, 2001**

WATER FUND

Fixed asset additions accrued at year end	\$	8,043
Fixed assets transferred from other funds and General Fixed Assets		10,784

SEWER FUND

Fixed asset additions accrued at year end		130,805
Fixed assets transferred from other funds and General Fixed Assets		8,286
Capitalized interest expense on revenue bonds accrued at year end		310,550

STORM DRAIN FUND

Fixed asset additions accrued at year end		46,075
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AIRPORT FUND

Capital grants accrued at year end		332,102
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BUS FUND

Fixed assets transferred from other funds and General Fixed Assets		2,930,039
Operating grants accrued at year end		2,044,783
Capital grants accrued at year end		299,909

GOLF FUND

Fixed assets transferred from other funds and General Fixed Assets		171,716
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## **INTERNAL SERVICE FUNDS**

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Internal Service Funds are established to finance and account for services and commodities furnished by a designated agency of a governmental unit to other departments of the same governmental unit. Since the services and commodities are supplied exclusively to other departments of a governmental jurisdiction, they are distinguishable from those public services which are rendered to the public in general and which are accounted for in General, Special Revenue, or Enterprise Funds. Internal Service Funds include:

**FLEET MANAGEMENT FUND** - To provide the maintenance necessary for the City's equipment pool, which serves the needs of all City departments.

**CENTRAL SERVICES FUND** - To provide office supplies, various maintenance and construction materials, records storage, and mail services to all City departments.

**TECHNOLOGY AND INFORMATION SERVICES FUND** - To finance and account for the replacement, upgrade and maintenance of the City's network and technology infrastructure, and to develop and implement a coordinated City-wide information technology plan.

**INSURANCE FUND** - To finance and account for the City's insurance and risk management programs.

**EMPLOYEE BENEFITS MANAGEMENT FUND** - To account for all compensated absences and other employee benefits. Insurance benefits for current employees are accounted for in the Insurance Fund.

**BUILDING SERVICES FUND** - To account for the true cost of occupying and maintaining office space, to better reflect the value of that space, and to accumulate amounts for future building repair costs.



**CITY OF MODESTO**  
**INTERNAL SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2001**  
**(With comparative totals for June 30, 2000)**

	<u>Fleet Management</u>	<u>Central Services</u>	<u>Technology &amp; Information Services</u>
<b><u>ASSETS</u></b>			
Current assets:			
Cash and cash equivalents	\$ 9,329,906	\$ 213,936	\$ 956,694
Receivables:			
Accounts	59,266	700	728
Notes			
Due from governments			
Inventories		447,648	
Total current assets	<u>9,389,172</u>	<u>662,284</u>	<u>957,422</u>
Land, buildings and equipment:			
Land	270,692		
Buildings	695,066		
Improvements other than buildings	1,657,395	13,694	226,695
Equipment pool	20,346,583		
Furnishings and equipment	278,444	178,460	3,351,696
Construction in progress	85,654		
Accumulated depreciation	<u>(11,991,639)</u>	<u>(56,039)</u>	<u>(1,155,501)</u>
Total land, buildings and equipment	<u>11,342,195</u>	<u>136,115</u>	<u>2,422,890</u>
 Total assets	 <u>\$ 20,731,367</u>	 <u>\$ 798,399</u>	 <u>\$ 3,380,312</u>
 <b><u>LIABILITIES AND EQUITY</u></b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 130,913	\$ 91,611	\$ 107,563
Interest payable		470	6,774
Current portion - compensated absences			
Current portion - claims liability			
Current portion - long-term debt		11,118	178,043
Total current liabilities	<u>130,913</u>	<u>103,199</u>	<u>292,380</u>
Other liabilities:			
Advances from other funds		463,000	
Obligations under capital leases			87,381
Compensated absences			
Claims liability			
Total other liabilities	<u>                    </u>	<u>463,000</u>	<u>87,381</u>
 Total liabilities	 <u>130,913</u>	 <u>566,199</u>	 <u>379,761</u>
Equity:			
Contributed capital	5,508,923	66,131	1,754,155
Retained earnings (deficits)-unreserved	15,091,531	166,069	1,246,396
Total equity	<u>20,600,454</u>	<u>232,200</u>	<u>3,000,551</u>
 Total liabilities and equity	 <u>\$ 20,731,367</u>	 <u>\$ 798,399</u>	 <u>\$ 3,380,312</u>

Insurance	Employee Benefits Management	Building Services	Totals	
			2001	2000
\$ 9,613,718	\$ 10,548,277	\$ 230,815	\$ 30,893,346	\$ 25,456,259
122,800	25,028	1,158	209,680	167,307
8,775	81,464	61,980	81,464	82,906
<u>9,745,293</u>	<u>10,654,769</u>	<u>293,953</u>	<u>31,702,893</u>	<u>26,157,556</u>
			270,692	270,692
		123,844	818,910	752,867
		474,710	2,372,494	2,313,988
123,358	31,956	74,971	20,346,583	18,727,819
(28,787)	(12,525)	(350,813)	4,038,885	3,431,423
<u>94,571</u>	<u>19,431</u>	<u>322,712</u>	85,654	85,975
\$ <u>9,839,864</u>	\$ <u>10,674,200</u>	\$ <u>616,665</u>	\$ <u>46,040,807</u>	\$ <u>39,200,521</u>
\$ 534,230	\$ 14,442	\$ 181,862	\$ 1,060,621	\$ 949,410
	6,155,612		7,244	14,085
3,780,366			6,155,612	5,659,786
<u>4,314,596</u>	<u>6,170,054</u>	<u>181,862</u>	3,780,366	3,844,987
			189,161	177,743
			<u>11,193,004</u>	<u>10,646,011</u>
			463,000	463,000
	23,492,254		87,381	276,542
6,380,503			23,492,254	20,209,562
<u>6,380,503</u>	<u>23,492,254</u>		6,380,503	5,492,131
			<u>30,423,138</u>	<u>26,441,235</u>
10,695,099	29,662,308	181,862	41,616,142	37,087,246
3,812		98,784	7,431,805	7,229,686
(859,047)	(18,988,108)	336,019	(3,007,140)	(5,116,411)
<u>(855,235)</u>	<u>(18,988,108)</u>	<u>434,803</u>	<u>4,424,665</u>	<u>2,113,275</u>
\$ <u>9,839,864</u>	\$ <u>10,674,200</u>	\$ <u>616,665</u>	\$ <u>46,040,807</u>	\$ <u>39,200,521</u>

**CITY OF MODESTO**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**Year ended June 30, 2001**  
**(With comparative totals for year ended (June 30, 2000))**

	<u>Fleet Management</u>	<u>Central Services</u>	<u>Technology &amp; Information Services</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 6,771,489	\$ 362,306	\$ 2,656,985
Sales		2,546,358	
Cost of sales		<u>(2,443,571)</u>	
Total operating revenues	<u>6,771,489</u>	<u>465,093</u>	<u>2,656,985</u>
<b>OPERATING EXPENSES:</b>			
Salaries and wages	720,035	207,058	622,958
Contractual services	111,775	59,731	255,853
Utilities	6,468	1,312	382,444
Maintenance and supplies	2,037,294	72,700	329,818
Insurance	26,771	3,481	8,105
Claims expense			
Employee benefits	221,614	50,596	127,409
Administration services	47,464	14,145	339
Allocated indirect administrative costs	173,280		
Other	18,617	324	39,875
Depreciation	<u>1,618,954</u>	<u>14,560</u>	<u>346,604</u>
Total operating expenses	<u>4,982,272</u>	<u>423,907</u>	<u>2,113,405</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,789,217</u>	<u>41,186</u>	<u>543,580</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Loss on disposition of fixed assets	(68,169)	(6,448)	(7,029)
Interest income	64,472	11,326	29,380
Net increase (decrease) in fair value of investments	20,988	3,514	14,961
Interest expense		(826)	(24,181)
Total nonoperating revenues (expenses)	<u>17,291</u>	<u>7,566</u>	<u>13,131</u>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<u>1,806,508</u>	<u>48,752</u>	<u>556,711</u>
Operating transfers in	59,830		192,588
Operating transfers out			<u>(2,057)</u>
Total operating transfers in (out)	<u>59,830</u>		<u>190,531</u>
<b>NET INCOME (LOSS)</b>	1,866,338	48,752	747,242
Depreciation charged to contributed capital	<u>453,271</u>	<u>233</u>	<u>95,663</u>
Increase (decrease) in retained earnings	2,319,609	48,985	842,905
<b>RETAINED EARNINGS (DEFICITS), July 1</b>	<u>12,771,922</u>	<u>117,084</u>	<u>403,491</u>
<b>RETAINED EARNINGS (DEFICITS), June 30</b>	<u>\$ 15,091,531</u>	<u>\$ 166,069</u>	<u>\$ 1,246,396</u>

Insurance	Employee Benefits Management	Building Services	Totals	
			2001	2000
\$ 11,221,301	\$ 17,111,619	\$ 2,028,102	\$ 40,151,802	\$ 36,712,863
			2,546,358	2,735,984
			(2,443,571)	(2,599,939)
<u>11,221,301</u>	<u>17,111,619</u>	<u>2,028,102</u>	<u>40,254,589</u>	<u>36,848,908</u>
221,179	41,610	784,907	2,597,747	2,370,203
104,645	9,825	405,735	947,564	783,255
523		435,620	826,367	776,897
16,804	40,686	367,935	2,865,237	2,544,715
6,110,154	540	19,517	6,168,568	5,680,737
5,304,480			5,304,480	3,524,147
58,578	18,396,340	201,760	19,056,297	18,208,252
301,175	30,990	61,670	455,783	404,306
			173,280	169,882
44,820	13,601	2,631	119,868	136,393
11,550	2,866	30,669	2,025,203	1,980,360
<u>12,173,908</u>	<u>18,536,458</u>	<u>2,310,444</u>	<u>40,540,394</u>	<u>36,579,147</u>
(952,607)	(1,424,839)	(282,342)	(285,805)	269,761
(742)		(17,765)	(100,153)	(371,062)
581,324	549,406	23,628	1,259,536	1,186,321
189,141	200,518	4,540	433,662	(232,588)
			(25,007)	(29,911)
<u>769,723</u>	<u>749,924</u>	<u>10,403</u>	<u>1,568,038</u>	<u>552,760</u>
(182,884)	(674,915)	(271,939)	1,282,233	822,521
			252,418	158,005
			(2,057)	(870,989)
			<u>250,361</u>	<u>(712,984)</u>
(182,884)	(674,915)	(271,939)	1,532,594	109,537
		<u>27,510</u>	<u>576,677</u>	<u>526,005</u>
(182,884)	(674,915)	(244,429)	2,109,271	635,542
<u>(676,163)</u>	<u>(18,313,193)</u>	<u>580,448</u>	<u>(5,116,411)</u>	<u>(5,751,953)</u>
\$ <u>(859,047)</u>	\$ <u>(18,988,108)</u>	\$ <u>336,019</u>	\$ <u>(3,007,140)</u>	\$ <u>(5,116,411)</u>

**CITY OF MODESTO**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Year ended June 30, 2001**  
**(With comparative totals for year ended June 30, 2000)**

	<u>Fleet Management</u>	<u>Central Services</u>	<u>Technology &amp; Information Services</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ <u>1,789,217</u>	\$ <u>41,186</u>	\$ <u>543,580</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,618,954	14,560	346,604
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(34,336)	(700)	(729)
(Increase) decrease in notes receivable			
(Increase) in due from governments			
(Increase) decrease in inventories		3,436	
Increase (decrease) in accounts payable and accrued expenses	(33,180)	17,940	16,659
Increase in compensated absences			
Increase (decrease) in claims liability			
Total adjustments	<u>1,551,438</u>	<u>35,236</u>	<u>362,534</u>
Net cash provided (used) by operating activities	<u>3,340,655</u>	<u>76,422</u>	<u>906,114</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating transfers in	59,830		192,588
Operating transfers out			(2,057)
Residual equity transfers out			
Net cash provided (used) by noncapital financing activities	<u>59,830</u>	<u>          </u>	<u>190,531</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of fixed assets	(2,203,714)	(28,415)	(643,510)
Proceeds from sale of fixed assets	234,134		
Principal repayments		(10,501)	(167,242)
Interest paid		(1,270)	(30,579)
Residual equity transfers in			
Net cash (used) by capital and related financing activities	<u>(1,969,580)</u>	<u>(40,186)</u>	<u>(841,331)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	64,472	11,326	29,380
Net (decrease) in the fair value of investments	20,988	3,514	14,961
Net cash provided by investing activities	<u>85,460</u>	<u>14,840</u>	<u>44,341</u>
Net increase (decrease) in cash and cash equivalents	1,516,365	51,076	299,655
CASH AND CASH EQUIVALENTS, JULY 1	<u>7,813,541</u>	<u>162,860</u>	<u>657,039</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ <u>9,329,906</u></u>	<u>\$ <u>213,936</u></u>	<u>\$ <u>956,694</u></u>

Insurance	Employee Benefits Management	Building Services	Totals	
			2001	2000
\$ <u>(952,607)</u>	\$ <u>(1,424,839)</u>	\$ <u>(282,342)</u>	\$ <u>(285,805)</u>	\$ <u>269,761</u>
11,550	2,866	30,669	2,025,203	1,980,360
	(25)		(35,790)	509,756
	1,442		1,442	(4,734)
(8,775)		(61,980)	(70,755)	
			3,436	(52,973)
34,438	(8,883)	84,237	111,211	139,180
	3,778,518		3,778,518	1,297,018
823,751			823,751	(476,918)
<u>860,964</u>	<u>3,773,918</u>	<u>52,926</u>	<u>6,637,016</u>	<u>3,391,689</u>
<u>(91,643)</u>	<u>2,349,079</u>	<u>(229,416)</u>	<u>6,351,211</u>	<u>3,661,450</u>
			252,418	158,005
			(2,057)	(870,989)
				(126,861)
			<u>250,361</u>	<u>(839,845)</u>
			(2,875,639)	(2,398,870)
			234,134	30,635
			(177,743)	(237,063)
			(31,849)	(36,670)
				451,013
			<u>(2,851,097)</u>	<u>(2,190,955)</u>
578,749	546,027	22,996	1,252,950	1,160,227
189,141	200,518	4,540	433,662	(232,588)
<u>767,890</u>	<u>746,545</u>	<u>27,536</u>	<u>1,686,612</u>	<u>927,639</u>
676,247	3,095,624	(201,880)	5,437,087	1,558,289
<u>8,937,471</u>	<u>7,452,653</u>	<u>432,695</u>	<u>25,456,259</u>	<u>23,897,970</u>
\$ <u><u>9,613,718</u></u>	\$ <u><u>10,548,277</u></u>	\$ <u><u>230,815</u></u>	\$ <u><u>30,893,346</u></u>	\$ <u><u>25,456,259</u></u>

(Continued)

**CITY OF MODESTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES  
Year ended June 30, 2001**

FLEET MANAGEMENT FUND

Fixed assets transferred from other funds and General Fixed Assets	\$	633,199
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TECHNOLOGY AND INFORMATION SERVICES FUND

Fixed assets transferred from other funds and General Fixed Assets		77,114
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BUILDING SERVICES FUND

Fixed assets transferred from other funds and General Fixed Assets		68,483
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## **FIDUCIARY FUNDS**

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The City maintains an Investment Trust Fund which is used to account for the external portion of the City's investment pool. The City, in a fiduciary capacity, also maintains Agency Funds to account for assets held for others by the City.

**INVESTMENT TRUST FUND** - To account for the transactions of the external portion of the City's cash and investment pool. The assets of this fund belong to the Tuolumne River Regional Park joint powers agency.

**AGENCY FUND:**

**REFUNDABLE DEPOSITS** - To account for customer deposits for business and dog licenses, contract bids and other purposes.



**CITY OF MODESTO  
FIDUCIARY FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001  
(With comparative totals for June 30, 2000)**

	Trust Fund Investment Trust Fund	Agency Fund Refundable Deposits	Totals (Memorandum Only)	
			2001	2000
<b>ASSETS</b>				
Cash and cash equivalents in City investment pool	\$ 409,959		\$ 409,959	\$ 574,420
Restricted assets:				
Cash deposits	_____	\$ 1,394,548	1,394,548	1,342,204
Total assets	\$ 409,959	\$ 1,394,548	\$ 1,804,507	\$ 1,916,624
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Payable from restricted assets:				
Refundable deposits	_____	\$ 1,394,548	\$ 1,394,548	\$ 1,342,204
Total liabilities	_____	1,394,548	1,394,548	1,342,204
Fund balance:				
Reserved for external investment pool participants	\$ 409,959	_____	409,959	574,420
Total liabilities and fund balance	\$ 409,959	\$ 1,394,548	\$ 1,804,507	\$ 1,916,624

**CITY OF MODESTO**  
**INVESTMENT TRUST FUND**  
**STATEMENT OF NET ASSETS**  
**June 30, 2001**  
**(With comparative totals for June 30, 2000)**

	Totals (Memorandum Only)	
<u>ASSETS</u>	2001	2000
Cash and cash equivalents in City investment pool	\$ 409,959	\$ 574,420
Net assets held in trust for external pool participants	\$ 409,959	\$ 574,420

**CITY OF MODESTO  
 AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 Year ended June 30, 2001**

	Balance <u>06/30/00</u>	Additions	Deductions	Balance <u>06/30/01</u>
<u>REFUNDABLE DEPOSITS</u>				
<u>ASSETS</u>				
Restricted assets - cash deposits	\$ <u>1,342,204</u>	\$ <u>811,327</u>	\$ <u>758,983</u>	\$ <u>1,394,548</u>
 <u>LIABILITIES</u>				
Refundable deposits	\$ <u>1,342,204</u>	\$ <u>811,327</u>	\$ <u>758,983</u>	\$ <u>1,394,548</u>

## **GENERAL FIXED ASSETS**

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The General Fixed Assets Account Group is used to maintain accounting control and accountability for the City's investment in fixed assets which is not accounted for in a proprietary fund.

**CITY OF MODESTO**  
**SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY**  
**June 30, 2001**

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Furnishings and Equipment</u>	<u>Equipment Pool</u>
General government:						
City council	\$ 17,052				\$ 17,052	
City manager	101,255				101,255	
Personnel	50,926			\$ 13,518	37,408	
City attorney	120,772				120,772	
City clerk/auditor	23,623				23,623	
Finance	1,032,633			56,973	975,660	
Community development	1,311,125	\$ 666,847	\$ 39,231	25,613	579,434	
Parking and traffic	1,136,470	424,038	325,000	3,961	383,471	
Total general government	<u>3,793,856</u>	<u>1,090,885</u>	<u>364,231</u>	<u>100,065</u>	<u>2,238,675</u>	
Public safety:						
Fire	8,695,051	197,063	2,460,083	556,285	5,481,620	
Police	16,236,508	1,304,982	9,945,311	663,021	4,175,698	\$ 147,496
Total public safety	<u>24,931,559</u>	<u>1,502,045</u>	<u>12,405,394</u>	<u>1,219,306</u>	<u>9,657,318</u>	<u>147,496</u>
Public works	<u>2,783,804</u>	<u>2,092,039</u>	<u>63,913</u>	<u>128,161</u>	<u>499,691</u>	
Highways and streets	<u>260,700</u>	<u>78,064</u>		<u>19,406</u>	<u>163,230</u>	
Parks and recreation	<u>42,844,011</u>	<u>12,235,158</u>	<u>4,570,813</u>	<u>25,379,485</u>	<u>658,555</u>	
Total general fixed assets allocated to functions	<u>74,613,930</u>	<u>\$ 16,998,191</u>	<u>\$ 17,404,351</u>	<u>\$ 26,846,423</u>	<u>\$ 13,217,469</u>	<u>\$ 147,496</u>
Construction in progress	<u>32,709,698</u>					
Total general fixed assets	<u>\$ 107,323,628</u>					

**CITY OF MODESTO**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION**  
**Year ended June 30, 2001**

	General Fixed Assets July 1, 2000	Additions	Deductions	General Fixed Assets June 30, 2001
General government	\$ 3,504,782	\$ 769,670	\$ 480,596	\$ 3,793,856
Public safety	22,667,254	2,447,144	182,839	24,931,559
Public works	4,423,719	4,207,725	5,847,640	2,783,804
Highways and streets	140,238	127,629	7,167	260,700
Parks and recreation	41,204,729	1,832,844	193,562	42,844,011
Construction in progress	32,295,097	1,887,493	1,472,892	32,709,698
	<u>\$ 104,235,819</u>	<u>\$ 11,272,505</u>	<u>\$ 8,184,696</u>	<u>\$ 107,323,628</u>
Total changes by function				

**CITY OF MODESTO**  
**SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE**  
**June 30, 2001**

GENERAL FIXED ASSETS:

Land	\$ 16,998,191
Buildings	17,404,351
Improvements	26,846,423
Furnishing and equipment	13,217,469
Equipment pool	147,496
Construction in progress	<u>32,709,698</u>
Total general fixed assets	<u>\$ 107,323,628</u>

INVESTMENT IN GENERAL FIXED ASSETS FROM:

City funding	\$ 92,769,813
State grants	3,818,854
Federal grants	8,245,451
Contributions/donations	<u>2,489,510</u>
Total investment in general fixed assets	<u>\$ 107,323,628</u>

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## **STATISTICAL TABLES**

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Statistical tables present socioeconomic data, financial trends, and the fiscal capacity of the City. They usually cover more than two fiscal years and may present nonaccounting data. The Statistical Section is not an integral part of the audited financial statements.

The statistical schedules presented are:

General Governmental Expenditures by Function - Last Ten Fiscal Years

General Revenues by Source - Last Ten Fiscal Years

Property Tax Levies and Collections - Last Ten Fiscal Years

Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years

Property Tax Rates - All Overlapping Governments - Last Ten Fiscal Years

Special Assessment Billings and Collections - Last Ten Fiscal Years

Computation of Legal Debt Margin

Computation of Direct and Overlapping Debt

Continuing Disclosure Requirements Information

Revenue Bond Coverage - Wastewater Treatment Facility Revenue Bonds - Last Ten Fiscal Years

Property Value, Construction and Bank Deposits - Last Ten Fiscal Years

Principal Payers of Property Tax

Schedule of Insurance Policies in Force

Salaries and Surety Bonds of Principal Officials

Demographic and Miscellaneous Statistical Data



**CITY OF MODESTO**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**Last Ten Fiscal Years**

Year Ended June 30	General Government	Highways and Streets	Public Works	Parks and Recreation	Public Safety	Debt Service	Total
1992	\$8,886,327	\$9,764,198	\$4,733,627	\$8,083,421	\$34,262,451	\$2,771,007	\$68,501,031
1993	7,271,082	6,572,923	4,325,616	8,888,326	35,622,785	7,429,553	70,110,285
1994	7,934,854	6,796,845	2,371,923	9,868,996	35,466,318	3,809,045	66,247,981
1995	8,869,195	7,894,106	3,066,056	9,172,517	37,028,679	3,967,695	69,998,248
1996	9,471,466	9,519,874	3,414,399	8,713,861	38,886,484	3,783,059	73,789,143
1997	9,229,119	10,756,336	3,658,718	9,269,256	41,269,058	3,804,752	77,987,239
1998	9,959,685	7,522,651	3,583,622	9,783,260	45,377,215	4,871,263	81,097,696
1999	10,601,869	12,288,853	4,915,685	10,001,917	46,470,551	7,075,155	91,354,030
2000	10,808,432	14,150,611	4,444,216	10,661,706	45,912,600	7,055,948	93,033,513
2001	11,283,157	10,244,794	4,513,156	11,691,094	49,888,819	5,886,920	93,507,940

NOTE: (1) Includes General, Special Revenue, and Debt Service Funds.

**CITY OF MODESTO  
GENERAL REVENUES BY SOURCE (1)  
Last Ten Fiscal Years**

Year Ended June 30	Taxes (2)	Licenses and Permits	Inter- governmental	Charges for Services	Special Assess- ments	Interest and Rent	Fines and Forfeits	Miscel- laneous	Total
1992	\$43,049,530	\$230,777	\$11,278,494	\$2,833,358	\$337,231	\$3,205,903	\$692,355	\$2,850,520	\$64,478,168
1993	41,481,499	232,184	10,878,298	2,465,147	296,426	2,451,516	559,142	2,532,316	60,896,528
1994	43,555,431	287,596	14,181,288	2,421,953	285,538	2,276,970	594,274	771,841	64,374,891
1995	42,731,968	216,368	16,026,019	2,091,784	127,623	2,018,667	780,576	460,046	64,453,051
1996	44,607,144	207,969	18,837,062	4,291,429	251,880	2,126,551	661,675	2,349,333	73,333,043
1997	44,796,523	178,291	20,842,290	5,852,125	285,408	1,987,852	761,451	1,482,358	76,186,298
1998	47,574,649	132,659	19,405,954	6,660,069	235,558	2,205,536	965,941	1,102,410	78,282,776
1999	51,775,542	127,182	24,112,359	6,977,522	180,314	1,961,020	1,329,768	874,868	87,338,575
2000	55,897,017	122,669	25,250,266	7,605,327	284,317	2,053,260	1,280,123	1,247,889	93,740,868
2001	61,810,784	183,226	25,373,037	8,642,823	309,649	2,738,665	1,278,945	2,921,497	103,258,626

NOTE: (1) Includes General, Special Revenue, and Debt Service Funds.  
(2) Includes the following taxes (with percent of total taxes for 2001):

Sales Tax -	38%
Utility Users Tax -	23%
Property Tax -	13%
Business License Tax -	13%
Other -	13%
	100%

**CITY OF MODESTO**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

<u>Year Ended June 30,</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections As Percent of Current Levy (2)</u>	<u>Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Current Levy</u>
1992	\$8,285,031	\$8,063,832	97.33%	\$279,516	\$8,343,348	100.70%	\$308,955	3.72%
1993	7,490,321	7,206,490	96.21	338,930	7,545,420	100.74	163,416	2.18
1994	6,790,666	6,693,479	98.57		6,693,479	98.57		
1995	6,839,476	6,781,170	99.15		6,781,170	99.15		
1996	6,860,591	6,830,585	99.56		6,830,585	99.56		
1997	6,874,632	6,805,779	99.00	(9,055)	6,796,724	98.87		
1998	6,802,072	6,761,188	99.40	22,718	6,783,906	99.73		
1999	6,901,321	6,822,805	98.86	60,368	6,883,173	99.74		
2000	7,185,664	7,192,544	100.09	13,267	7,205,811	100.28		
2001	7,576,428	7,536,691	99.48	13,269	7,549,960	99.65		

NOTES: (1) Source of Data: Stanislaus County Assessor, includes exempt organizations.  
(2) Total collections include taxes resulting from "escape assessments". These are comprised of assessments to property not known to exist when the original roll was compiled and other adjustments to the roll.

**CITY OF MODESTO**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)**  
**Last Ten Fiscal Years**

Year Ended June 30	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1992	\$6,054,344,047	\$6,054,344,047	\$297,783,395	\$297,783,395	\$6,352,127,442	\$6,352,127,442	100%
1993	6,392,682,769	6,392,682,769	297,641,740	297,641,740	6,690,324,509	6,690,324,509	100
1994	6,572,565,297	6,572,565,297	303,066,969	303,066,969	6,875,632,266	6,875,632,266	100
1995	6,636,430,713	6,636,430,713	303,108,156	303,108,156	6,939,538,869	6,939,538,869	100
1996	6,658,660,668	6,658,660,668	312,116,805	312,116,805	6,970,777,473	6,970,777,473	100
1997	6,696,422,127	6,696,422,127	301,314,838	301,314,838	6,997,736,965	6,997,736,965	100
1998	6,733,847,244	6,733,847,244	314,105,845	314,105,845	7,047,953,089	7,047,953,089	100
1999	6,814,118,056	6,814,118,056	364,091,322	364,091,322	7,178,209,378	7,178,209,378	100
2000	7,113,017,315	7,113,017,315	374,764,312	374,764,312	7,487,781,627	7,487,781,627	100
2001	8,284,751,572	8,284,751,572	465,640,345	465,640,345	8,750,391,917	8,750,391,917	100

NOTES: (1) Source of Information: Stanislaus County Assessor; Last Equalized Roll.

**CITY OF MODESTO**  
**PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS**  
**(PER \$100 OF ASSESSED VALUE)**  
**Last Ten Fiscal Years**

<u>Year Ended June 30</u>	<u>Stanislaus County</u>	<u>School Bonds (1)</u>	<u>Total</u>
1992	1.00	.1211	1.1211
1993	1.00	.1058	1.1058
1994	1.00	.1212	1.1212
1995	1.00	.0729	1.0729
1996	1.00	.0964	1.0964
1997	1.00	.1009	1.1009
1998	1.00	.1044	1.1044
1999	1.00	.0581	1.0581
2000	1.00	.0920	1.0920
2001	1.00	.0930	1.0930

Source of Data: Stanislaus County Auditor.  
(1) Modesto School Districts Only

**CITY OF MODESTO**  
**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS**  
**Last Ten Fiscal Years**

<u>Year Ended June 30</u>	<u>Current Assessments Billed</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due</u>	<u>Outstanding Assessments</u>
1992	\$171,995	\$166,522	97	\$3,035,601
1993	204,871	196,501	96	2,806,517
1994	213,842	211,765	99	2,567,978
1995	220,959	220,585	99	2,330,764
1996	234,634	227,308	97	2,092,386
1997	256,195	251,065	98	1,868,041
1998	195,534	190,925	98	1,621,381
1999	190,789	190,789	100	1,309,337
2000	169,936	168,438	99	1,104,311
2001	165,123	150,614	91	893,551
	(1)	(2)		(3)

- (1) Principal levied on prior year tax roll in 2000/01  
(2) Total received on current year tax roll  
(3) Total of Assessment Receivable

**CITY OF MODESTO**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**June 30, 2001**

Net assessed value (1)		\$8,515,359,873
Plus homeowners' exemption (1)		<u>235,032,044</u>
Gross assessed value (1)		\$8,750,391,917
Debt limit - 15% of gross assessed value (2)		\$1,312,558,788
Amount of debt applicable to debt limit:		
Total general bonded debt, including special assessment debt	\$2,770,000	
Less: Assets in debt service funds available for payment of principal	\$ 740,498	
Other deductions: Special assessment debt	<u>2,770,000</u>	
Total deductions	3,510,498	
Total amount of debt applicable to debt limit		<u>0</u>
Legal debt margin		<u><u>\$1,312,558,788</u></u>

Notes: (1) Source of Data: Stanislaus County Auditor; Last Equalized Roll (AC2703, including aircraft)  
(2) Section 43605 California Government Code.

**CITY OF MODESTO**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**June 30, 2001**

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Modesto (2)</u>	<u>Amount Applicable to City of Modesto</u>
Direct debt:			
City of Modesto	<u>\$2,029,502</u>	100%	<u>\$2,029,502</u>
Overlapping debt - school districts:			
Ceres Unified District		10.0	
Empire Union School District		35.0	
Modesto Elementary School District	17,020,000	72.5	12,339,500
Modesto High School District	25,620,000	68.5	17,549,700
Sylvan School District	12,180,000	85.0	10,353,000
Salida Union Elementary District	2,180,000	27.0	588,600
Stanislaus Union School District	<u>5,265,000</u>	33.0	<u>1,737,450</u>
Total overlapping debt	<u>62,265,000</u>		<u>42,568,250</u>
Total direct and overlapping debt	<u><u>\$64,294,502</u></u>		<u><u>\$44,597,752</u></u>

NOTES: Source of data for School Districts: Stanislaus County Auditor.

- (1) Gross debt outstanding less applicable amounts in debt service funds.
- (2) Determined by ratio of assessed valuation of property subject to taxation in overlapping portion to valuation of all property subject to taxation in the jurisdiction.



**CITY OF MODESTO**  
**CONTINUING DISCLOSURE REQUIREMENTS INFORMATION**  
**Year Ended June 30, 2001**

Wastewater Treatment Facility Refunding Revenue Bonds Series 1996 and Revenue Bonds Series 1997

Connection charge information:

The Sewer Enterprise imposes connection fees on a one-time basis to new users of the sewer system and to users who significantly expand their usage. The fees have three components:

- Connection charge: \$500 per Equivalent Dwelling Unit for residential units  
 \$2,000 per acre for commercial and industrial property
- Sub-trunk sewer charge: \$645 per acre
- Connection (lateral) charge: \$33 per linear foot of lot frontage adjacent to the sewer line.

<u>Customer Base of the Enterprise, Year Ended 6/30/01</u>			
<u>Category</u>	<u>Number of Accounts</u>	<u>% of Total Accounts</u>	<u>% of Total Revenues</u>
Residential	55,615	95.87	45.4
Commercial	2,342	4.04	20.7
Industrial	52	0.09	33.9

<u>Ten Largest Users of Sewer Facilities, Year Ended 6/30/01</u>	
<u>User</u>	<u>% of Sewer Operating Revenue</u>
1) Stanislaus Foods	7.76
2) Del Monte Foods	6.17
3) Tri-Valley Growers	2.80
4) Frito-Lay, Inc.	2.68
5) E & J Gallo Winery	2.04
6) City of Ceres	1.81
7) Foster Farms	1.59
8) Modesto Tallow	0.76
9) Nestle Food Company	0.69
10) General Foods Corp.	0.39

On January 1, 2001, rates were changed in order to equalize residential and commercial rates. The result was an 8% increase in residential rates, and a 20% decrease in commercial rates.

The Annual Budget of the City of Modesto is available from the City of Modesto Finance Department.

Updates of other required disclosures may be found elsewhere in this report, as follows:

Statement of Revenues, Expenses and Changes in Retained Earnings	Page 82	
General Fund Revenues, Expenditures and Changes in Fund Balance	Page 10	
Principal Amount of Bonds and Other Parity Debt	Page 31	(Note III-C)
Historical Debt Service Coverage	Page 118	
Property Tax Levies and Collections	Page 108	
Assessed Value of Taxable Property, Last 5 Fiscal Years	Page 109	
Property Value and Construction Activity, Last 5 Fiscal Years	Page 119	

(continued)

**CITY OF MODESTO**  
**CONTINUING DISCLOSURE REQUIREMENTS INFORMATION (continued)**  
**Year Ended June 30, 2001**

Modesto Public Financing Authority Lease Revenue Bonds, Series 1997  
John Thurman Field Renovation Project

Update of Stadium and Insurance Information

In connection with its agreement with the Modesto A's minor league professional baseball team to continue playing baseball in Modesto, the City renovated and improved the John Thurman Field stadium. This Project was partially funded by the Series 1997 Lease Revenue Bonds. The improvements meet or exceed the requirements of the Professional Baseball Agreement between Major League Baseball and the National Association of Professional Baseball Leagues, which governs minor league baseball. Stadium improvements included expansion of seating from 2,500 to 4,000; expanded parking capacity, with improved lighting and security; renovation to the club house for both the Modesto A's and visiting teams; expansion of outfield dimensions; and addition of a state-of-the-art public address and speaker system. The Modesto A's began playing their home games in the renovated stadium on May 7, 1997.

All insurance required by the Lease Revenue Bond legal documents is currently in full effect. Coverage includes public liability, property damage, fire and extended coverage, and rental interruption insurance.

The Annual Budget of the City of Modesto is available from the City of Modesto Finance Department.

(continued)

**CITY OF MODESTO**  
**CONTINUING DISCLOSURE REQUIREMENTS INFORMATION (continued)**  
**Year Ended June 30, 2001**

1997 Water Utility System Refinancing Project, Refunding Revenue Certificates of Participation, and Modesto Irrigation District Financing Authority Domestic Water Project Refunding Revenue Bonds, Series 1998D (1)

Reserve Fund Requirement as of 6/30/01	\$0 (covered by surety bond, issued by Federal Guaranty Insurance Company)
Balance in Parity Reserve Fund as of 6/30/01	\$0
Balance in Rate Stabilization Fund as of 6/30/01	\$3,000,000

Ten Largest Customers of Water Utility System, Year Ended 6/30/01

<u>Customer</u>	<u>Business Type</u>	<u>% of Total Water Sales Revenue</u>
1) Tri-Valley Growers	Cannery	3.67
2) Stanislaus Foods	Cannery	1.13
3) E & J Gallo Winery	Winery	0.82
4) Foster Farms	Dairy Processor	0.73
5) Memorial Hospital	Hospital	0.68
6) Doctors Hospital	Hospital	0.64
7) Del Monte Foods	Cannery	0.50
8) Nestle Food Company	Food Processor	0.43
9) General Foods Corp.	Food Processor	0.18
10) Frito-Lay, Inc.	Snack Food Processor	0.08

Water Sales Revenue, Year Ended 6/30/01

Residential - flat rates	\$16,205,764
Commercial, industrial and municipal - metered rates	9,928,160
Total Water Sales	<u>\$26,133,924</u>

Average Monthly Water Service Charges as of 6/30/01 - Residential Accounts

Zone 1	\$21.68
Zone 2	28.58
Zone 3	18.20

Current Water Rates and Charges as of 6/30/01 - Commercial Accounts

<u>Meter Size</u>	<u>Zone 1</u>	<u>Per Meter (1)</u>
3/4"	\$13.63	\$8.12
1"	18.15	10.17
1 1/2"	22.54	15.53
2"	27.20	21.09
3"	36.27	33.73
4"	47.17	51.58
6"	70.90	83.08
8"	90.55	119.27
10"	109.16	180.55
12"	127.83	219.36

Meter rates shown are for the first 1,680 cubic feet per month. Additional volume charges also apply, as follows: Zone 1 - \$1.005 for the next 100 cubic feet, and \$.971 for each additional 100 cubic feet. Zone 2 - \$.601 for the next 100 cubic feet, and \$.552 for each additional 100 cubic feet.

(1) Water Fund parity debt obligation, issued by the Modesto Irrigation District Financing Authority, on behalf of the City, and pursuant to the 1992 Treatment and Delivery Agreement between the District and the City. Balance of these bonds as of 6/30/01 is \$89,385,000. (continued)

**CITY OF MODESTO**  
**CONTINUING DISCLOSURE REQUIREMENTS INFORMATION (continued)**  
**Year Ended June 30, 2001**

1997 Water Utility System Refinancing Project, Refunding Revenue Certificates of Participation, and  
Modesto Irrigation District Financing Authority Domestic Water Project Refunding Revenue Bonds, Series 1998D (1)

Water Utility System - Debt Service Coverage  
Fiscal Year 2001

Gross Operating Revenues:	
Charges for services	\$26,686,918
DBCP settlement	205,043
Connection charges	2,512,330
Interest and rental income	1,308,869
Total Gross Operating Revenues	30,713,160
Operating Expenses:	
Total operating expenses	24,715,924
Less: Depreciation	(2,025,777)
T&DA debt service component paid to MID	(7,925,979)
Plus: property taxes	109,820
Total Operating Expenses	14,873,988
Net Operating Revenues	\$15,839,172
Total Debt Service:	
1997 Refunding Certificates of Participation	1,768,093
Treatment & Delivery Agreement	7,925,979
CDWR Loan	264,699
Total Debt Service	\$9,958,771
Debt Service Coverage (Net Operating Revenues/Total Debt Service)	1.59

Updates of other required disclosures may be found elsewhere in this report, as follows:

Water Utility System Balance Sheet	Pages 78-81	
Water Utility System Revenues and Expenses	Pages 82	
Principal Amount of Certificates Outstanding	Page 31	(Note III-C)

**CITY OF MODESTO**  
**REVENUE BOND COVERAGE**  
**WASTEWATER TREATMENT FACILITY REVENUE BONDS**  
**Last Ten Fiscal Years**

<u>Year Ended June 30</u>	<u>Gross Revenue (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Total Debt Service (3)</u>	<u>Coverage (4)</u>
1992	\$13,643,802	\$7,011,203	\$6,632,599	\$1,151,050	5.76
1993	15,429,482	7,281,669	8,147,813	1,146,945	7.10
1994	16,411,093	7,480,437	8,930,656	1,729,435	5.16
1995	17,396,410	8,349,453	9,046,957	1,793,798	5.04
1996	18,753,549	9,615,007	9,138,542	1,793,798	5.09
1997	19,239,545	11,068,264	8,171,281	1,721,999	4.75
1998	20,191,250	11,192,431	8,998,819	3,637,239	2.47
1999	20,192,478	11,204,247	8,988,231	3,551,320	2.53
2000	19,490,824	12,380,840	7,109,984	3,549,445	2.00
2001	21,102,892	13,244,750	7,858,142	3,549,180	2.21

Notes: (1) Gross revenue consists of charges for services, interest and rental income, and connection fees of the Sewer Fund.

(2) Total Sewer Fund operating expenses exclusive of depreciation. Beginning with fiscal year 1996 this figure includes allocated indirect costs and property taxes.

(3) Includes total principal and interest of Wastewater Treatment Facility Revenue Bonds, Series 1993 and 1997, and Refunding Revenue Bonds, Series 1987 and 1996. The 1987 Refunding Bonds were refunded and called on November 1, 1996.

(4) Calculation of debt service coverage beginning with fiscal year 1996 is based on the calculation method recommended for continuing disclosure under the Series 1996 Refunding Revenue Bonds and the Series 1997 Revenue Bonds. Previous years have not been changed to agree with new calculation method.

**CITY OF MODESTO**  
**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS**  
**Last Ten Fiscal Years**

Year Ended June 30,	Construction		Residential Construction		Property Value (2)		Bank Deposits (3)
	# Units (1)	Value	# Units (1)	Value	Total	Nontaxable	
1992	59	\$28,048,835	779	\$50,009,172	\$6,352,127,442	\$371,362,035	\$1,381,772,000
1993	25	14,098,213	573	48,157,880	6,690,324,509	386,169,908	1,894,814,000
1994	37	12,630,070	371	28,438,513	7,061,439,622	409,747,488	1,339,853,000
1995	24	10,875,094	262	23,249,474	7,146,448,918	434,451,094	1,342,070,000
1996	32	6,724,177	380	30,083,213	7,187,220,462	445,585,075	1,383,751,000
1997	45	10,535,229	342	33,969,698	7,220,036,341	450,211,445	1,629,186,000
1998	50	24,797,092	709	75,798,048	7,296,729,257	477,617,315	1,367,241,000
1999	75	58,547,153	841	97,787,802	7,462,151,063	519,931,885	1,451,027,000
2000	77	73,649,309	1558	206,898,633	7,799,561,770	548,087,273	1,533,773,000
2001	68	71,621,454	1,649	296,190,623	8,316,911,484	579,400,459	N/A

Source of Data: (1) City of Modesto, Building Inspection Division, Community Development Department.  
(2) Stanislaus County Assessor.  
(3) Source-Findley Reports, Inc., Anaheim, CA. Latest information available is for 1999.

**CITY OF MODESTO**  
**PRINCIPAL PAYERS OF PROPERTY TAX**  
**Year Ended June 30, 2001**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>Percent of Total</u>
National Medical Hospitals	Medical	\$94,536,599	1.37 %
Macerich Vintage Faire Associates	Shopping Center	74,066,801	1.09
Phenix Management Corp.	Food Processing	52,650,127	0.77
Foster Farms Dairy	Food Processing	45,447,159	0.48
Stanislaus Partners	Real Estate	38,943,474	0.45
Basic Vegetable Products	Food Processing	24,701,457	0.36
McClatchy Newspapers	Publishing	23,161,055	0.27
DJD Partners 10 LLC	Real Estate	22,842,001	0.34
Hamilton Meredith Co.	Real Estate	17,627,976	0.26
Western Properties	Real Estate	17,082,055	0.26
All others			94.35
			<u>100.00</u> %

Source of Data: Stanislaus County Tax Collector, Assesor, and Auditor.

**CITY OF MODESTO**  
**SCHEDULE OF INSURANCE POLICIES IN FORCE**  
**June 30, 2001**

Coverage	Company	Policy Number(s)	Limits of Liability	Term	Premium	Retention or Deductible
Airport Comprehensive Gen. Liability Hangerkeepers Legal Liability Contractual Liability	Westchester Fire Ins. Co.	APL679811	\$30,000,000	6/30/01 - 6/30/02	\$ 13,126	\$ 5,000 in motion loss \$ 1,000 not-in motion loss
Gen. Liability Auto Liability Errors & Omissions (excludes Airport)	ACCEL	ACC 0102	\$19,500,000	7/1/01 - 6/30/02	\$342,180	\$500,000 (SIR)
City Property (buildings & contents) Fire Trucks-(Collison) All vehicles Flood (\$1 million)	PEPIP	Various	\$1,000,000,000 per occurrence w/ various sub-limits per occurrence	5/15/01 - 5/15/02	\$135,009	\$ 5,000 \$ 25,000 Flood
Boiler & Machinery	CNA	BM107709612	\$ 50,000,000	5/15/01 - 5/15/02	Included in PEPIP Premium (7,902)	\$ 5,000 all objects except: \$50,000 all objects over 350 hp or 2500 kw/kva/amps or 10,000 sq. ft. \$250,000 all objects over 750 hp or 10,000 kw/kva/amps or 75,000 sq. ft. \$375,000 all objects over 25,000 HP or 25,000 kw/kva/amps or 250,000 sq. ft.
Tuolumne River Regional Park Errors and Omissions	Specialty National Ins. Co. (Kemper Group)	TBD	\$ 5,000,000	7/1/01- 7/1/02	\$2,677	\$ 0
Workers' Compensation	Employer's Re-Insurance Corp.	0641976	\$ 5,000,000	7/1/01 - 7/2/02	\$78,189	\$ 400,000 (SIR)
Faithful Performance and Crime Bond (All Officers & Employees)	Great American Insurance Co.	GVT124-37-03-03	\$ 1,000,000	4/1/00 - 4/1/03	\$ 13,119	\$ 5,000 3-Yr Prepaid Net Premium

Source of data: City of Modesto Risk Manager



**CITY OF MODESTO**  
**SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS**  
**June 30, 2001**

<u>Name and Title of Official</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
Jack Crist, City Manager	\$151,779	25,000
Jean Zahr, City Clerk/Auditor	76,246	50,000
Marilyn Romey, Assistant City Clerk/Auditor	47,865	50,000
Robert Stout, Director of Finance	104,265	500,000
All Other Employees		25,000

Source of data: City of Modesto City Clerk/Auditor

**CITY OF MODESTO**  
**DEMOGRAPHIC AND MISCELLANEOUS STATISTICAL DATA**  
**June 30, 2001**

Date of incorporation	August 6, 1884
Date of adoption of present City charter	January 14, 1963
Form of government (March 12, 1951)	Council-Manager
Elevation	91 feet
Area in square miles	36.07
Demographic statistics:	
Population (1):	
1910	4,034
1920	9,241
1930	13,842
1940	16,379
1950	17,389
1960	36,585
1970	61,712
1980	106,963
1990	164,730
01/01/01	188,286
Housing units:	
1980 (2)	42,570
1990 (3)	60,878
2000	67,683
Median housing unit value (3)	\$130,700.00
Median monthly rent (3)	\$448.00
Median age (3)	29
Median family income (3)	\$34,500.00
Education level of population 25 or older (3):	
Elementary	25.3%
High School	58.9%
College	15.8%
Election Information:	
Registered voters, last general municipal election	87,050
Votes cast, last municipal election	31,820
Percentage of voter balloting	36.50

(Continued)

Sources of data: (1) State of California Department of Finance  
(2) 1980 U.S. Census.  
(3) 1990 U.S. Census.

**CITY OF MODESTO**  
**DEMOGRAPHIC AND MISCELLANEOUS STATISTICAL DATA (continued)**  
**June 30, 2001**

Permanent employees authorized	1,209
Fire Protection: Underwriter's Classification - Class 2	
Fire Stations	10
Positions authorized	159
Number of fire hydrants	6,392
Police Protection:	
Police Station	1
Area command offices	4
Positions authorized	364
Number of vehicles	205
Recreational Areas (acres):	
Developed Parks	
56 fully or partially developed	425.41
1 Regional Park (TRRP developed)	74.00
Undeveloped Parks	
8 Neighborhood	45.74
2 Community	62.00
2 Area	450.30
Total: 12 Undeveloped Parks	558.04
Special Facilities	
1 Baseball stadium	20.00
3 Golf courses	363.29
Total: 4 Special Facilities	383.29
Total Recreational Areas	1,440.74
Building Permits:	
Permits issued in 2000-2001	7,155
Estimated cost of construction	\$477,022,685
Streets:	
Streets (miles)	577
Street lights	11,925
Traffic signals	192
Parking Facilities:	
Number of parking lots (incl. garages)	15
Number of off-street parking spaces	2,503

(Continued)

**CITY OF MODESTO**  
**DEMOGRAPHIC AND MISCELLANEOUS STATISTICAL DATA (continued)**  
**June 30, 2001**

Elderly and handicapped van service:	
Number of vehicles	11
Seating capacity vans	12
Average daily number of passengers	350
Average miles per month	43,120

Airport:	
For year ended June 30, 2000	
Number of passengers enplaned	23,657
Number of passengers deplaned	22,631
Total aircraft movements	93,029
Annual fuel consumption in gallons	1,091,389
Total number of tenant aircraft	185
Total acreage	450
Parking apron acreage	9
Aircraft tie down acreage	26
Automobile parking acreage	10
Length of longest runway in feet	5,911
Number of hangars	26
Number of air carriers scheduled per day	5
Number of runways	2

Bus Service:	
Number of buses	36
Number of routes	17
Miles of routes	232
Seating capacity per bus	36
Average daily number of passengers	11,304
Average miles per month	118,536
Frequency of service	30 min. & 60 min.

Sewer Service:	
Plant capacity in gallons per day	62,500,000
Miles of storm sewers	104.2
Miles of sanitary laterals	449.22
Miles of sanitary trunks and industrial	80.32

Water Service:	
Average daily consumption in gallons	68,489,154
Number of wells	109
Miles of water mains	1,342

Sources of data: Various City departments