

City of Modesto
Revenue Manual
Date: 1 July 2019



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I. TAXES

A. Property Taxes

Background

Authority: Article XIII and XIII A of the California Constitution; Revenue and Taxation Code Sections 95, 97

Administering Agency: County of Stanislaus

Fee Source: Code

Municipal Code: MMC 8-2.3

Description: An ad valorem tax imposed on real property (land and permanently attached improvements) and tangible personal property (movable property). The property tax is guaranteed by placing a lien on the real property. The property is differentiated as secured and unsecured, defined as follows:

- Secured Property – real property and that personal property located on the real property of the same owner. Personal property not located on the real property is considered secured if it is located in the same county and the taxpayer certifies the real property owned is sufficient to secure the payment of the tax.
- Unsecured Property – property in which the value of the lien is not sufficient to assure payment of the tax. Unsecured property is taxed at the rate which applied to secured property in the previous year.

The passage of Proposition 13 (Article XIII A of the State Constitution) in 1978 limited the property tax rate to one percent (1%) of the FY 1975-76 assessed value of taxable property. Property within the City is re-assessed by the Stanislaus County Assessor at the time of transfer of ownership at full cash value. New construction is assessed at the full cash value by the Stanislaus County Assessor. Property that declines in value may also be re-assessed. If there is no change in ownership or new construction, the assessed valuation of real property may increase by smaller of the rise in the Consumer Price Index (CPI) or 2% annually.

Additional property tax may be imposed by a city if authorized by the electorate (at least two-thirds voting yes) for the purpose of paying interest and principal of general obligation bond indebtedness.

Under Proposition 8 (1979), county assessors must temporarily lower the assessed value of a property if the market value of the property falls below its factored base year value (the FY 1975-76 assessed value per Proposition 13 plus an annual increase based on the smaller of the rise in the CPI or 2%).

Property tax is collected by Stanislaus and allocated by State law to the cities, the county, special districts, redevelopment agencies and school districts in the County. Proposition 13 set the countywide rate at 1%. Each county initially allocates revenues to local agencies based on the three years preceding FY 1978-79 (when Proposition 13 was adopted). Each year thereafter allocation is based upon the revenue allocation in the previous year plus a proportionate share of the growth in the revenue resulting from increases in assessed value in the district. Revenue from the 1% property tax is shared among the County, the City, the local school district, and special districts. Currently, the City's share of the 1% property tax is \$0.13 for every \$1.00 of property tax collected.

Property taxes are levied as of March 1 of each year, and on January 1, a tax lien is created on the property in the amount of the property taxes due.

Secured property taxes are due in two installments on November 1 and February 1 and are delinquent if not received by December 10 and April 10. Unsecured property taxes are due on August 31.

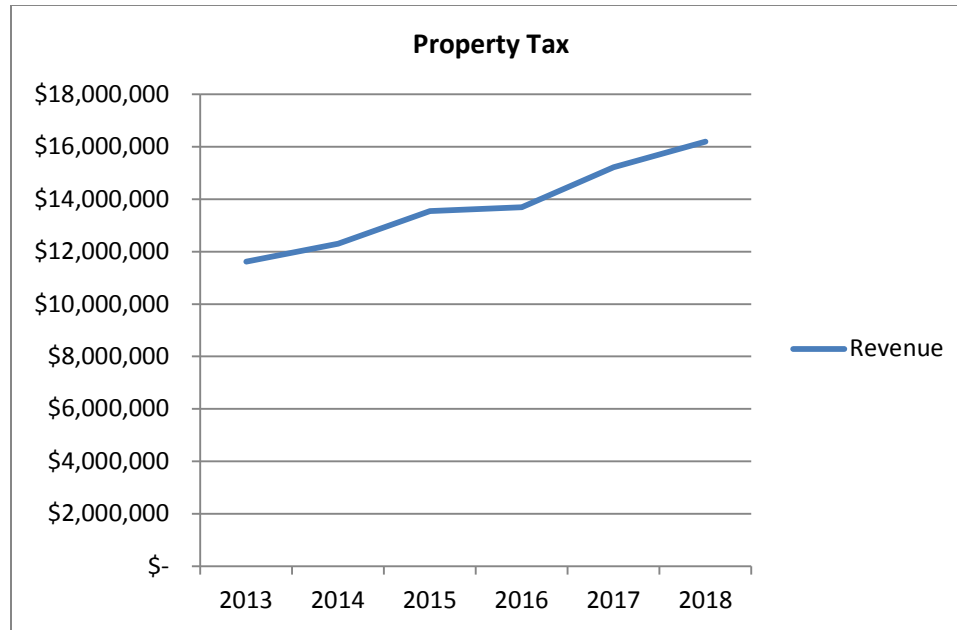
Fund: 0100

Cost Center: 90001

Use of Revenue: General Fund

Revenue History

Fiscal Year	Property Tax	
	Revenue	Percent Change
2013	\$ 11,618,482	--
2014	\$ 12,304,009	6%
2015	\$ 13,551,826	10%
2016	\$ 13,689,723	1%
2017	\$ 15,225,836	11%
2018	\$ 16,193,738	6%



Variance Analysis

Property tax revenues peaked in FY2006, but suffered as a result of the economic downturn. In 2013, property values began to increase, resulting in a correlated increase in property tax revenues collected by the City. Property taxes continue to rise and move beyond their pre-recession levels.

B. Sales and Use Tax

Background

Authority: Article XIII, Section 25.5(a)(2), and Section 29 of the California Constitution; Section 7200 et seq. of the Revenue and Taxation Code

Administering Agency: State Board of Equalization

Fee Source: Code

Municipal Code: MMC 8-2.3

Description: In California, sales and use tax is imposed on the retail price of any tangible personal property and the use or storage of such property when sales tax is not paid. It is imposed on retailers for the privilege of selling tangible personal property and on the purchaser of a product from out-of-State and delivered for storage, use or consumption in California. Excluded from this tax are resale and wholesale sales, as well as the cost of professional services and food for home consumption. Sales and use tax is collected by the SBE and distributed to cities and counties based on “point-of-sale”. The use tax is charged to a purchaser, at the same rate as the sales tax, where sales

taxes were not collected (such as out-of-State or out-of-Country purchases) and the items were purchased to be used in California.

The sales and use tax rate in Stanislaus, and therefore the City, is currently 7.875% of the sale price of taxable goods and services sold. The components are as follows:

State (General Fund)	3.6875%
State (Local Revenue Fund)	1.5625%
State (Local Public Safety Fund)	0.50%
State (Education Protection Account)	0.25%
Local (County/City)	1.0%
Local (Local Transportation Measure R)	0.25%
Local (County Library Tax)	0.125%
Local (County Transportation Measure L)	0.50%
Total Sales and Use Tax	7.875%

State law allocates 1% of taxable sales for City general purposes. A city may levy the full one percent, which is credited against the county tax. The City of Modesto levies 0.950% of taxable sales.

One-half of one percent of the State sales and use tax rate is allocated to counties for use by the county and distribution to counties and cities for public safety under Proposition 172.

The sales and use tax is remitted to the City as follows:

1. Each quarter, the SBE uses as its calculation base, the sales and use tax remitted to the City in such previous year's quarter with non-recurring transactions eliminated;
2. To this base, a State growth factor is applied and then 10% of the resultant amount is withheld as a reserve against unexpected occurrences;
3. This 90% advancement amount is remitted to the City in three monthly installments;
4. The first and second monthly installments each represent 30% of the 90% advancement amount, and the third one represents 40% of the advancement amount;
5. A "clean-up", or reconciliation, amount is included every quarter. The prior quarter's three advance payments are reconciled to the actual collections for that

period and the difference is remitted with or withheld from the third monthly installment of the advancement amount. (In essence, full remittance is always one quarter behind).

In March, 2004, voters approved Proposition 57, the California Economic Recovery Bond Act, which allowed the State to purchase bonds to reduce the State budget deficit. The legislature enacted provisions that changed how sales and use taxes and other revenues are distributed to schools and local governments on and after July 1, 2004. These changes will remain in effect until the State Director of Finance notifies the Board of Equalization that the State's bond obligations have been satisfied.

Under the changed sales and use tax distribution procedures — commonly referred to as the "Triple Flip" — the following changes occur:

The statewide base sales and use tax rate remains at 7.25%. However, the local government portion of the statewide rate decreases by 0.25%, and the State portion increases by 0.25%.

The County Auditor in each county will use property tax revenues to reimburse the county and cities within the county. They will set aside some funds from the County Educational Revenue Augmentation Fund (ERAF) and place them in a Sales and Use Tax Compensation Fund (Compensation Fund). In January and May of each year, the State Director of Finance instructs County Auditors to allocate revenues from the Compensation Fund to the county and to the cities within the county.

Since a portion of the County ERAF are set aside to offset sales and use tax losses, schools receive less revenue from county property taxes and are supplemented with State General Fund revenues.

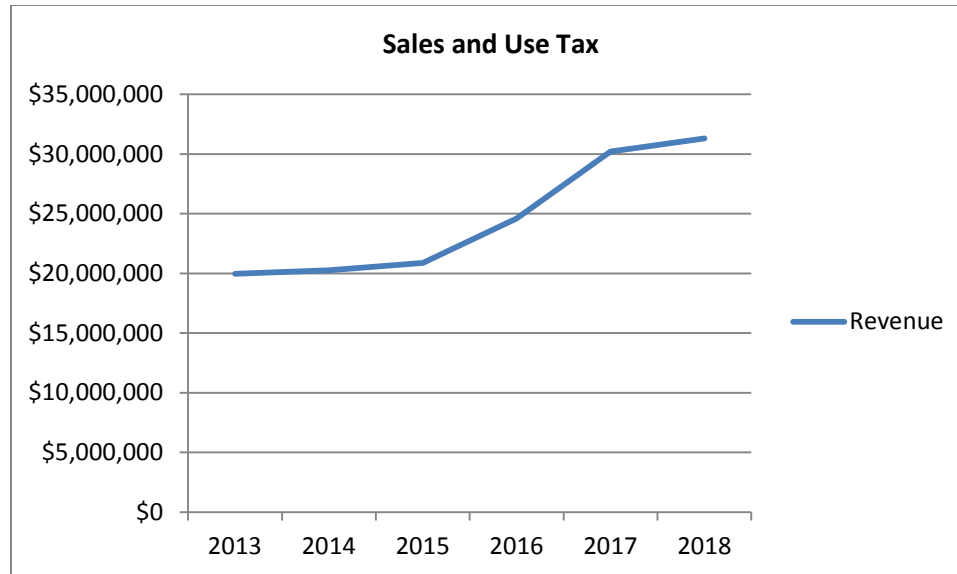
Fund: 0100

Cost Center: 90001

Use of Revenue: General Fund

Revenue History

Fiscal Year	Sales and Use Tax	
	Revenue	Percent Change
2013	\$19,980,569	--
2014	\$20,272,367	1%
2015	\$20,880,850	3%
2016	\$24,601,474	18%
2017	\$30,204,125	23%
2018	\$31,302,950	4%



Variance Analysis

Sales and Use Tax revenues have been gradually increasing over the past several years, following a dramatic reduction in FY 2008. The City's sales and use tax revenues lag behind the rest of California and have been relatively flat since mid-2014. Modesto's sales tax revenue is significantly influenced by fuel prices; as sales tax is a percentage of total sales. The 2016 increase in sales tax revenue is caused by the removal of the Triple Flip component of sales tax. This resulted in the City receiving some additional one time payments related to the end of those triple flip payments which artificially inflated the sales tax revenue on an annual basis. As seen in FY 2017, sales and use tax have continued to increase in FY 2018 due to economic growth. With the recent Wayfair decision the City anticipates there will be additional revenue coming in from the new point-of-sale ruling that could increase this revenue source beyond the typical growth seen starting in Fiscal Year 2019-20.

C. Franchises

Background

Authority: *Cable and Video Franchises* - Public Utilities Code Cable Section 440 et seq. and Section 5800 et seq., "The Digital Infrastructure and Video Competition Act of 2006" (AB 2987 Nunez); *Solid Waste Franchises* – California Constitution Article XI Section 7, Public Resources Code Section 49300; *Electric, Gas, Water and Oil Franchises* - California Constitution Article XI Section 7; California Constitution Article XI Section 5

Administering Agency: Cable and Video Franchises – California Public Utilities Commission (Statewide franchise licenses); Solid Waste Franchises – City of Modesto

Fee Source: Code

Municipal Code: MMC 11-4.15

Description: These fees are imposed on utility companies for the privilege of using City streets and rights-of-way. The City accepts applications for franchises, who then agree to pay a certain percentage of profits to the city. This category also includes solid waste fees.

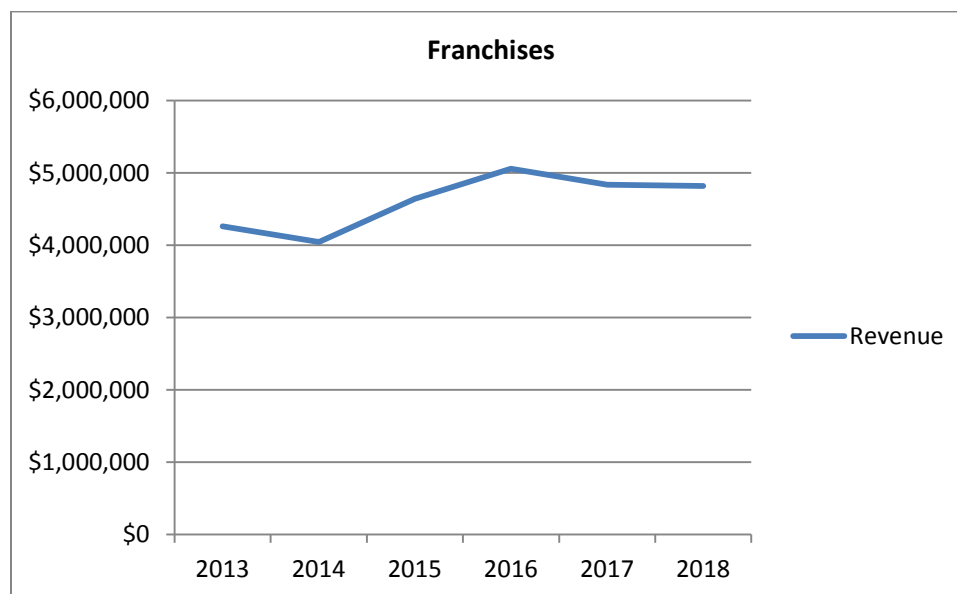
Fund: 0100

Cost Center: 90001; 19420; 41410; 55060; 41310; 54313; 41210; 54222; 34150; 35180; 52160; 35220; 52010

Use of Revenue: General Fund

Revenue History

Fiscal Year	Franchises	
	Revenue	Percent Change
2013	\$4,261,998	--
2014	\$4,043,912	-5%
2015	\$4,642,212	15%
2016	\$5,058,543	9%
2017	\$4,837,344	-4%
2018	\$4,818,201	0%



Variance Analysis

Franchise Fees had steady increases from FY 2012 to FY 2015. These fees are collected for various Franchises within the City of Modesto include Cable TV, Garbage, City Towing, and John Thurman Field. The decrease in revenue seen from FY 2013 to

FY 2014 was caused by a large decrease in Cable Franchise Fee revenues (\$298k). This rebounded nicely in FY 2015 with a large increase in Cable Franchise Fee revenues of \$491k as well as an increase to the Garbage Franchise Fees collected of \$148k. The increase from FY 2015 to FY 2016 was mainly caused by increased revenues from the Cable TV Franchise Fees as these were up by nearly \$454k in FY 2016. The decrease in FY 2017 is mostly due to decrease in revenue related to the Cable TV Franchise Fees. These fees were down \$426K down from FY 2016. The impact overall was a decrease of \$221K as other Franchise fees had slight increases in 2017. Revenues for FY 2018 remained static, with no significant change from the prior fiscal year.

D. Homeowners' Exemption

Background

Authority: Article XIII, Sections 3(K) of the California Constitution; Government Code Sections 16120-16123 and Section 29100.6; Section 218 of the Revenue and Taxation Code

Administering Agency: State Controller (through the County)

Fee Source: State

Municipal Code: Not Applicable

Description: The California Constitution (Article XIII, Section 3(K)) exempts the first \$7,000 of the full value of a dwelling occupied as the owner's principal residence on the January 1 lien date from property taxation. The State then reimburses the cities for their property tax loss under this exemption. Remittance is made by the State through the County to the City in November (15%), December (35%), April (35%) and May (15%) with property tax remittances.

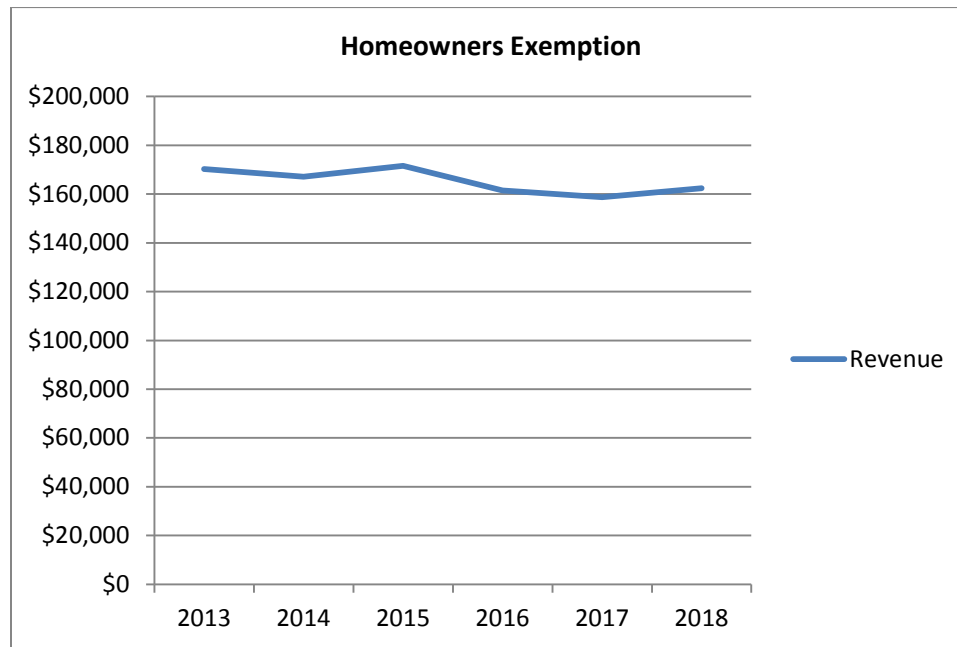
Fund: 0100

Cost Center: 90001

Use of Revenue: General Fund

Revenue History

Fiscal Year	Homeowners' Exemption	
	Revenue	Percent Change
2013	\$170,330	--
2014	\$167,071	-2%
2015	\$171,578	3%
2016	\$161,471	-6%
2017	\$158,682	-2%
2018	\$162,356	2%



Variance Analysis

Homeowner's exemption revenues have declined slightly due to shifts in the housing market. These shifts were primarily related to less homes being owned by individuals, which resulted in less revenue being reimbursed back to the City from the State for the property tax lost under this exemption.

E. Transient Occupancy Tax

Background

Authority: Sections 7280 and 7281 of the Revenue and Taxation Code

Administering Agency: City of Modesto

Fee Source: Code

Municipal Code: MMC 8-2.6

Description: The transient occupancy tax (TOT) is levied on hotel, motel and other lodging rentals where occupancy is less than 30 days. The tax is imposed on the guest and is included on the customer’s lodging bill by the lodging enterprise. Remittance is made by lodging establishments to the City on a monthly basis. Since 1987, the voter approved TOT rate has been nine percent (9%). One third of the City’s total annual TOT revenue is dedicated towards funding the tourism, promotional and service activities of the Modesto Convention & Visitors Bureau.

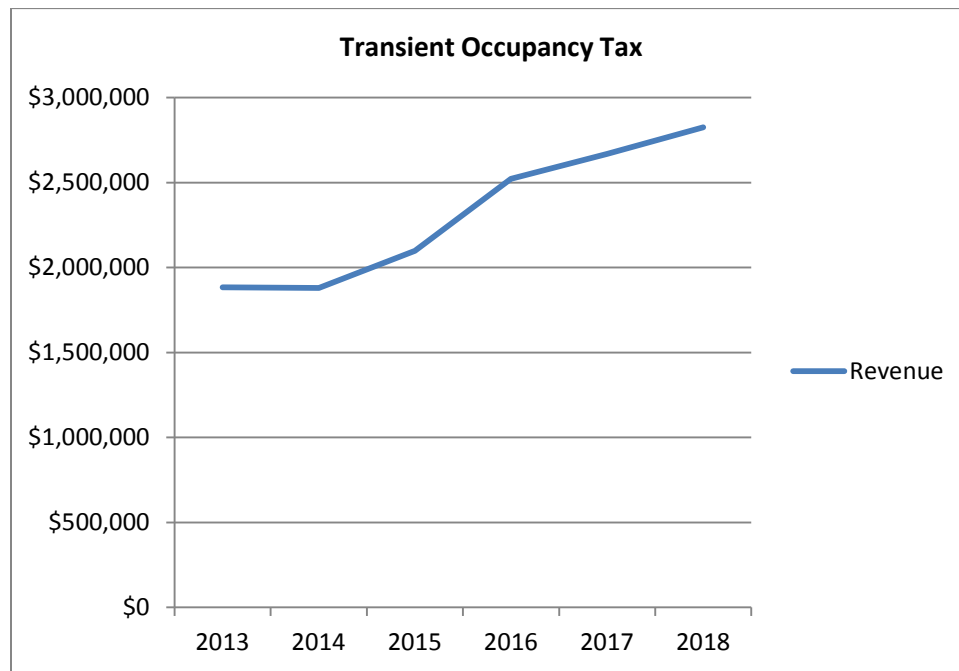
Fund: 0100

Cost Center: 90001

Use of Revenue: General Fund

Revenue History

Fiscal Year	Transient Occupancy Tax	
	Revenue	Percent Change
2013	\$1,884,188	--
2014	\$1,879,825	0%
2015	\$2,097,952	12%
2016	\$2,523,087	20%
2017	\$2,669,484	6%
2018	\$2,826,160	6%



Variance Analysis

The increase in transient occupancy tax revenues suggests that there has been an increase in travel to the City, particularly because there have not been any significant hotels built within City limits since 2011. Some of the revenues attributing to the increase in FY 2016 were from larger one-time transient occupancy tax payments.

F. Business License Tax

Background

Authority: Article XI, Section 5 of the California Constitution

Administering Agency: City of Modesto

Fee Source: Code

Municipal Code: MMC 6-1.2

Description: Persons engaged in any business, trade profession or occupations in the City are required to obtain and maintain a City business license. The City annually taxes businesses on a flat rate system, with rates being defined for various categories of businesses. The following is a listing of the basic rates by business type.

Business License Tax Rate

Business License Type	Mill Tax Rate	DID Tax Rate
Commercial (Retail)	0.001	0.0005
Commercial (Service)	0.002	0.001
Home*	0.002	N/A
Outside*	0.002	N/A

*Taxes only apply to home and outside businesses exceeding \$2000 in revenue.

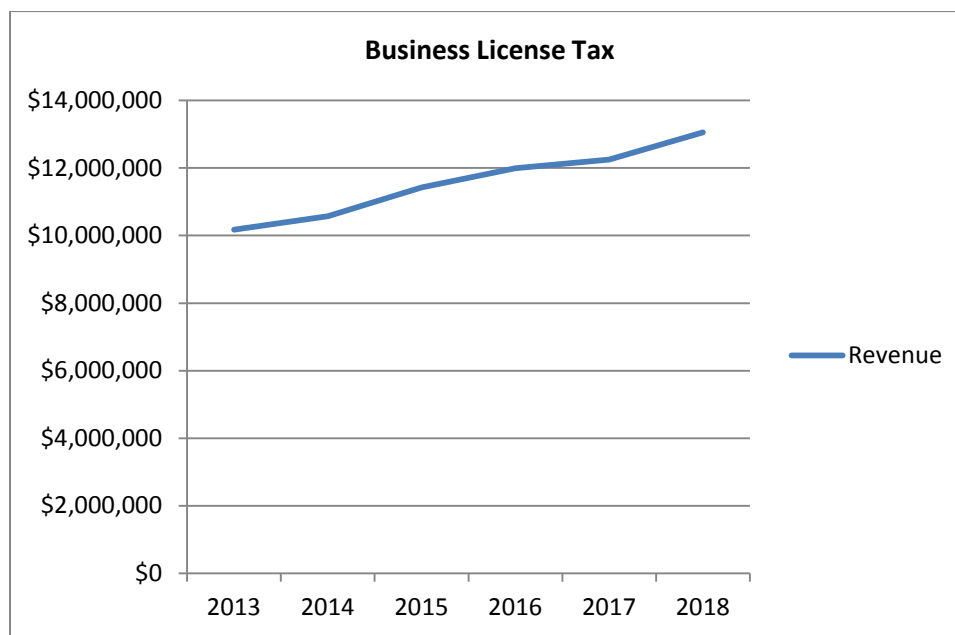
Fund: 0100

Cost Center: 12430; 90001; 53312; 80030

Use of Revenue: General Fund

Revenue History

Fiscal Year	Business License Tax	
	Revenue	Percent Change
2013	\$10,176,791	--
2014	\$10,573,820	4%
2015	\$11,421,759	8%
2016	\$11,994,291	5%
2017	\$12,255,063	2%
2018	\$13,053,200	7%



Variance Analysis

The increase in Business License Tax starting in 2013 is a reflection of the local economy rebounding and growing. This trend is continues to be anticipated as we move into Fiscal Year 2019 and beyond.

G. Utility Users' Tax

Background

Authority: Article XI, Section 5 of the California Constitution

Administering Agency: City of Modesto

Fee Source: Code

Municipal Code: MMC 8-2.9

Description: The utility users' tax (UUT) is imposed on consumers of electric, gas, water, telecommunication, and cable services. This tax is based on a percentage of the amount billed to each consumer for such services. The tax rate is set by the City Council. The California Supreme Court has upheld the authority of charter cities to levy this tax. Exempt from this tax are City, State, and Federal governmental agencies; late payment charges; and service users meeting certain age and income determinations. The UUT is collected by each utility company as a part of its regular billing and remitted to the City on a monthly basis. According to a survey conducted in 2015, the population-weighted average rate of other California cities is 6.6%, although rates range between 1% and 11%.

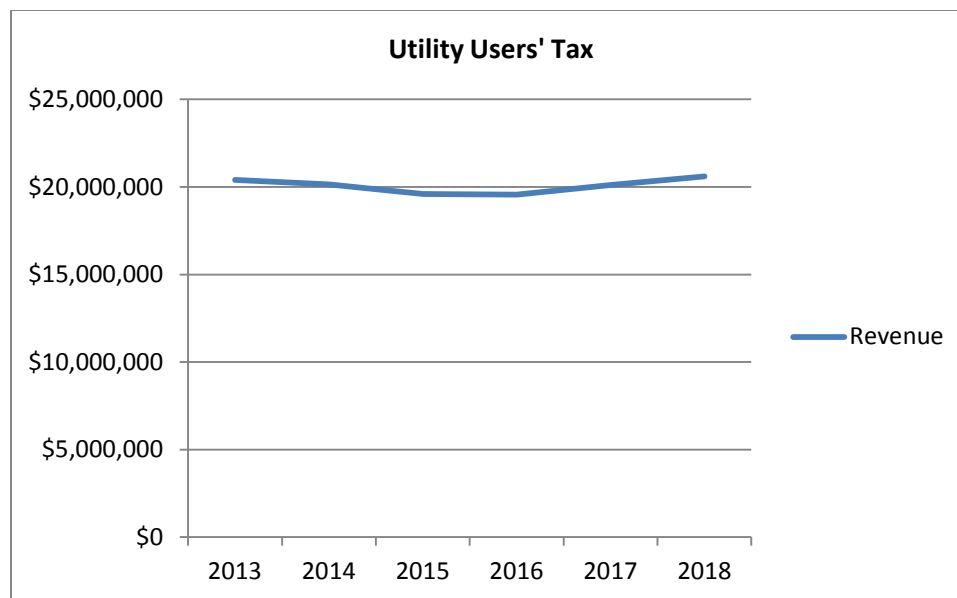
Fund: 0100

Cost Center: 90001

Use of Revenue: General Fund

Revenue History

Fiscal Year	Utility Users' Tax	
	Revenue	Percent Change
2013	\$20,399,116	--
2014	\$20,153,653	-1%
2015	\$19,591,170	-3%
2016	\$19,564,921	0%
2017	\$20,113,023	3%
2018	\$20,609,874	2%



Variance Analysis

Utility users' tax revenues have declined slightly in recent years due to a variety of reasons. Rate increases and the shift away from traditional cable/satellite TV services have resulted in reduced revenues. Drought-related conservation efforts also negatively impact water revenues. Furthermore, residents began switching from using cell phone contracts to prepaid phones, which were previously not subject to utility users' tax. State law recently changed to allow utility users' tax on prepaid phones.

H. Triple Flip Sales Tax

Background

Authority: State of California Proposition 57

Administering Agency: State of California

Fee Source: State Law

Municipal Code: Not applicable

Description: The Triple Flip, approved by voters in 2004, allowed the state of California to purchase bonds to reduce the budget deficit. A 0.25% state sales and use tax was imposed at that time to repay the bonds, and the Bradley-Burns local tax rate was reduced by the same percentage to maintain the same overall sales tax rate. The state replaced the diverted local sales taxes, dollar for dollar, with property taxes shifted from school and community college districts.

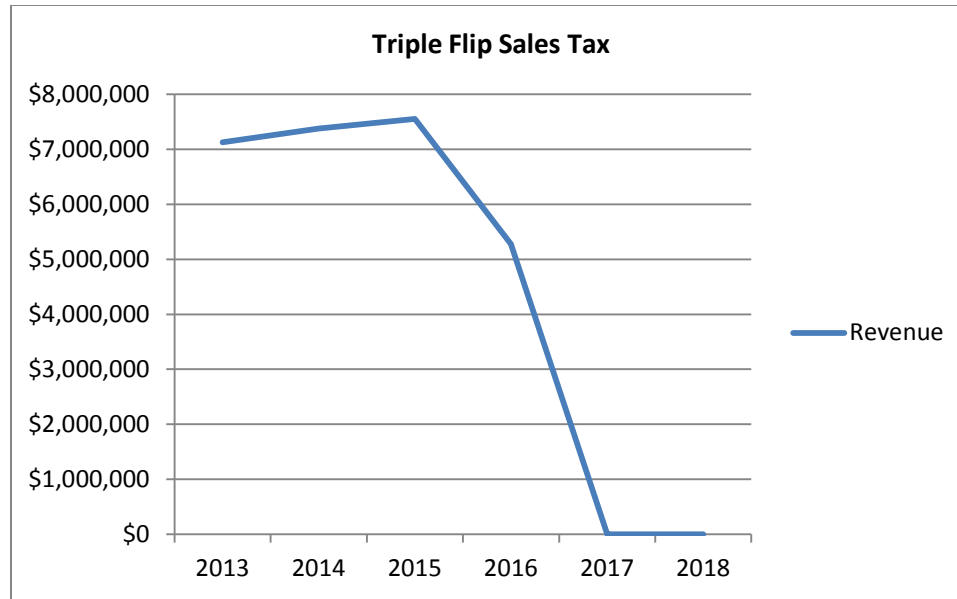
Fund: 0100

Cost Center: 90001

Use of Revenue: General Fund

Revenue History

Fiscal Year	Tripleflip Sales Tax	
	Revenue	Percent Change
2013	\$7,130,342	--
2014	\$7,379,572	3%
2015	\$7,556,744	2%
2016	\$5,277,341	-30%
2017	\$0	-100%
2018	\$0	0%



Variance Analysis

Triple flip revenues represent 0.25% state sales and use tax. They are reflective of a recovery in the State's economy in recent years. Triple flip revenues saw a decline in 2016 due to the reduction of fuel prices at the pump. The triple flip sales tax ended in 2016.

II. LICENSES & PERMITS

A. Licenses – Bicycles

Background

Authority: Article XI, Section 7 of the California Constitution, Section 50076 and Section 66016 and seq. of the Government Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 3-3.02 through 3-3.11

Description: Bicycle licenses are recommended for all bicycles within the city. Licenses are issued by the Police Department and by authorized bicycle retailers within City limits. Licenses cost \$3 and are not subject to renewal. Revenue from bicycle licenses is minimal. The City’s Police Department uses the licensing information to verify ownership and return stolen bikes to the appropriate owner.

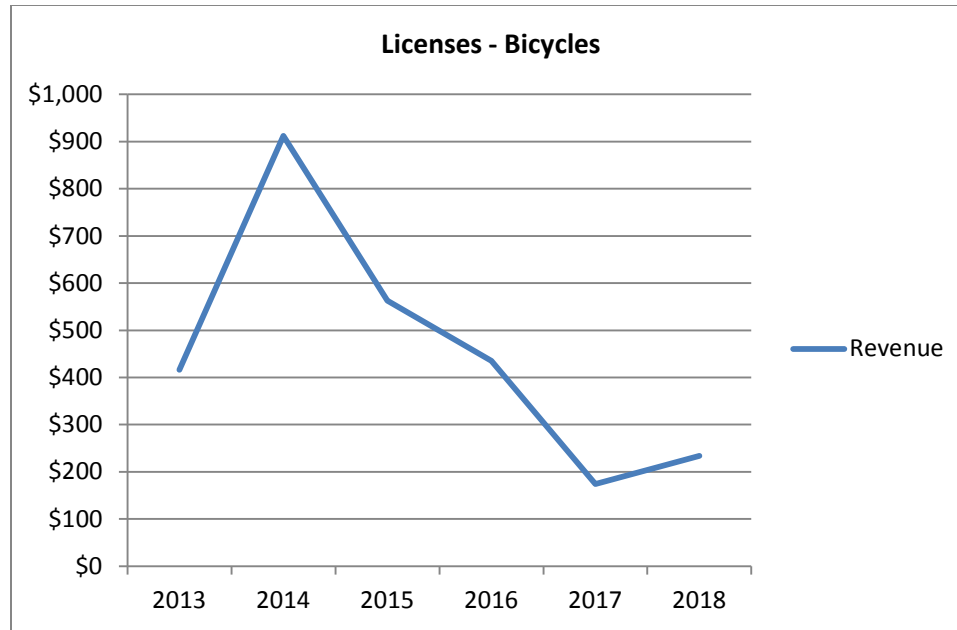
Fund: 0100

Cost Center: 19420

Use of Revenue: General Fund

Revenue History

Fiscal Year	Licenses - Bicycles	
	Revenue	Percent Change
2013	\$416	--
2014	\$912	119%
2015	\$563	-38%
2016	\$435	-23%
2017	\$174	-60%
2018	\$234	34%



Variance Analysis

The fluctuation in bicycle licensing fees is due to the number of bikes registered in the City which varies annual as it is a one-time fee that is not required.

B. Permits – Building (Residential & Commercial)

Background

Authority: Article XI, Section 7, of the California Constitution; Section 50076 and Section 66016 and seq. of the Government Code, Section 17951, Section 19130 and Section 19132.3 of the Health and Safety Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 9-1.5

Description: These fees were established in 2011. Most structural changes and new construction require that a building permit be obtained from the City. Such permits and related charges are authorized by City ordinance. The City of Modesto ordinance reflects the rate tables that are published in the Uniform Building Code (UBC). Revised UBC editions are adopted every 3-4 years. The most recent update to the code can be found under City Ordinance 2013-3591.

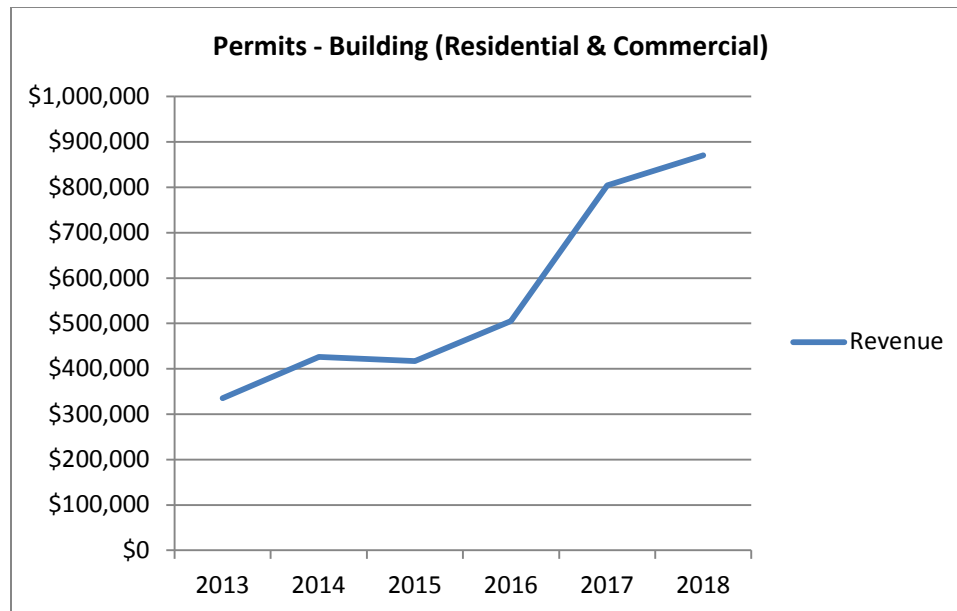
Fund: 0100

Cost Center: 14210

Use of Revenue: General Fund

Revenue History

Fiscal Year	Permits - Building (Residential & Commercial)	
	Revenue	Percent Change
2013	\$335,343	--
2014	\$425,951	27%
2015	\$417,174	-2%
2016	\$505,059	21%
2017	\$804,049	59%
2018	\$870,880	8%



Variance Analysis

These fees were established in 2011. The increase in building permit revenues since FY 2011-12 is due to an increase in building and construction activity in the City, which is generally dependent on economic cycles. This trend reflects the slow recovery from recession, although revenues are not back to pre-recession levels. During FY 2017, the City experienced a large increase of \$189K for permits related to residential single family units and an increase of \$86K in Commercial Permits. This trend has continued during FY 2018, with a moderate increase to building permits.

C. Permits – Police

Background

Authority: Article XI, Section 7, and Article XIII B, Section 8 of the California Constitution

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 3-11.09

Description: Alarm use permits are issued by the Police Department. Permits automatically expire upon change of property ownership. If a permit is not renewed, or it is revoked, the alarm system may not be operated until a new permit is issued.

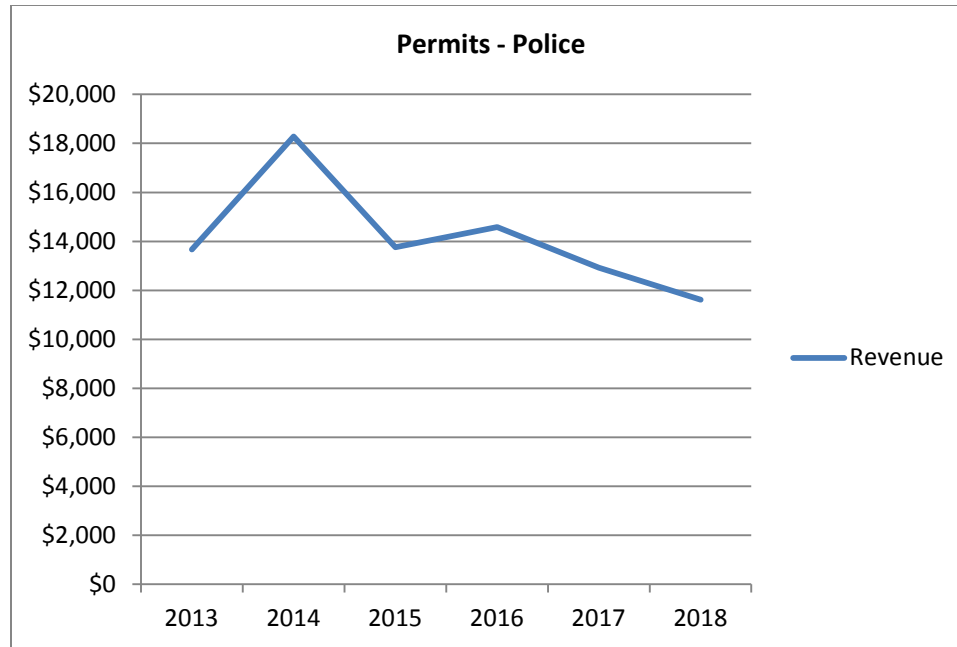
Fund: 0100

Cost Center: 19420

Use of Revenue: General Fund

Revenue History

Fiscal Year	Permits - Police	
	Revenue	Percent Change
2013	\$13,664	--
2014	\$18,275	34%
2015	\$13,763	-25%
2016	\$14,578	6%
2017	\$12,923	-11%
2018	\$11,622	-10%



Variance Analysis

The revenue for this fluctuates annually based upon the activity related to permit applications.

D. Permits – Entertainment, Outdoor, & Vendor

Background

Authority: Article XI, Section 7, of the California Constitution, Section 50076 and Section 66016 and seq. of the Government Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 4-1.301, 4-1.406

Description: Outdoor advertising permits (Finance); Outdoor Sales & Sign Permits (CED);

Itinerant Vendor Licenses: Allows licensee not having fixed place of business in the City to conduct business as an itinerant vendor (Finance).

Entertainment Permits – Music; Carnival

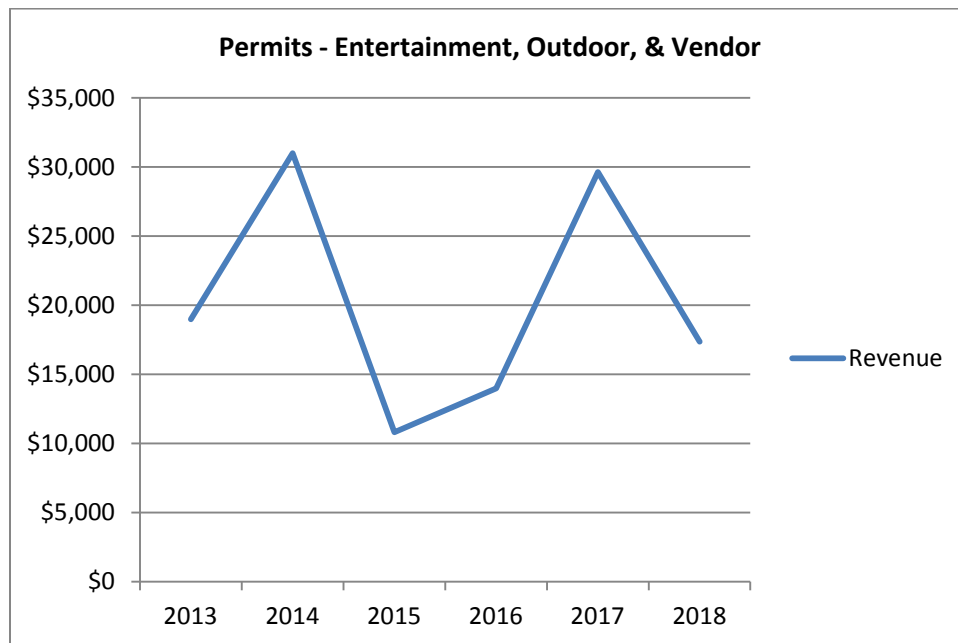
Fund: 0100

Cost Center: 33010; 33040; 14220

Use of Revenue: General Fund

Revenue History

Permits - Entertainment, Outdoor, & Vendor		
Fiscal Year	Revenue	Percent Change
2013	\$18,996	--
2014	\$30,997	63%
2015	\$10,827	-65%
2016	\$13,997	29%
2017	\$29,643	112%
2018	\$17,364	-41%



Variance Analysis

The peak in 2014 can be attributed to a major event, the Modesto Grand Prix. The increase in FY 2017 can be attributed to an increase in permits issued for planning purposes. Fluctuations in revenue can be attributed variances of special events held for Modesto.

E. Permits – Encroachment & Removal

Background

Authority: Article XI, Section 7, of the California Constitution, Section 50076 and Section 66016 and seq. of the Government Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 4-15.103, 7-1.104, 9-9.503

Description: Sidewalk encroachment, outdoor dining encroachment, and planting strip encroachment.

Outdoor Dining: No owner or operator of a business establishment shall occupy any portion of a public sidewalk, court, plaza, alley or street with tables and chairs for outdoor dining without first obtaining a revocable encroachment permit in accordance with the provisions of this article.

Sidewalk Encroachment: Any person desiring a permit for the construction, repair or removal of any curb, gutter, sidewalk or driveway, or an encroachment, shall file with the Public Works Director an application therefor in writing on a form furnished by the City for that purpose. Such forms shall specify the following:

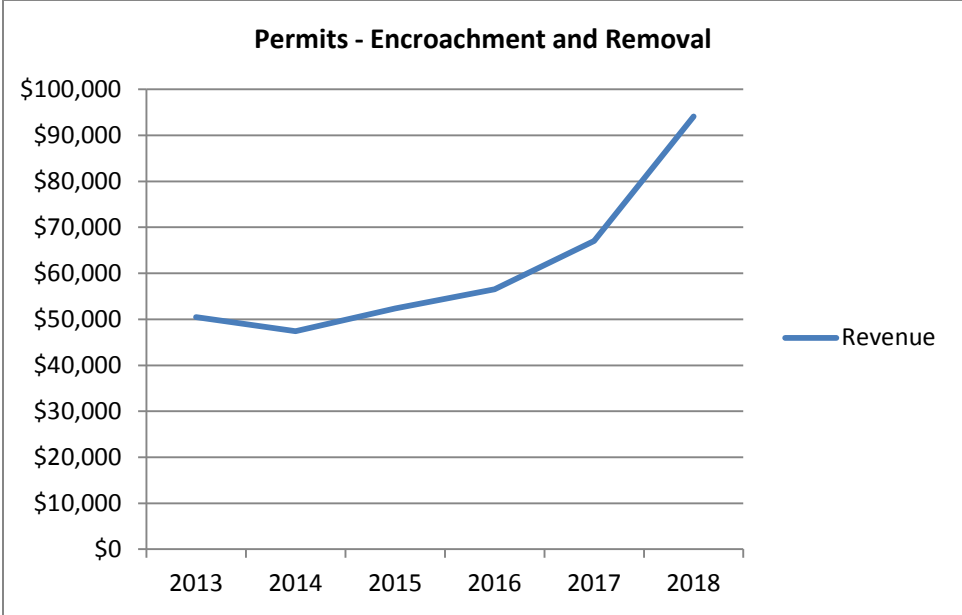
Fund: 0100

Cost Center: 14310

Use of Revenue: General Fund

Revenue History

Fiscal Year	Permits - Encroachment & Removal	
	Revenue	Percent Change
2013	\$50,488	--
2014	\$47,407	-6%
2015	\$52,349	10%
2016	\$56,549	8%
2017	\$67,044	19%
2018	\$94,097	40%



Variance Analysis

The revenue varies from fiscal year to fiscal year based upon the needs of the community. Some years there is additional work being done that requires encroachment permits for sidewalk repair this can cause a spike in the revenues.

III. FINES AND FORFEITS

A. Parking Fines

Background

Authority: Section 40200, et seq., Article 3, Chapter 1, Division 7 of the Vehicle Code (parking penalties); Section 1275 (late fee schedule) and Section 1463 (distribution of revenues) of the Penal Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 1.2-.01

Description: Parking citations are issued to violators of the California Vehicle Code and Modesto Municipal Code Parking Regulations. Examples of vehicle code violations are parking in a handicap zone and vehicle registration violations; examples of municipal code violations are expired meter and parking violations. For violations not paid when due, a late fee schedule will increase the amount of the citation. The citation fee and late fee schedules are set by City resolution. Legislative changes, e.g., noticing requirements, influence this revenue source to some extent.

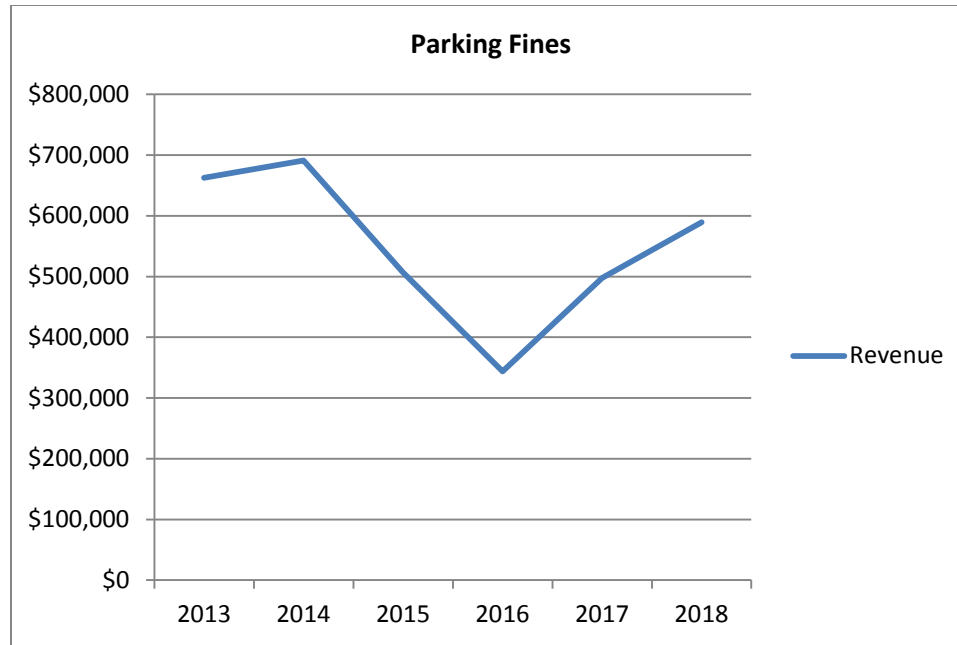
Fund: 0100

Cost Center: 19440

Use of Revenue: General Fund

Revenue History

Fiscal Year	Parking Fines	
	Revenue	Percent Change
2013	\$662,896	--
2014	\$691,106	4%
2015	\$506,599	-27%
2016	\$343,743	-32%
2017	\$497,958	45%
2018	\$589,518	18%



Variance Analysis

The decline in parking citation revenues is a result of fewer citations being written due to a reduction in the number of police officers in the community, difficulty retaining parking enforcement officers, and the diversion of public safety resources to higher priority activities as determined by the Police Department. In FY 2017, as staff was retained more citations were issued to ensure compliance of parking laws. Revenue is still down in comparison to FY 2012 to 2014, but continues to trend upward.

B. Compliance Order Fines

Background

Authority: Section 1463 of the Penal Code (distribution of revenue); various other sections of the Penal Code (court authority); Judicial Council Bail and Penalty Schedules as adopted by the Judicial Council (infractions) or county judges (misdemeanors and felonies)

Administering Agency: County Court System

Fee Source: Council

Municipal Code: MMC 1.2-.01

Description: Revenue from vehicle code fines is derived from the issuance of property code violation citations.

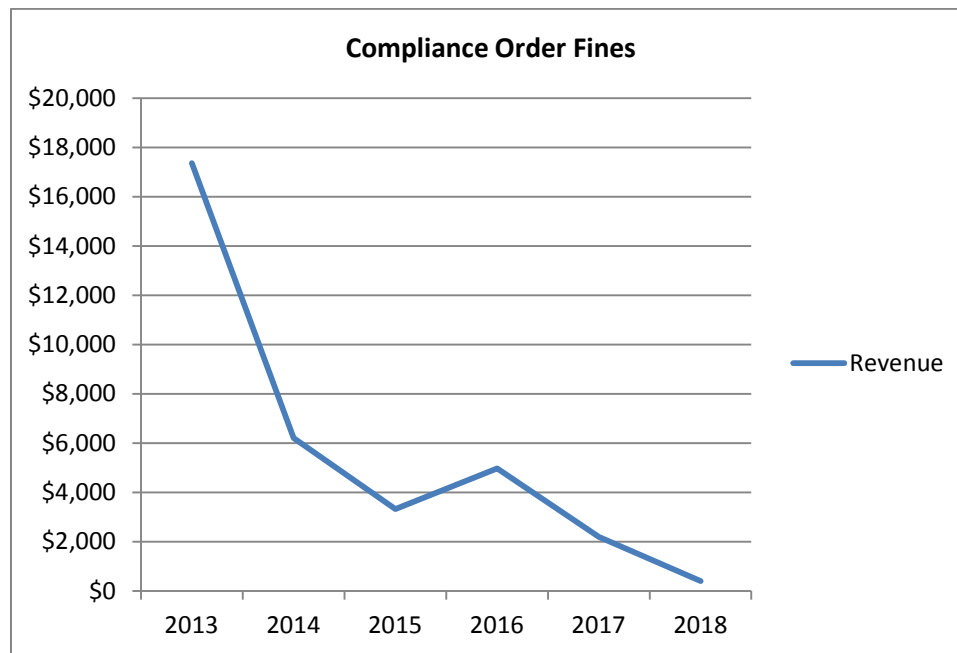
Fund: 0100

Cost Center: 14220

Use of Revenue: General Fund

Revenue History

Fiscal Year	Compliance Order Fines	
	Revenue	Percent Change
2013	\$17,371	--
2014	\$6,214	-64%
2015	\$3,329	-46%
2016	\$4,982	50%
2017	\$2,195	-56%
2018	\$404	-82%



Variance Analysis

Revenue from Compliance Order Fines has decreased significantly. This decline can be attributed to the establishment of the Abatement and Public Nuisance Fund - 4910 in 2012. All revenue from Compliance Order Fines was diverted to establish revenue for the new fund.

C. General City Fines

Background

Authority: Section 1463 of the Penal Code (distribution of revenue); various other sections of the Penal Code (court authority); Judicial Council Bail and Penalty Schedules

as adopted by the Judicial Council (infractions) or county judges (misdemeanors and felonies)

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 4-2

Description: The City fines businesses and individuals for code violations.

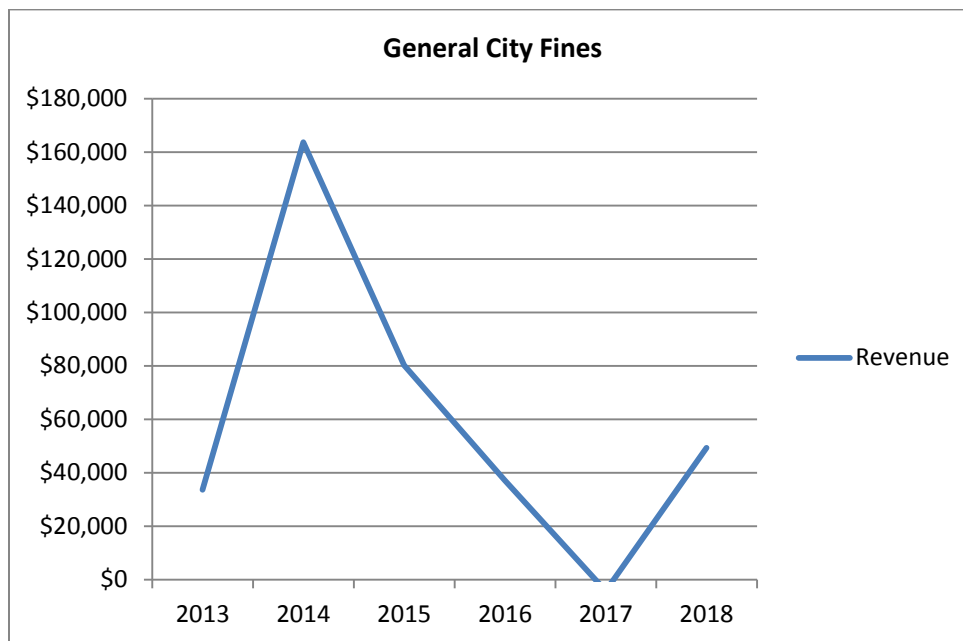
Fund: 0100

Cost Center: 90001

Use of Revenue: General Fund

Revenue History

Fiscal Year	General City Fines	
	Revenue	Percent Change
2013	\$33,711	--
2014	\$163,707	386%
2015	\$80,267	-51%
2016	\$37,161	-54%
2017	-\$4,152	-111%
2018	\$49,392	1190%



Variance Analysis

The Revenue from General City Fines varies from year to year based upon the fines recovered by the Stanislaus County Court System and returned to the City of Modesto. These fines encompass various things such as Litter fines, Child Restraining fines, Health and Safety Code fines, Proof of Correction fine, and others. In FY 2017, there was a large summary judgement issued by Stanislaus County which resulted in funds being returned and a reduction in revenue.

D. Other Fines and Forfeitures

Background

Authority: Section 1463 of the Penal Code (distribution of revenue); various other sections of the Penal Code (court authority); Judicial Council Bail and Penalty Schedules as adopted by the Judicial Council (infractions) or county judges (misdemeanors and felonies)

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 1-2.09

Description: Various fines and restitution for criminal and civil matters.

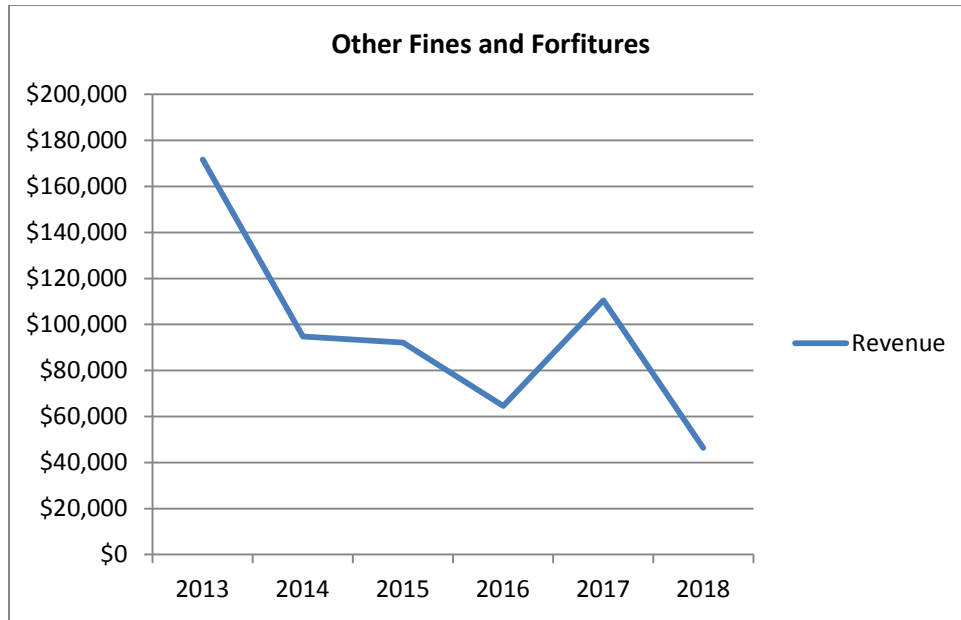
Fund: 0100

Cost Center: 19320; 90001

Use of Revenue: General Fund

Revenue History

Fiscal Year	Other Fines and Forfeitures	
	Revenue	Percent Change
2013	\$171,677	--
2014	\$94,814	-45%
2015	\$92,143	-3%
2016	\$64,639	-30%
2017	\$110,509	71%
2018	\$46,423	-58%



Variance Analysis

Fines collected for civil and criminal judgments are variable based on 1) the number of judgments; and 2) the amount collected. The major difference has to do with Seized Forfeitures which we don't recognize as revenue until we have an eligible expense which vary from year to year.

IV. CHARGES FOR SERVICES

A. Police & Fire Department Charges

Background

Authority: Article XI, Section 7, and Article XIII B, Section 8 of the California Constitution; Section 66018 et seq. of the Government Code; Section 12071 of the Penal Code; Section 14602 of the Vehicle Code

Administering Agency: City of Modesto

Fee Source: Various

Municipal Code:

Description: This revenue is collected from fees imposed on service users. The services provided by the Fire Department for which fees are charged include:

- fire code and prevention plan checks,
- fire standby services for special events,
- hazardous material handling programs,
- advanced life support charges, special permits, and
- Other miscellaneous special services provided to users.

Revenue related to police services includes fees and charges for bookings, disturbance responses, certain permits, property impounds, misdemeanor citations, providing reports, false alarm responses, property storage for arrestees, prisoner medical expenses and driving under the influence (DUI) arrest related costs.

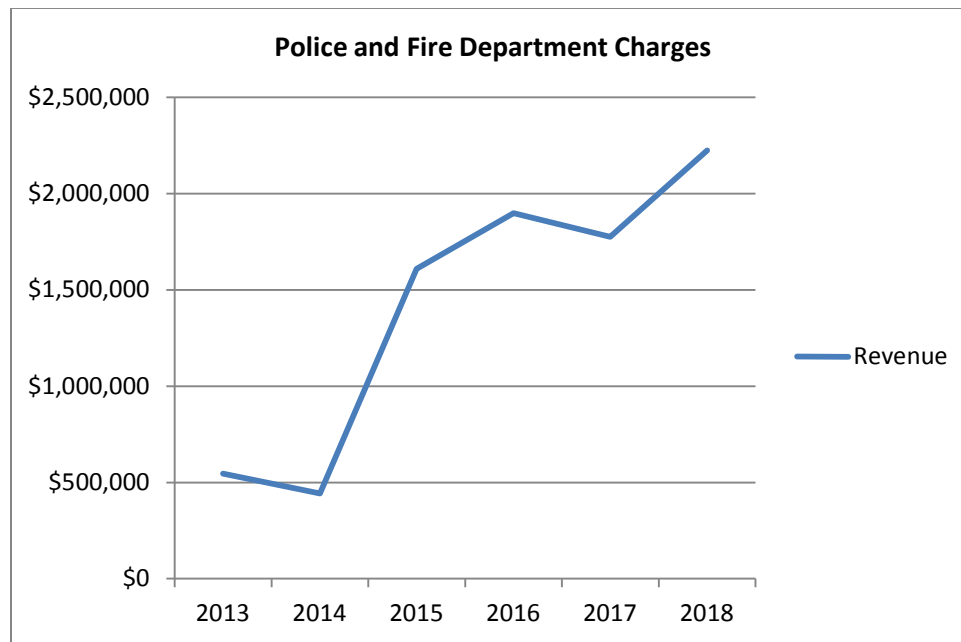
Fund: 0100

Cost Center: 18220; 14220; 19305; 19320; 19450; 19310; 19420; 19470; 18510; 19220; 18610; 18210; 14310; 18110; 19110; 19340; 18520; 90001

Use of Revenue: General Fund

Revenue History

Police & Fire Department Charges		
Fiscal Year	Revenue	Percent Change
2013	\$545,951	--
2014	\$443,485	-19%
2015	\$1,609,091	263%
2016	\$1,898,152	18%
2017	\$1,776,331	-6%
2018	\$2,224,863	25%



Variance Analysis

The decline and increase in Police and Fire Department charges is primarily due to the reallocation of fire functions to the Modesto Regional Fire Authority from FY2012-FY2014. The increase in FY 18 is from additional reimbursements for Fire Fighters fighting forest fires across the state.

B. Construction Related Fees

Background

Authority: Article XI, Section 7, and Article XIII B, Section 8, of the California Constitution; Section 66018 et seq. of the Government Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 5-10.603

Description: Construction activities fees apply to parcels which are required by Federal law to obtain a National Pollutant Discharge Elimination System (NPDES) permit regulating the discharge of storm water and surface water from the site of construction activity. The fees shall correspond to the costs expended by the City in monitoring the discharge from such a site of construction activity for compliance with the conditions of its NPDES permit, as well as any costs associated with damage to or degradation of City's MS4.

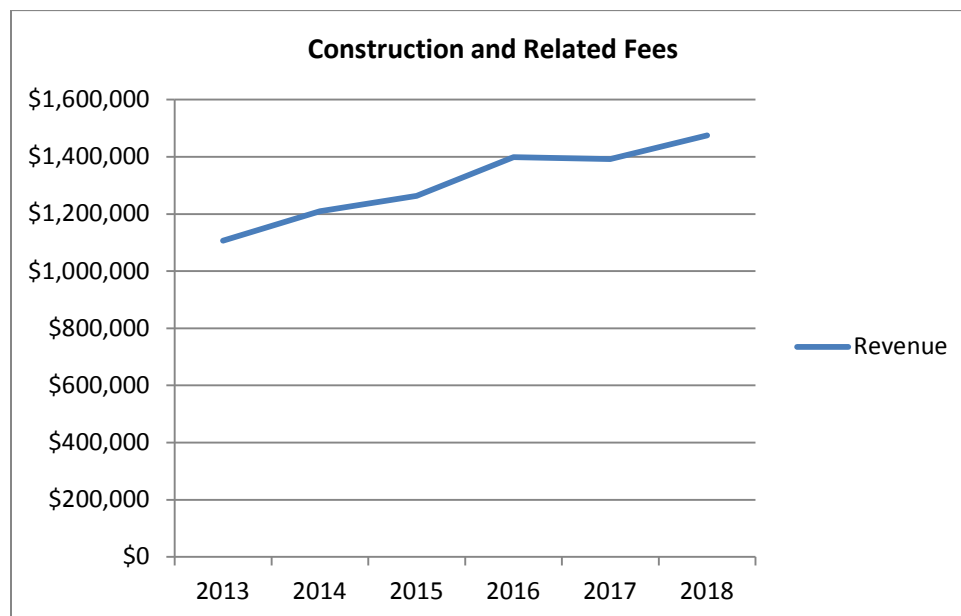
Fund: 0100

Cost Center: 14310; 14210; 04010; 12110; 14410; 14220; 12420; 90001; 05010; 12440

Use of Revenue: General Fund

Revenue History

Fiscal Year	Construction Related Fees	
	Revenue	Percent Change
2013	\$1,106,450	--
2014	\$1,209,380	9%
2015	\$1,262,982	4%
2016	\$1,398,438	11%
2017	\$1,392,435	0%
2018	\$1,474,725	6%



Variance Analysis

The recent increase in construction and related fees is due to an increase in building and construction activity in the City, which is generally dependent on economic cycles. This trend reflects the slow recovery from recession, although revenues are not back to pre-recession levels.

C. Recreation and Neighborhood Fees

Background

Authority: Article XI, Section 7, and Article XIII B, Section 8 of the California Constitution; Section 66018 et seq. of the Government Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 12-4.2

Description: There are, and have been, many types of service/user fees charged by the Parks, Recreation and Neighborhoods Department over the period covered by this report. These services/uses for which fees are charged include such items as providing swim programs, organizing junior high teen dances, and offering various recreation classes.

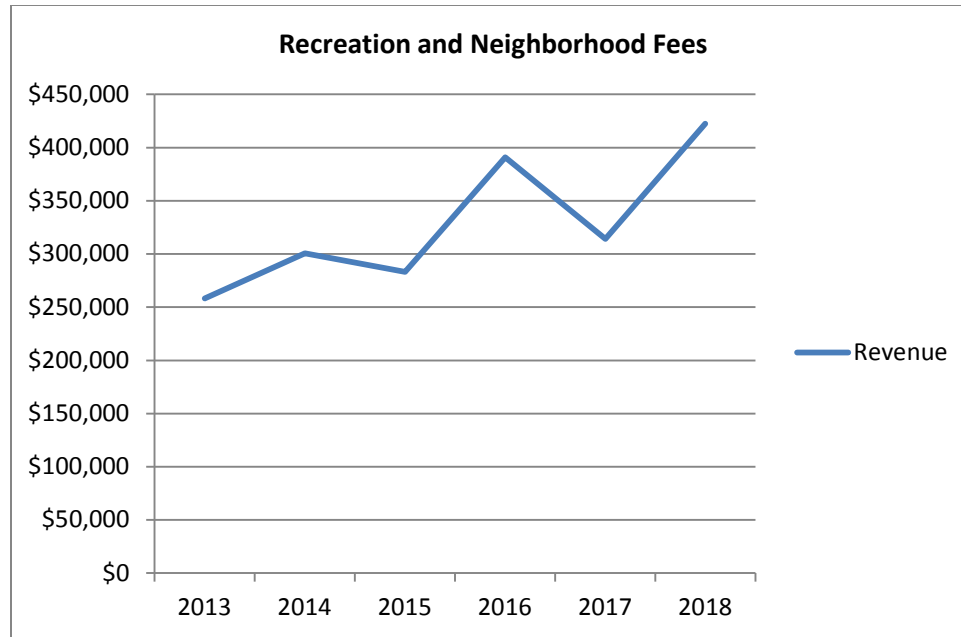
Fund: 0100

Cost Center: 14460; 32020; 33130; 14220; 33040; 35220; 52010; 34150; 19320; 19430; 19420; 19480; 33320

Use of Revenue: General Fund

Revenue History

Fiscal Year	Recreation & Neighborhood Fees	
	Revenue	Percent Change
2013	\$258,167	--
2014	\$300,633	16%
2015	\$283,267	-6%
2016	\$390,944	38%
2017	\$314,044	-20%
2018	\$422,358	34%



Variance Analysis

The decrease in revenue from FY 2016 to 2017 is due to less revenue coming in for Swimming Pool Fees, League (Softball) Fees and Miscellaneous Recreation Administration revenue. However, revenue is still higher than it was historically from FY 2012 thru FY 2015.

D. Other Fees & Charges

Background

Authority: Article XI, Section 7, and Article XIII B, Section 8 of the California Constitution; Section 66018 et seq. of the Government Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Various

Description: The City provides miscellaneous services for which the City may charge user fees.

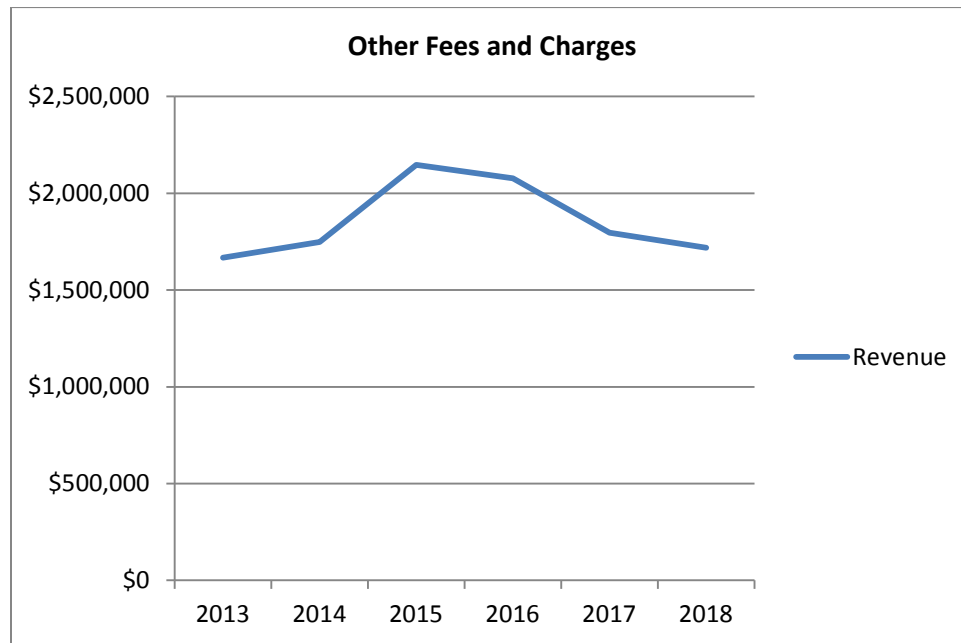
Fund: 0100

Cost Center: 12310; 14210; 35010; 90001; 34120

Use of Revenue: General Fund

Revenue History

Fiscal Year	Other Fees & Charges	
	Revenue	Percent Change
2013	\$1,666,973	--
2014	\$1,748,917	5%
2015	\$2,147,241	23%
2016	\$2,076,857	-3%
2017	\$1,795,771	-14%
2018	\$1,717,990	-4%



Variance Analysis

Revenues increased steadily from FY 2011 to FY 2014 due to a steady increase in Monthly Billing Fees collected. In FY 2015 there was a larger increase due to the beginning of the collection of ePayables Cash Incentive rebates and the increased revenue from the service fees associated with Mary Grogan Sports Complex. The reduction in FY 2017 is mostly due to a reduction in the user fees for the After School Program and Mary Grogan Sports Complex.

V. INTEREST AND RENTS

A. Interest Revenue on Bank Account (All Funds)

Background

Authority: Article XI Section 5 of the California Constitution

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not Applicable

Description: Investment earnings are derived from interest from the investment of idle funds. The Government Code limits the type of investments that can be made to protect the taxpayers' money. Funds may be invested in certain governmental bonds, bills and notes, or deposited in banks. The Director of Finance is responsible for the investment of these funds, and is advised by a third-party financial advisor. These investments are governed by an investment policy which is annually reviewed and adopted by the City Council. Beginning in FY 1997-98, GASB Statement 31 requires fair market value reporting of all investments. Fair market value is the amount at which a financial instrument could be exchanged in a current transaction.

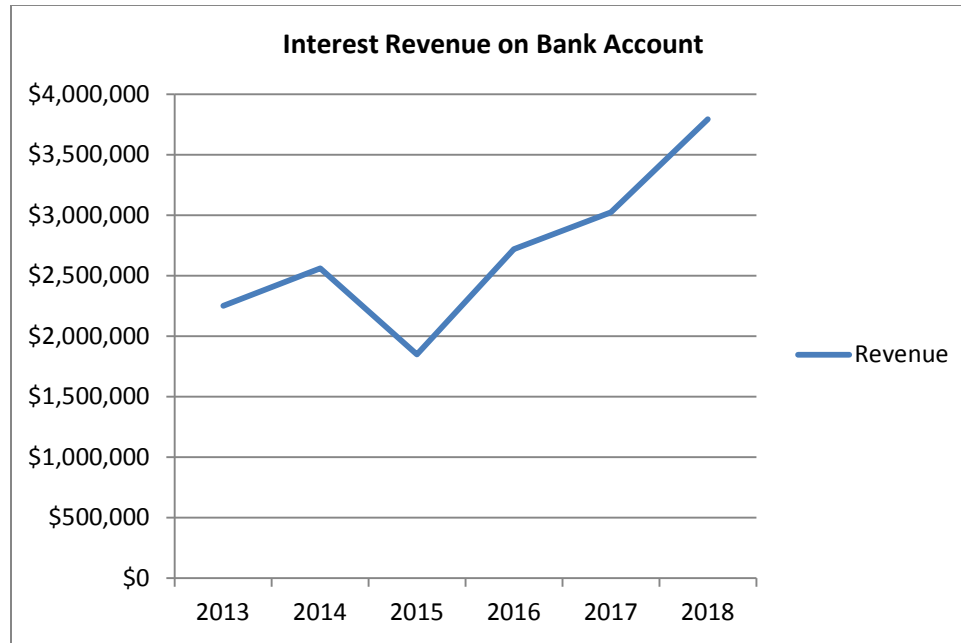
Fund: All Funds

Cost Center: Various

Use of Revenue: General Fund/Special Funds

Revenue History

Interest Revenue on Bank Account (All Funds)		
Fiscal Year	Revenue	Percent Change
2013	\$2,252,989	--
2014	\$2,562,525	14%
2015	\$1,850,124	-28%
2016	\$2,720,754	47%
2017	\$3,025,356	11%
2018	\$3,794,145	25%



Variance Analysis

Interest on investment earnings fluctuates based on the value of investments and the amount of money in the City's investment accounts. As such, it is highly dependent on economic cycles.

B. Building/Room Rental – Other

Background

Authority: Art XI, Section 7 of the California Constitution (reasonable exercise of police power); Article XI, Section 9 (authority to provide for certain public works including transportation, light, water, heat and power); Authority for various other types of leases.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not Applicable

Description: This revenue is generated from the rental or use of City property and resources, including the Senior Center, Museum, and McHenry Mansion. It does not include revenue from Modesto Centre Plaza.

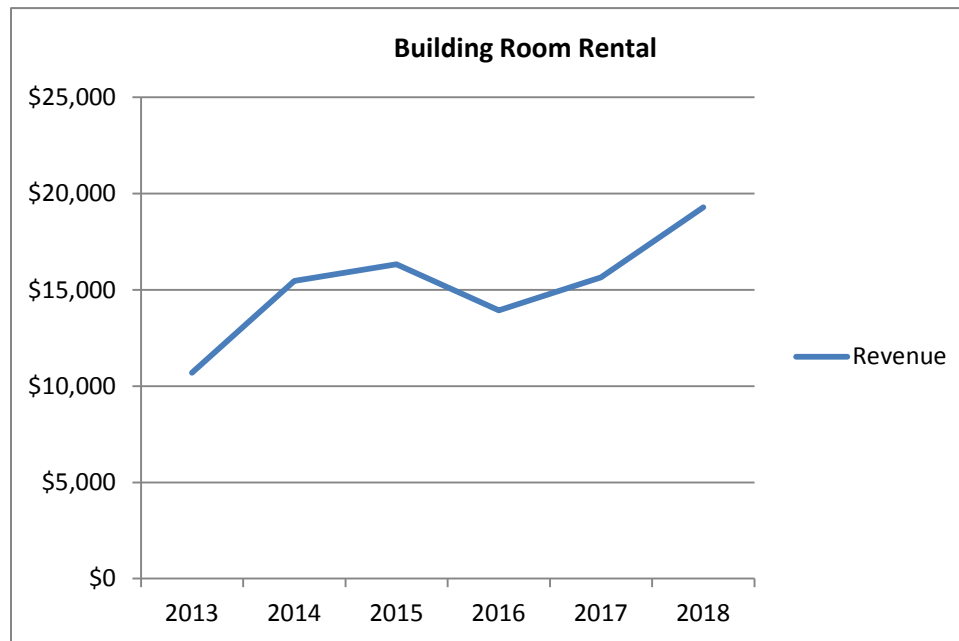
Fund: 0100

Cost Center: 34130; 33030; 33310; 33320; 33330; 34120; 33030; 33040; 33120

Use of Revenue: General Fund

Revenue History

Fiscal Year	Building/Room Rental - Other	
	Revenue	Percent Change
2013	\$10,688	--
2014	\$15,462	45%
2015	\$16,332	6%
2016	\$13,934	-15%
2017	\$15,641	12%
2018	\$19,294	23%



Variance Analysis

Facility rental rates have not changed in the past five years. As such, any variance in revenues received is a direct reflection of the number of facility rentals.

C. Change in Fair Market Value (All Funds)

Background

Authority: Article XI Section 5 of the California Constitution

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: Beginning in FY 1997-98, GASB Statement 31 requires fair market value reporting of all investments. Fair market value is the amount at which a financial instrument could be exchanged in a current transaction.

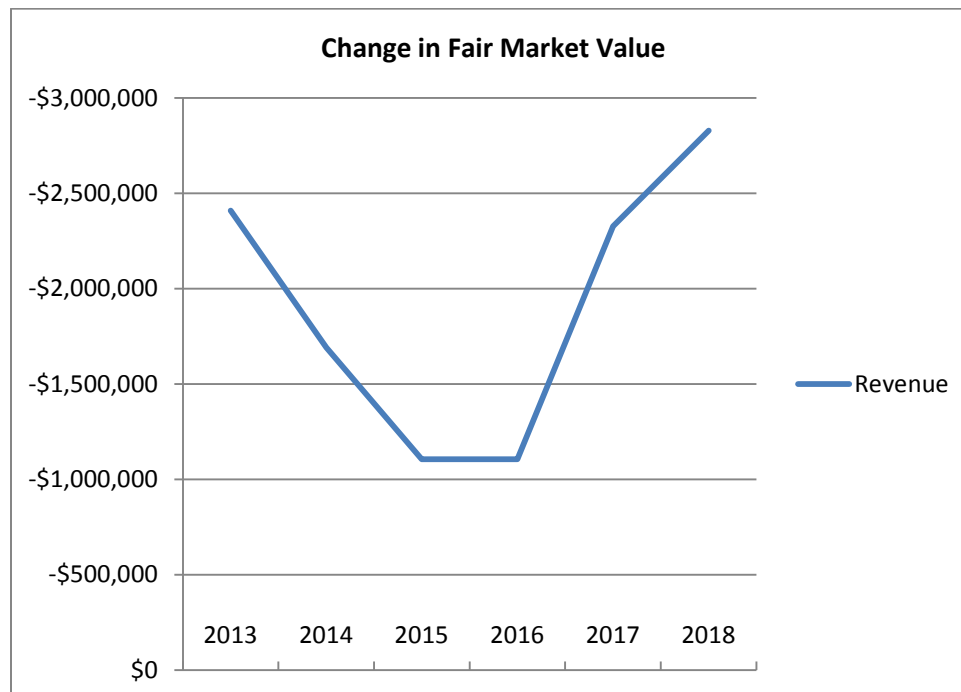
Fund: All Funds

Cost Center: Various

Use of Revenue: General Fund/Special Funds

Revenue History

Fiscal Year	Change in Fair Market Value (All Funds)	
	Revenue	Percent Change
2013	-\$2,410,242	--
2014	-\$1,691,780	-30%
2015	-\$1,106,428	-35%
2016	-\$1,105,217	0%
2017	-\$2,327,668	111%
2018	-\$2,829,174	22%



Variance Analysis

The value of the City's investment earnings fluctuates based on the value of investments and the amount of money in the City's investment accounts. As such, it is highly dependent on economic cycles.

D. Property Use Fee

Background

Authority: MMC Sec. 4-1.1203, Res. 86-666, Ord. 2439-C.S.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 4-1.1205

Description: Public property use fees are due and payable on the first day of January, the first day of April, the first day of July, and the first day of October for vending cart operation sales conducted during the preceding three-month period. The amount paid shall be based upon the adjusted gross income figure as stated on the quarterly business gross receipts tax statement (mill tax) provided to the City.

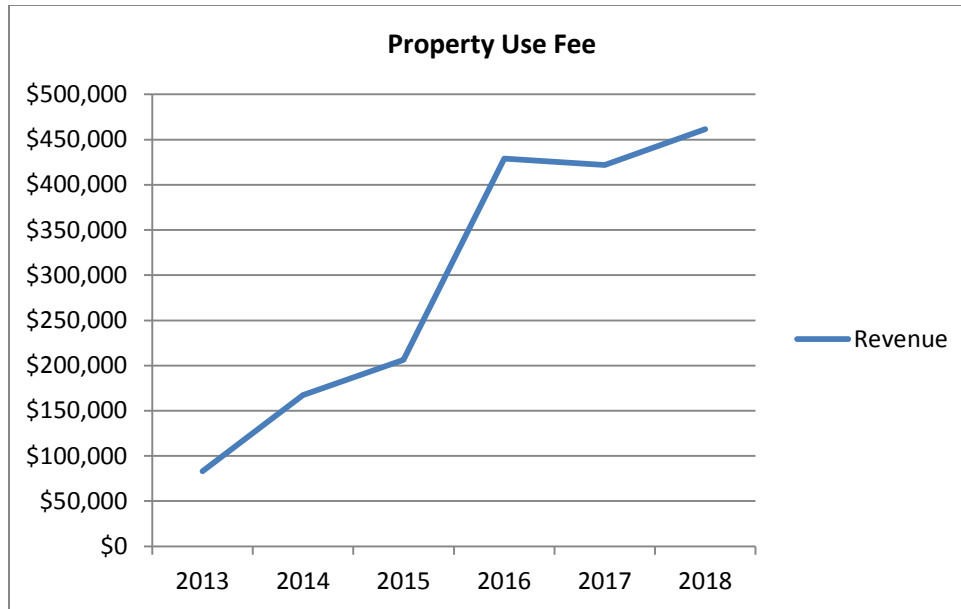
Fund: 0100

Cost Center: 33040; 35160; 35220; 52010; 52140; 34150; 33040; 35220; 52010; 90001

Use of Revenue: General Fund

Revenue History

Fiscal Year	Property Use Fee	
	Revenue	Percent Change
2013	\$82,913	--
2014	\$167,395	102%
2015	\$206,412	23%
2016	\$428,926	108%
2017	\$421,809	-2%
2018	\$461,587	9%



Variance Analysis

Public property use fees from vending cart operators have increased sharply since 2013. Nationwide, food truck operations have expanded significantly in recent years. The increase beginning in 2013 is related to the opening of the Mary Grogan Sports Complex in June 2013. Since then, there has been an increase in field rentals at the complex.

E. Lease of Land

Background

Authority: Authority for various types of leases is provided in various specific statutes.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not Applicable

Description: This revenue is generated from the leasing of City land.

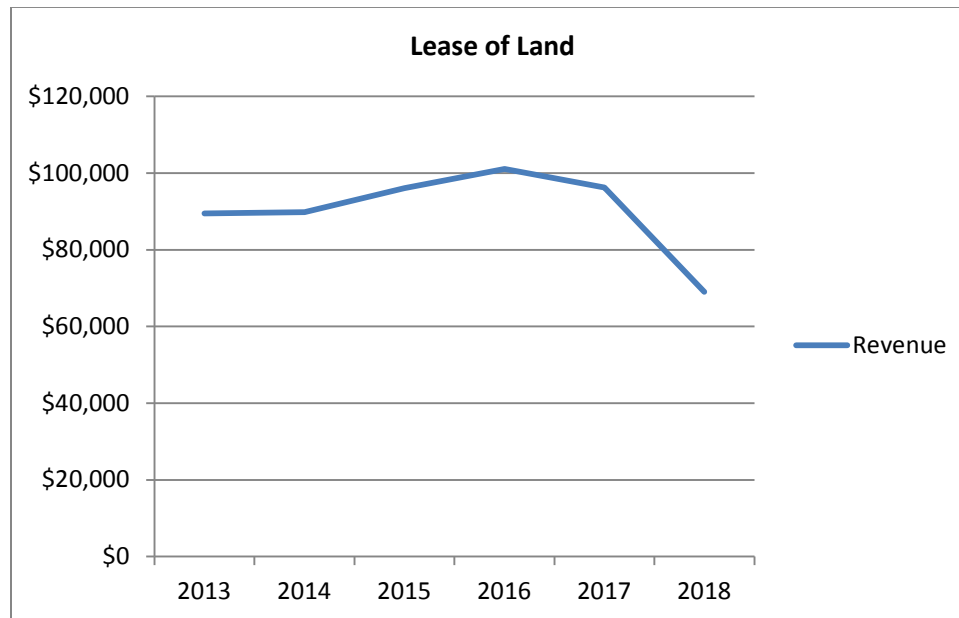
Fund: 0100

Cost Center: 33040; 35160; 35220; 52010; 52140; 34150; 90001

Use of Revenue: General Fund

Revenue History

Fiscal Year	Lease of Land	
	Revenue	Percent Change
2013	\$89,506	--
2014	\$89,861	0%
2015	\$96,112	7%
2016	\$101,078	5%
2017	\$96,222	-5%
2018	\$69,016	-28%



Variance Analysis

The revenue for lease of land fluctuates from year to year based on the number and cost of leases each fiscal year. An increase in revenue can also result from new leases in which upfront costs are incurred at the beginning of the lease.

VI. INTERGOVERNMENTAL

A. Intergov – Federal

Background

Authority: Article XI, Section 5 and Section 11 of the California Constitution

Administering Agency: Various Federal Agencies

Fee Source: Various

Municipal Code: Not Applicable

Description: Grant monies received from various Federal government agencies.

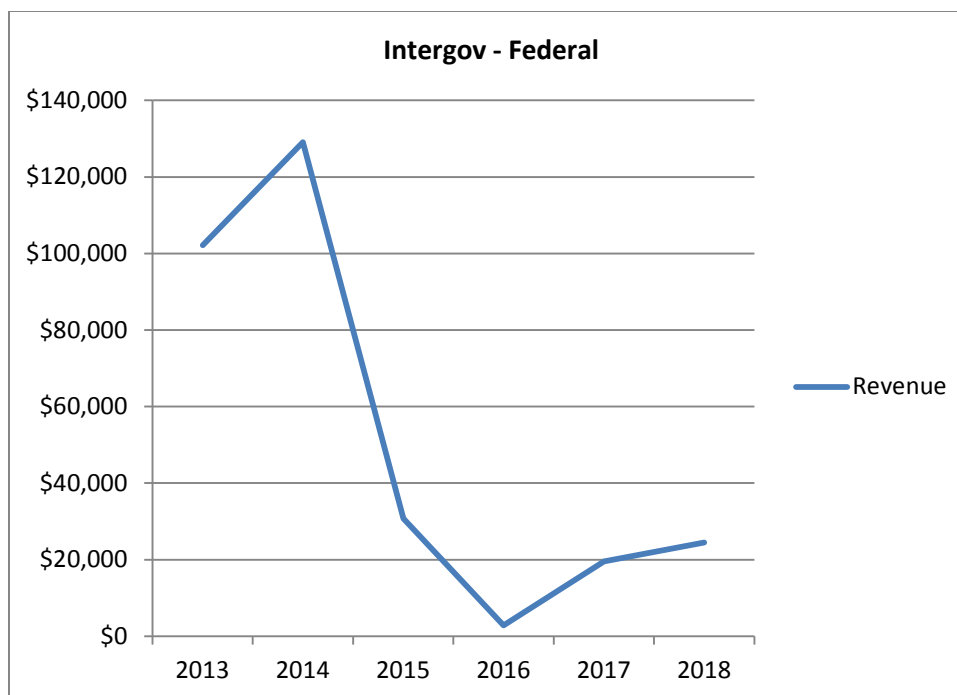
Fund: 0100

Cost Center: 19340; 19210; 19220; 19320; 19420

Use of Revenue: General Fund; generally restricted to the purpose/program for which the grant was approved.

Revenue History

Fiscal Year	Intergov - Federal	
	Revenue	Percent Change
2013	\$102,149	--
2014	\$129,074	26%
2015	\$30,719	-76%
2016	\$2,812	-91%
2017	\$19,542	595%
2018	\$24,440	25%



Variance Analysis

The fluctuation and decrease in intergovernmental revenues results from the moving the expenses that are covered by federal funding out of the General Fund. In FY 18, an increase in revenue is due to the amount approved to be reimbursed for Police Department overtime.

B. Intergov – State

Background

Authority: Article XI, Section 5 and Section 11 of the California Constitution

Administering Agency: Various State Agencies

Fee Source: Various

Municipal Code: Not Applicable

Description: This category includes both grant monies received from State agencies and local agency reimbursement. The California Constitution requires the State to reimburse local agencies for the cost of mandated programs. SB 90 is a tool for local government to request that the State appropriate funds for legislation that contains mandated costs. If the State Legislature does pass a mandate containing an appropriation, the State Controller is required to process and pay local agencies' reimbursement claims. In the event a mandate is passed with no appropriation, local

agencies may pursue their reimbursement rights through the Commission on State Mandates.

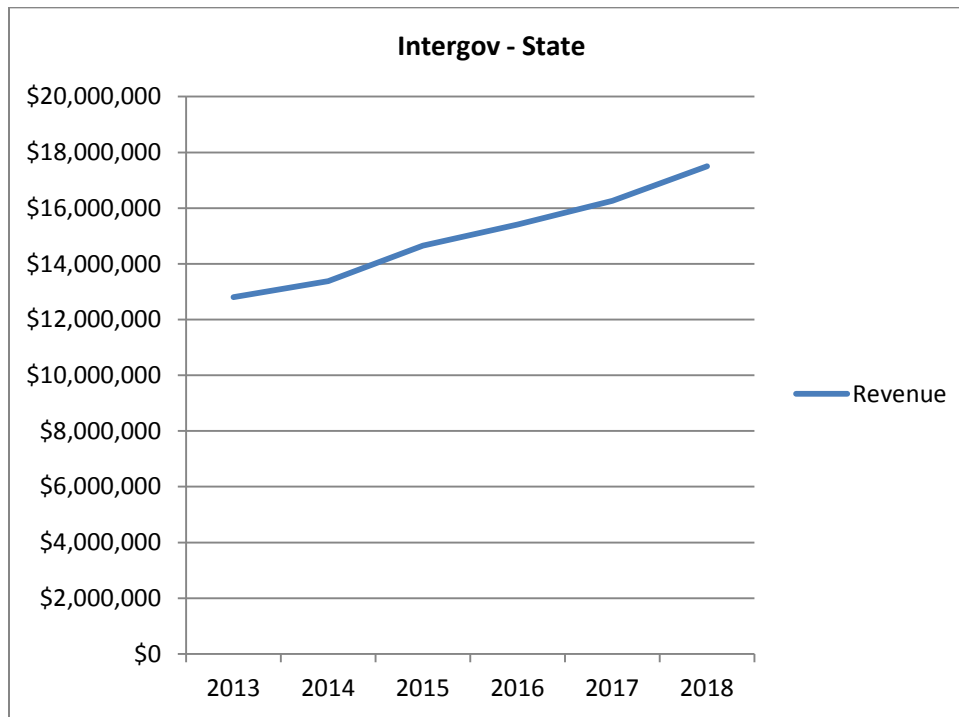
Fund: 0100

Cost Center: 19460; 19220; 19210; 19420; 90001; 19320

Use of Revenue: General Fund; generally restricted to the purpose/program for which the grant was approved.

Revenue History

Fiscal Year	Intergov - State	
	Revenue	Percent Change
2013	\$12,803,541	--
2014	\$13,378,446	4%
2015	\$14,655,290	10%
2016	\$15,405,423	5%
2017	\$16,266,240	6%
2018	\$17,499,128	8%



Variance Analysis

The fluctuation is due to the VLF Swap increasing based off of rising property taxes. It is also partially attributable to the cost of program reimbursement and state grants received to support the costs of mandated programs.

C. Intergov - County

Background

Authority: Article XI, Section 5 and Section 11 of the California Constitution

Administering Agency: Various

Fee Source: Various County agencies

Municipal Code: Not Applicable

Description: Consists of various grants and monies received by the City from county agencies

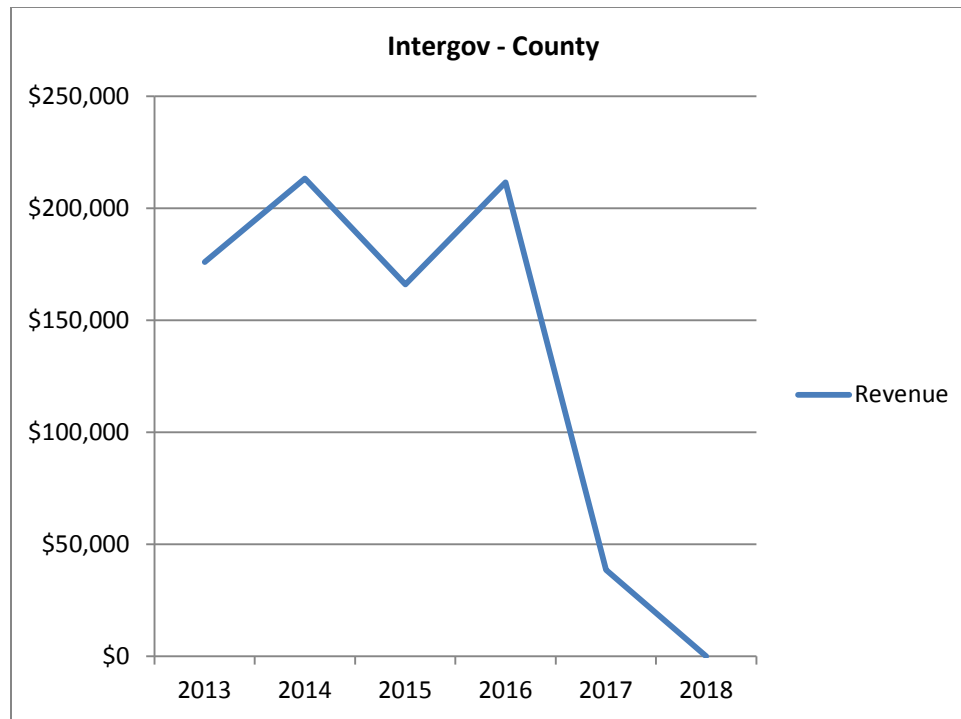
Fund: 0100

Cost Center: 19210; 18110; 19220; 19320; 19410; 19420; 19430

Use of Revenue: General Fund; generally restricted to the purpose/program for which the grant was approved.

Revenue History

Fiscal Year	Intergov - County	
	Revenue	Percent Change
2013	\$175,989	--
2014	\$213,344	21%
2015	\$166,058	-22%
2016	\$211,677	27%
2017	\$38,533	-82%
2018	\$0	-100%



Variance Analysis

The revenue received from the County fluctuates annually depending on available grant funding.

D. Intergov – City

Background

Authority: Article XI, Section 5 and Section 11 of the California Constitution

Administering Agency: Various

Fee Source: Various other city agencies

Municipal Code: Not Applicable

Description: Consists of various grants and monies received by the City from other city agencies.

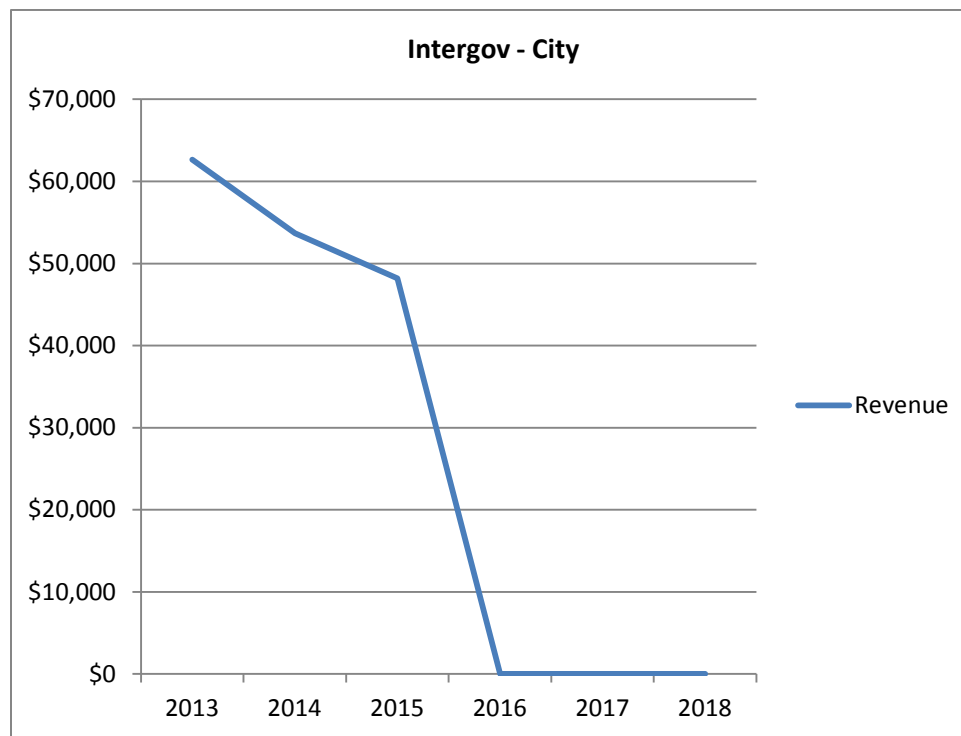
Fund: 0100

Cost Center: 19320

Use of Revenue: General Fund; generally restricted to the purpose/program for which the grant was approved.

Revenue History

Fiscal Year	Intergov - City	
	Revenue	Percent Change
2013	\$62,670	--
2014	\$53,684	-14%
2015	\$48,177	-10%
2016	\$0	-100%
2017	\$0	--
2018	\$0	--



Variance Analysis

The variance in revenue collected is due to different levels of reimbursement from the Housing Authority to the Police Department for outside services rendered. Different levels of reimbursable services are rendered each fiscal year, causing fluctuation.

E. Intergov – Local

Background

Authority: Article XI, Section 5 and Section 11 of the California Constitution

Administering Agency: Various

Fee Source: Various local agencies

Municipal Code: Not Applicable

Description: Consists of various grants and monies received by the City from local agencies.

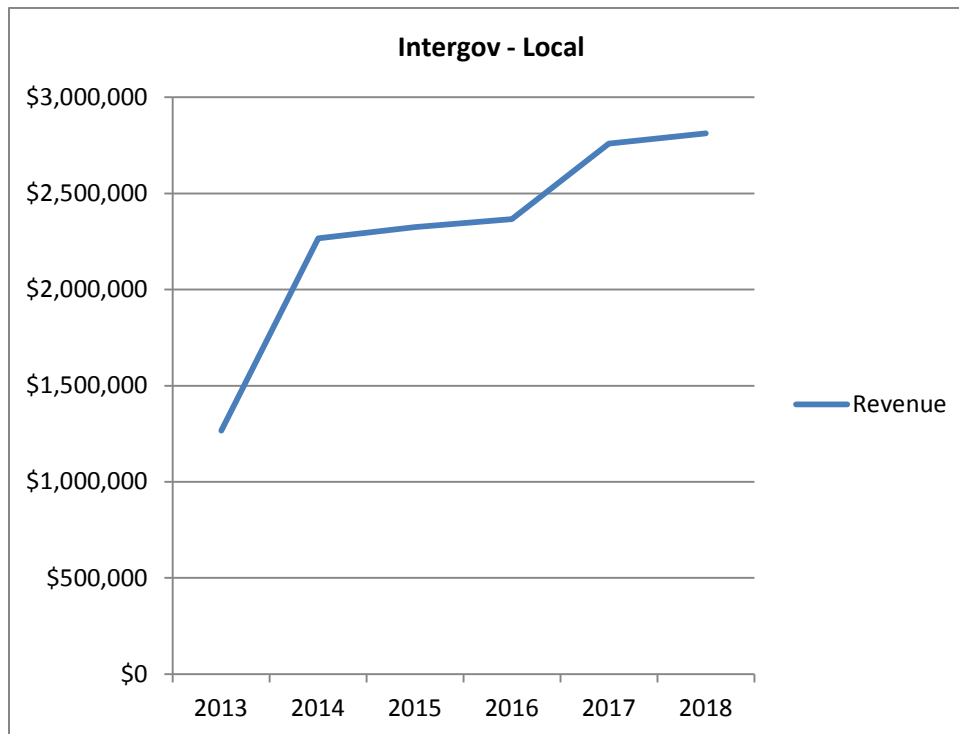
Fund: 0100

Cost Center: 19210; 19420; 04010; 90001; 19490; 18110; 18810; 31020; 1821

Use of Revenue: General Fund; generally restricted to the purpose/program for which the grant was approved.

Revenue History

Fiscal Year	Intergov - Local	
	Revenue	Percent Change
2013	\$1,265,847	--
2014	\$2,266,106	79%
2015	\$2,325,362	3%
2016	\$2,366,143	2%
2017	\$2,760,170	17%
2018	\$2,812,562	2%



Variance Analysis

The fluctuation in revenues received from local agencies is due to McHenry Tax Sharing revenue and one-time Salida Fire Protection money in FY 2015. The increase in revenue for FY 2017 is due to a large increase in revenue from the McHenry Tax Sharing Agreement.

F. Intergov – Other Government Agencies (Includes Fund 0180)

Background

Authority: Various

Administering Agency: Various

Fee Source: Various

Municipal Code: Not Applicable

Description: Consists of various grants and monies received by the City other government agencies.

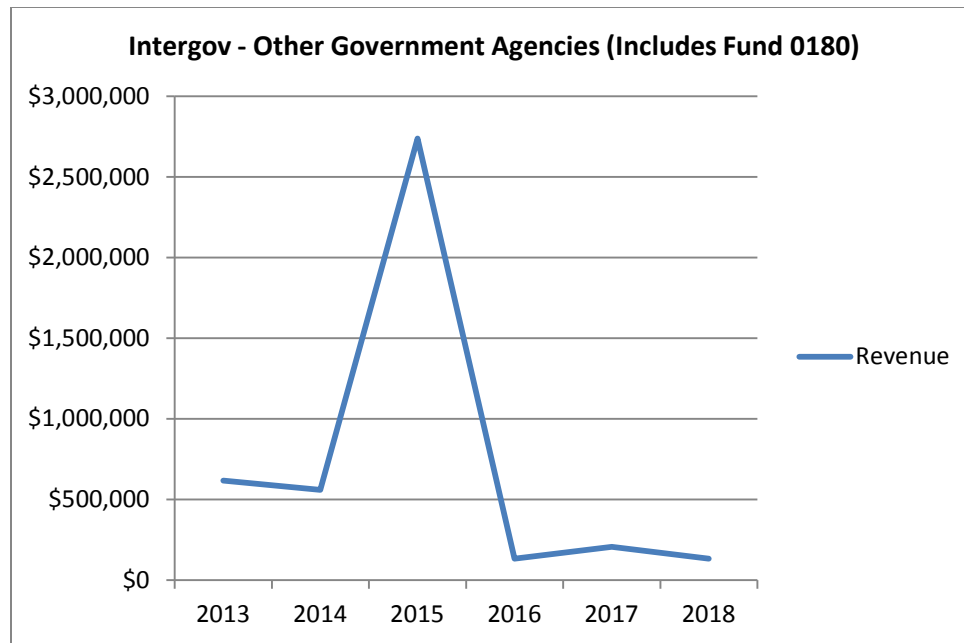
Fund: 0100 and 0180

Cost Center: 05020; 19420; 19310; 18210; 18410; 19320; 19482; 33120; 33320; 33330; 34110; 34120; 35010; 35220

Use of Revenue: General Fund; generally restricted to the purpose/program for which the grant was approved.

Revenue History

Fiscal Year	Intergov - Other Government Agencies (Includes Fund 0180)	
	Revenue	Percent Change
2013	\$617,791	--
2014	\$560,000	-9%
2015	\$2,739,700	389%
2016	\$133,579	-95%
2017	\$207,515	55%
2018	\$132,905	-36%



Variance Analysis

Most of the revenue in Intergov - Other Government Agencies relates to the Modesto City Schools reimbursing the Police. This revenue has historically fluctuated depending upon the Modesto City Schools contract, although a reduction in available Police personnel has forced this service to cease in FY16. 95% of the revenue for FY 17 comes from the American Medical Response (AMR) contract. During FY 18, the revenue decrease is directly related to the amount billed for the AMR contract.

VII. MISCELLANEOUS

A. Miscellaneous Revenue

Background

Authority: Sections 33754 et seq. of the Government Code, Article XI, Section 5, and Section 11 of the California Constitution

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Various

Description: This revenue is primarily generated from non-service, non-governmental related activities (e.g., the sale of City property, donations, and returned check charges).

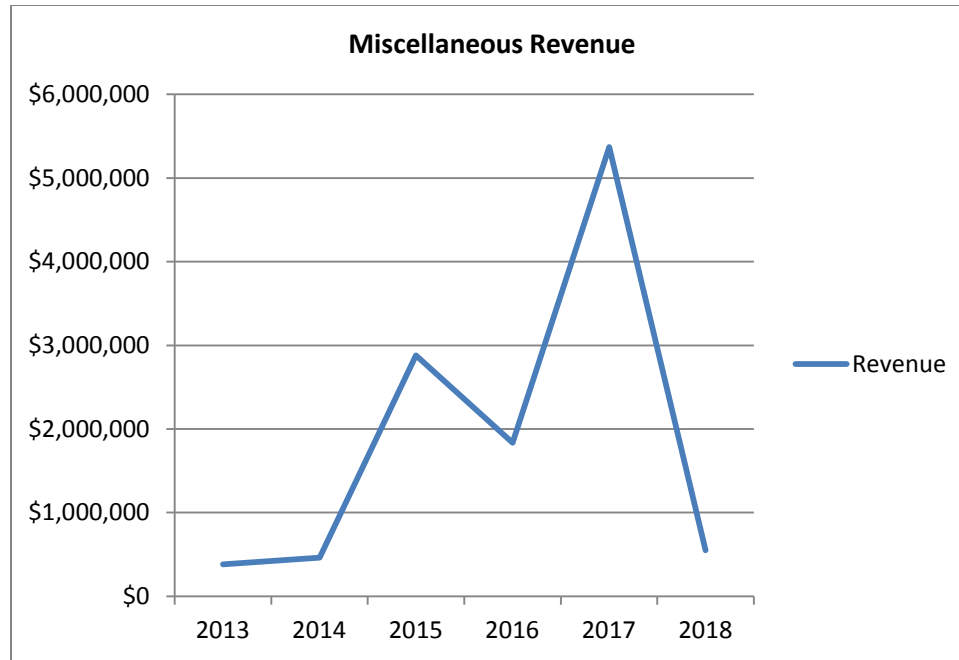
Fund: 0100

Cost Center: Various (43)

Use of Revenue: General Fund

Revenue History

Fiscal Year	Miscellaneous Revenue	
	Revenue	Percent Change
2013	\$383,636	--
2014	\$464,315	21%
2015	\$2,878,845	520%
2016	\$1,835,155	-36%
2017	\$5,371,289	193%
2018	\$550,102	-90%



Variance Analysis

Miscellaneous revenue was steady prior to FY15, when a dramatic increase occurred. This increase was the result of 1) the booking of Capital Lease revenue in order to purchase two Fire Engines; and 2) back-pay of SB90 reimbursements from the State of California. The decrease for FY 2018 is attributed to the removal of the Capital Lease revenue for the purchase of two Fire Engines as that was one-time revenue.

B. Refunds, Damages, and Cost Recovery

Background

Authority: Government Code Section 53156

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 9-8.1209

Description: The provisions of this Article are intended to impose certain fees to be collected at the time of issuance of various permits, in an amount calculated as shown herein, for the purpose of recovering costs expended by the City for the reduced life expectancy of City-owned and maintained infrastructure caused by the expected actions of the applicants for said permits in the course of completing their work. The imposition of said fees is intended to regulate the actions of permittees in limiting the damage sustained to such infrastructure, by keeping their damage-causing activities to a minimum. The revenues from said fees shall be added to funds of the City allocated for

repairs, rehabilitation or replacement of the City-owned infrastructure, in order to provide for more frequent repair, rehabilitation and reconstruction necessitated by the reduction in life expectancy caused by the actions of the permittees.

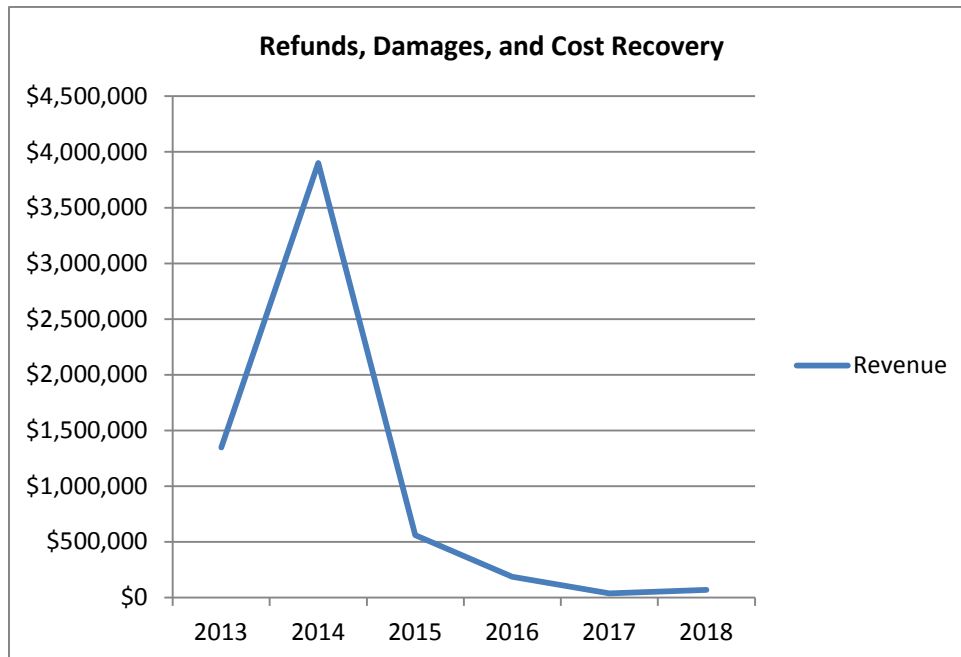
Fund: 0100

Cost Center: 03210; 04010; 18110; 18210; 18230; 18510; 18710; 19110; 19220; 19310; 19320; 19330; 19410; 19420; 19450; 19490; 31010; 32010; 33320; 34110; 34150; 35010; 35220; 52010; 52150; 53120; 90001

Use of Revenue: General Fund

Revenue History

Fiscal Year	Refunds, Damages, and Cost Recovery	
	Revenue	Percent Change
2013	\$1,346,372	--
2014	\$3,902,243	190%
2015	\$559,476	-86%
2016	\$186,676	-67%
2017	\$35,408	-81%
2018	\$68,521	94%



Variance Analysis

Both FY13 and FY14 experienced large one time revenues causing this fluctuation. In FY13, the City received insurance claim funds from a fire that occurred in the McHenry mansion. In FY14, \$3.3 million was received for one-time settlements. There were two fiscal years with large one time revenues coming into this revenue source that caused the variance. In FY 2013 there was revenue received for the insurance claim for the McHenry Mansion fire that occurred. In FY 2014, there was \$3.3 million in revenue received for one-time settlements. The increase in FY 2018 is attributed to an ATTM Settlement.

C. Non-Capital Parks Fund (Non-Grant) Fund 1380

Background

Authority: Varies depending on the revenue tied to each project. Fund 1380 is mostly funded with revenue from the Stanislaus Community Foundation and use of that revenue is approved by Council typically.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund was established to accumulate funds for non-capital events for various City foundations such as the Grand Prix, Fund Development Projects/Events including the Christmas Parade, Night at the Bowl and Junior Giants activities. Its principal revenue sources include donations made to the Stanislaus Community Foundation, entry fees to events and a small portion of cell tower revenue from an agreement with Verizon.

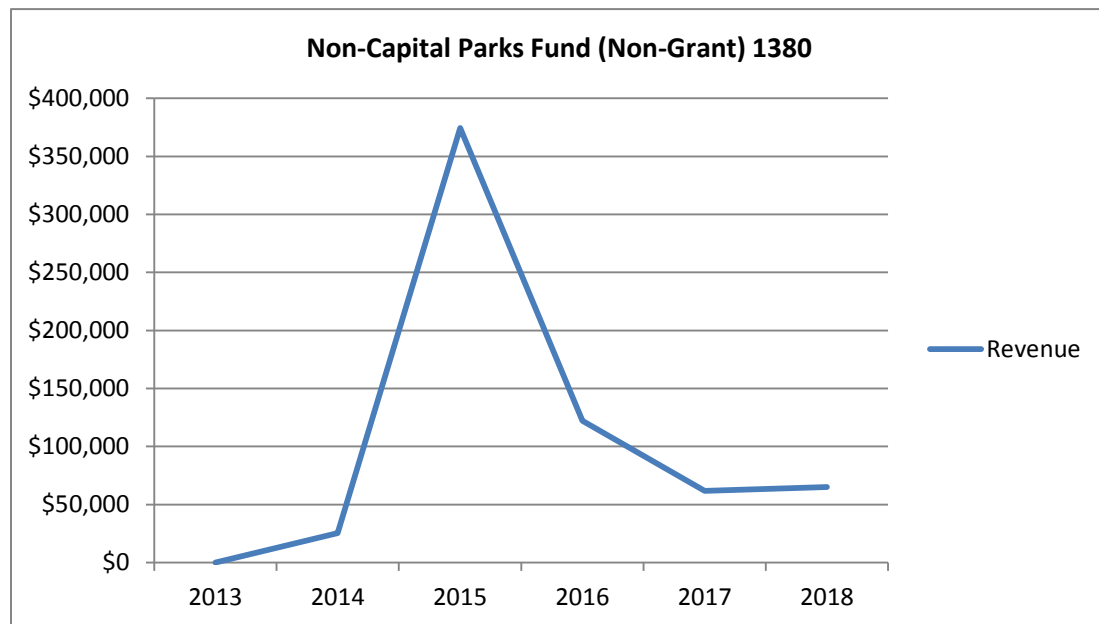
Fund: Non-Capital Parks Fund (Non-Grant) 1380

Cost Center: 39998 and 59998

Use of Revenue: Program-specific functions.

Revenue History

Fiscal Year	Non-Capital Parks Fund (Non-Grant) 1380	
	Revenue	Percent Change
2013	\$0	--
2014	\$25,500	--
2015	\$374,488	100%
2016	\$122,039	-67%
2017	\$61,666	-49%
2018	\$65,010	5%



Variance Analysis

The revenue for this fund fluctuates from year to year as they are all project only funds. The revenue is reimbursed after the expenses are incurred throughout the year on a quarterly basis during the life of the project. Most of the revenue is reimbursed through the Stanislaus Community Foundation.

D. Disability Access and Education Fund 1850

Background

Authority: California Legislative Senate Bill No. 1186 Disability Access

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 6-1.2

Description: This revenue allows the City to collect an additional \$4.00 from any applicant for a local business license or equivalent instrument or permit. The City retains 90% of the fees and the remaining 10% is sent on a quarterly basis to the state. The purpose of the revenue is to increase disability access and compliance with construction-related accessibility requirements.

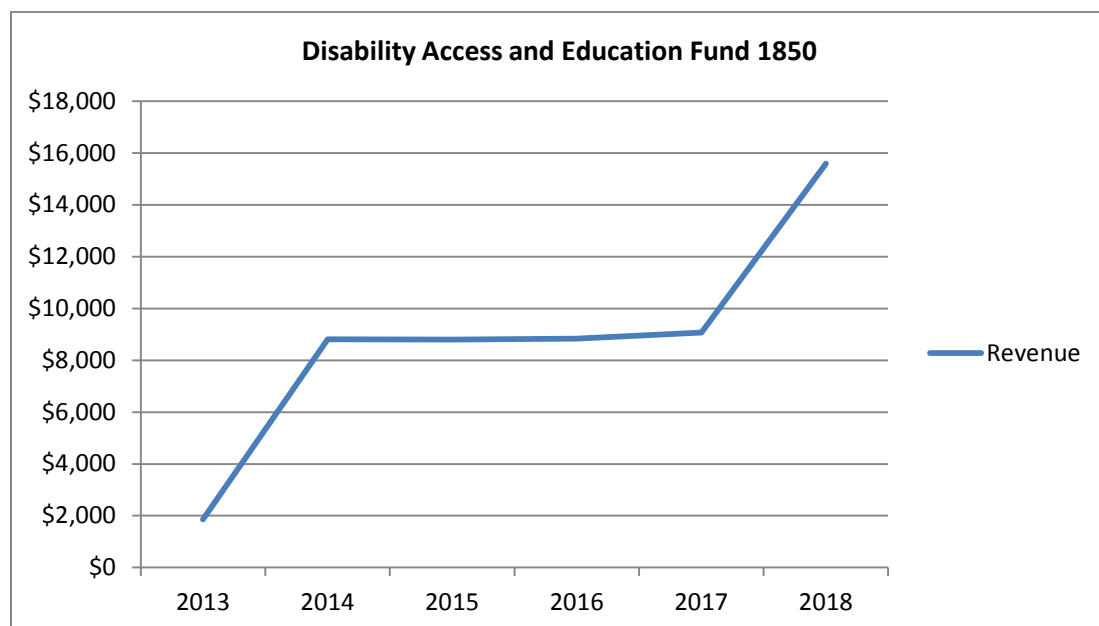
Fund: Disability Access and Education Fund 1850

Cost Center: 14250

Use of Revenue: The revenue collected through this fee can only be used to fund increased Certified Access Specialist (CASP) services for the public and to facilitate compliance with construction-related accessibility requirements. This includes training and retention of certified access specialists to meet the needs of the public. A small portion up to 5% can be used for administrative expenses such as forms, software modifications and noticing.

Revenue History

Fiscal Year	Disability Access and Education	
	Revenue	Percent Change
2013	\$1,854	--
2014	\$8,818	100%
2015	\$8,801	0%
2016	\$8,842	0%
2017	\$9,070	3%
2018	\$15,597	76%



Variance Analysis

The revenue fluctuates year to year in this fund as it is dependent on the number of local business licenses and permits. The law SB-1186 was signed in September 2012, and \$1.00 fee was to be paid by any business license applicant, and the fee was divided with the City retaining 70%, and submitting 30% to the State. Beginning January 1, 2018 through December 31, 2023, this fee was temporarily increased to \$4.00 with the passage of law AB-1379, with the fee divided with the City retaining 90%, and submitting 10% to the State. This fee increase is reflected in the increase of revenue that was collected during FY 18, even though the fee increase was only effective for half of the fiscal year. (After January 1, 2024, this fee will revert back to \$1.00.)

E. Securities for Future Improvements Fund 3510

Background

Authority: California Government Code Sec. 66006(b) and Council Resolutions 2013-365, 366 and 367

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not Applicable

Description: The revenue received in this fund was receipted for impact fees as a condition of approval for three specific development projects. The three projects for this fund are for 1024 Florence Avenue – Fuentes Construction, Shadow Creek Apartments (3055 Floyd Avenue) – American Home Builders and Walgreens Pharmacy (3019 Floyd Avenue) – Best Modesto Partners.

Fund: Securities for Future Improvements Fund 3510

Cost Center: 14998

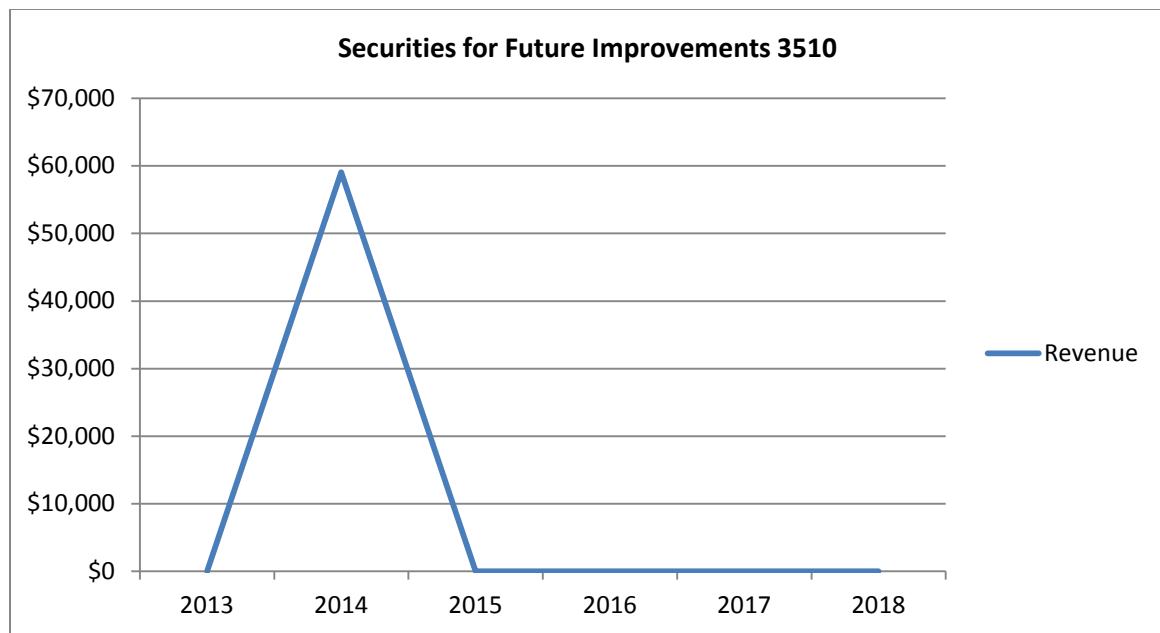
Use of Revenue: Revenue used for project specific functions. For Fuentes Construction, a deposit for future improvements along the property to include connection to the City sewer system and installation of curb, gutter and sidewalk improvements, For American Home Builders, a deposit for future improvements for the construction of its portion of the Beta Street extension. For Best Modesto Partners, a deposit for future improvements for the construction of the new on-site driveway and reconstruction of the bus turnout.

Revenue History.

Revenue History

Securities for Future Improvements 3510

Fiscal Year	Revenue	Percent Change
2013	\$0	--
2014	\$59,059	0%
2015	\$0	100%
2016	\$0	--
2017	\$0	--
2018	\$0	--



Variance Analysis

This revenue was only one time revenue received for these three specific projects. Revenue will only be received to this fund if projects are identified with impact fees for future improvements.

F. Abatement and Public Nuisance Fund 4910

Background

Authority: The Abatement and Public Nuisance Fund was created by City Council authority via Council Resolution 2011-437 on November 9, 2011.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not Applicable

Description: The Abatement and Public Nuisance Fund is used by the Neighborhood Preservation Unit (NPU) and Building Safety Division to battle against blight in the City of Modesto. The fund helps NPU to enforce accountability and improve the City's image.

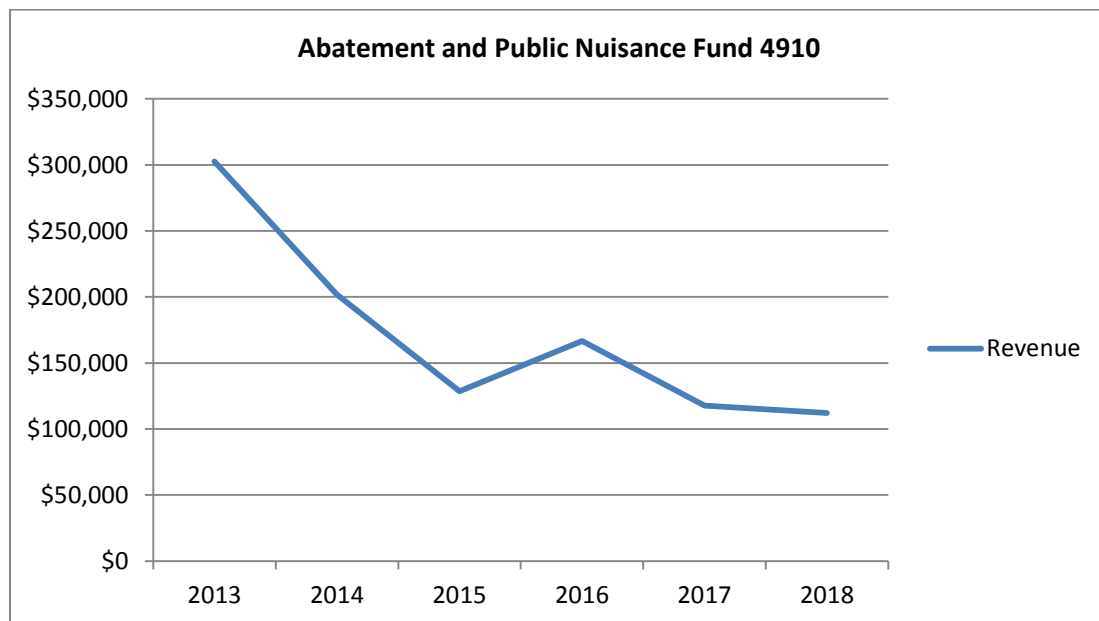
Fund: Abatement and Public Nuisance Fund 4910

Cost Center: 14999

Use of Revenue: Revenue for this fund is collected via invoices sent to owners of property in which NPU and/or the Building Safety Division completes abatement services. The cost of the abatement plus any civil penalties, citation fees, and the cost of the City personnel are charged to the property owner. If the owner fails to pay the invoice, a lien is then placed on the property. The goal and intent of the use of the revenues collected is to provide NPU and Building Safety staff access to funds from year to year for completion of abatements throughout the City to combat the blight issues.

Revenue History

Abatement and Public Nuisance - Fund 4910		
Fiscal Year	Revenue	Percent Change
2013	\$302,562	--
2014	\$201,824	-33%
2015	\$128,635	-36%
2016	\$166,640	30%
2017	\$117,677	-29%
2018	\$112,199	-5%



Variance Analysis

The Abatement and Public Nuisance Fund has much fluctuation in revenues from year to year. This is mainly caused by the nature of the abatements completed as well as the lag time between invoices sent to property owners and actual collection of the fees associated with said invoice. Litigation can also cause a delay in any collection of revenues from the property owners.

SPECIAL FUNDS

I. MEASURE L ROAD TAX FUND

A. Special Revenue – 1410

Background

Authority: Local Roads First Transportation Fund Measure Ordinance #16-01

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for the City's share of a 0.5% sales tax imposed by Stanislaus Council of Governments as approved by a two-thirds majority of the electors voting on the Ordinance at the election held on November 8, 2016 known as Measure L. The Measure is in place for 25 years. The funds are distributed to cities and county for transportation purposes.

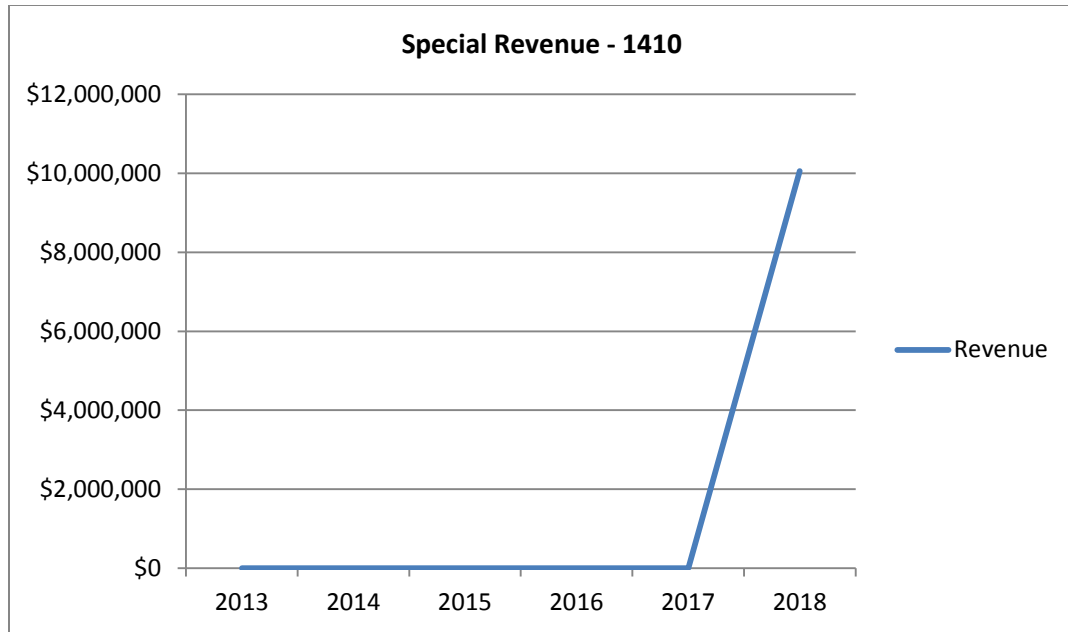
Fund: Transportation Funds

Cost Center: 14625, 14626, 14627, 53402

Use of Revenue: The revenue is restricted to specific categories for transportation purposes. The categories that the revenue can be used on are: Local Streets & Roads, Traffic Management, Bike & Pedestrian, and Transit Services.

Revenue History

Fiscal Year	Special Revenue - 1410	
	Revenue	Percent Change
2013	\$0	--
2014	\$0	--
2015	\$0	--
2016	\$0	--
2017	\$0	--
2018	\$10,057,696	100%



Variance Analysis

The Measure L Ordinance had an operative date of April 1, 2017. However, revenue to the City was not received until late in FY 2018. The revenue will fluctuate based on the actual sales tax each year.

II. LOCAL TRANSPORTATION FUND

A. Special Revenue - 1510

Background

Authority: Section 29530 of the Government Code; Section 99200 of the Public Utility Code; Section 2374 of the Streets and Highways Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for the City's share of a 0.25% sales tax imposed by the State and distributed to cities and counties for transportation purposes. By law, transit services have priority over street maintenance in claiming this revenue; the L TF revenue received by the City for transit purposes is accounted for in the Bus Fund, below.

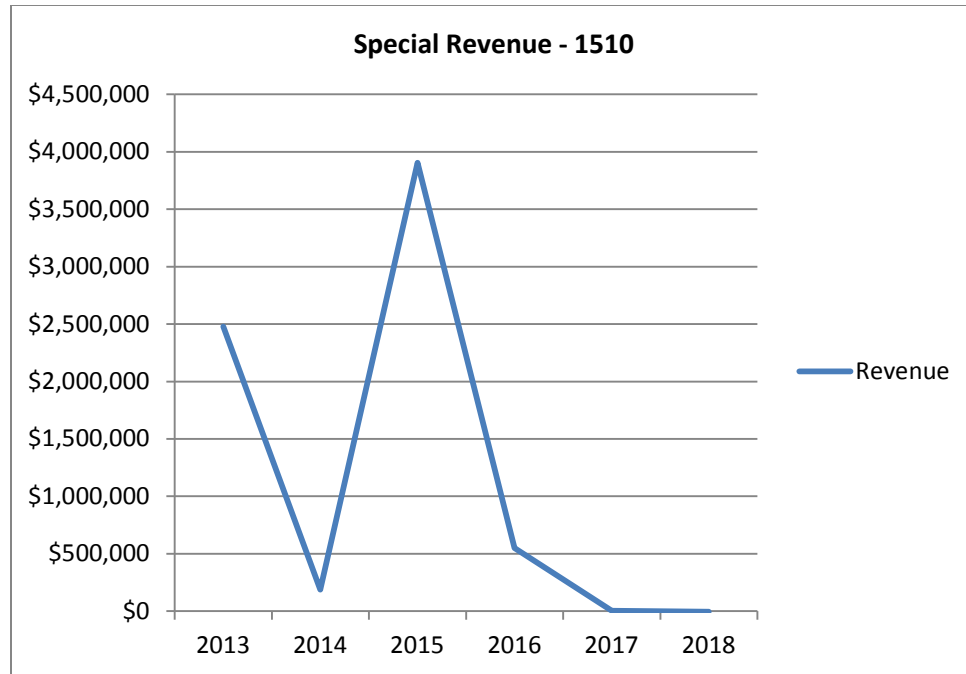
Fund: Transportation Funds

Cost Center: 14999; 53410

Use of Revenue: Most of the revenue received in this fund is transferred to the Gas Tax fund for expenditure on street maintenance.

Revenue History

Fiscal Year	Special Revenue - 1510	
	Revenue	Percent Change
2013	\$2,479,245	--
2014	\$188,194	-92%
2015	\$3,904,237	1975%
2016	\$548,401	-86%
2017	\$2,725	-100%
2018	-\$3,918	-244%



Variance Analysis

The revenue in LTF Streets and Roads Fund fluctuates from year to year for a number of reasons. The revenue received each fiscal year is based on a claim done by the City of Modesto to Stanislaus Council of Governments (StanCOG). The claim completed each year depends on the Street projects expenditures and the amount of LTF funds that will be utilized. Additionally, this fund houses a few projects and revenues received from the Department of Transportation (Caltrans) to offset the expenses of approved projects. Finally, due to the adopted California Senate Bill 716 which requires cities with a population greater than 100,000 that are located in counties that have a population greater than 500,000 to use LTF funds for transit purposes only, City of Modesto is no longer entitled to this type of funding for Streets and Roads.

III. LTF NON-MOTORIZED

A. Special Revenue - 1520

Background

Authority: Section 29530 of the Government Code; Section 99200 of the Public Utility Code; Section 2374 of the Streets and Highways Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for a portion of the Local Transportation Fund revenue that is earmarked by law for expenditure on pedestrian, bicycle, and other non-motorized transportation purposes.

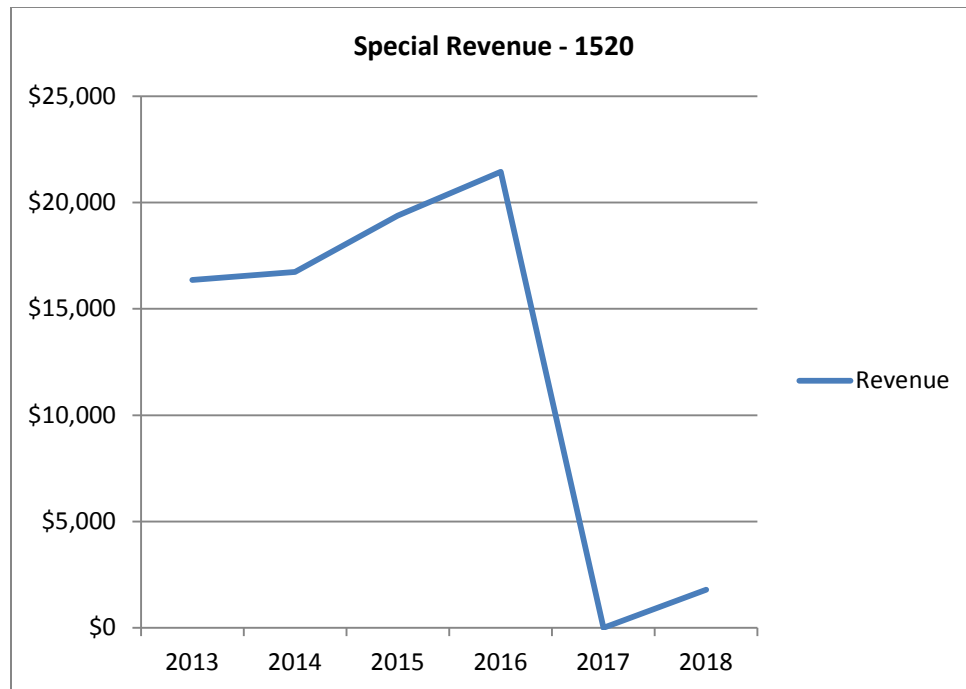
Fund: Transportation Funds

Cost Center: 53420

Use of Revenue: Uses are restricted to the design and construction of bicycle and pedestrian facilities and amenities including sidewalk, wheelchair, or handicapped ramps.

Revenue History

Fiscal Year	Special Revenue - 1520	
	Revenue	Percent Change
2013	\$16,356	--
2014	\$16,738	2%
2015	\$19,394	16%
2016	\$21,459	11%
2017	\$0	-100%
2018	\$1,783	100%



Variance Analysis

During Fiscal Year 2011 and 2012 Revenues in cost center 53420 consisted only of Fair Market Value and interest received. However, during Fiscal Years 2013 through 2015, revenues have increased due to the continuous work on Bike Lane Stripping projects. During Fiscal Year 2017 revenues consisted of only Fair Market Value and interest received.

IV. SURFACE TRANSPORTATION FUND

A. Special Revenue - 1700 thru 1750

Background

Authority: Article XIX, Section 1 of the California Constitution; Sections 7301 et seq. and Sections 8601 et seq. of the Revenue and Taxation Code; Sections 2103-2107 and 2107.5 of the Streets and Highways Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: Revenue sources for this fund include the City's share of the State gas tax, Proposition 1 B funding, and a share of the local garbage collection service agreement fee. It also receives transfers from the General Fund for Maintenance of Effort requirements and traffic engineering support.

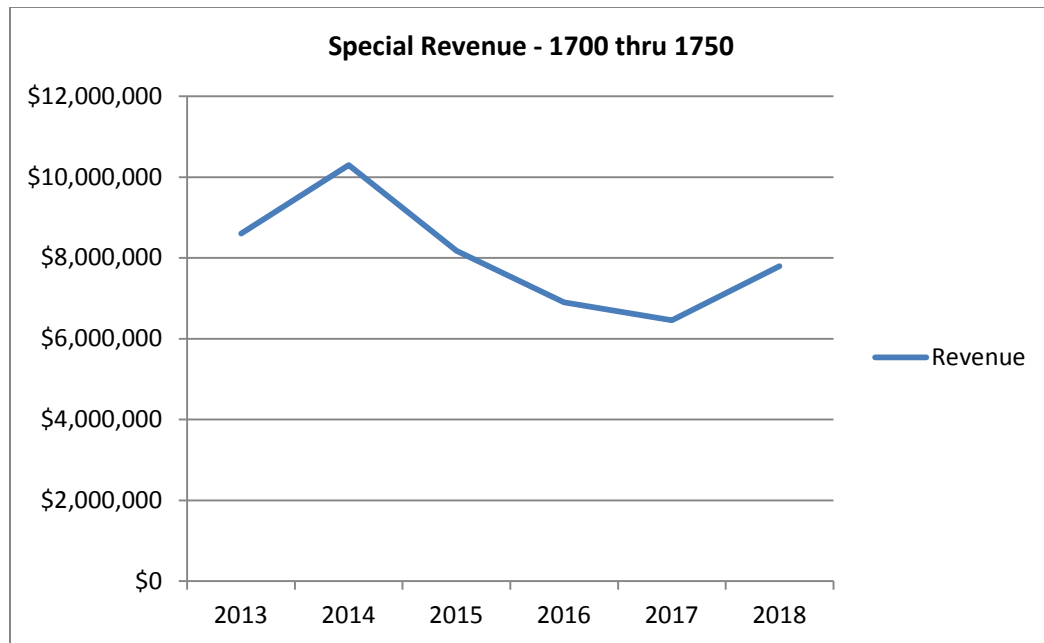
Fund: Transportation Funds

Cost Center: 14510; 53110; 53130; 53142; 53510; 53540; 53550; 53132; 53141

Use of Revenue: This fund accounts for the City's street maintenance & traffic operations, electrical and engineering costs.

Revenue History

Fiscal Year	Special Revenue - 1700 thru 1750	
	Revenue	Percent Change
2013	\$8,605,466	--
2014	\$10,300,012	20%
2015	\$8,180,571	-21%
2016	\$6,899,141	-16%
2017	\$6,459,988	-6%
2018	\$7,798,179	21%



Variance Analysis

The variance is due to permits and agreements with nearby Cities for traffic signal use, the amount awarded by the state for Gas Tax Funds to the City of Modesto, and activity with garbage companies within the City and their use of City streets. The main cause for the decrease in revenue from FY 2015 to 2016 is due to a reduction of \$1.33 million in Gas Tax funds received from the State. Revenue decreased slightly more in FY 2017 due to a one-time supplemental payment of Streets LTF funds that were received in FY 2016. These funds are no longer available to the City. The increase in FY 2018 is due to the funds being received for Senate Bill 1 Road Maintenance Rehabilitation. The amount received in FY 2018 was \$1.26 Million.

V. AIRPORT FUND

A. Enterprise - 4310 thru 4330

Background

Authority: MMC 8-1.101

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 7-3.401

Description: This fund accounts for the operation of the Modesto Airport. Primary revenue sources for this fund include hangar rental fees, office space leases, fees for tie downs, landing fees, a passenger facility charge, commercial services, ultralight vehicle fees, and taxes levied on the owners of aircraft housed in Modesto. The Airport fund also receives FAA grants for capital improvements.

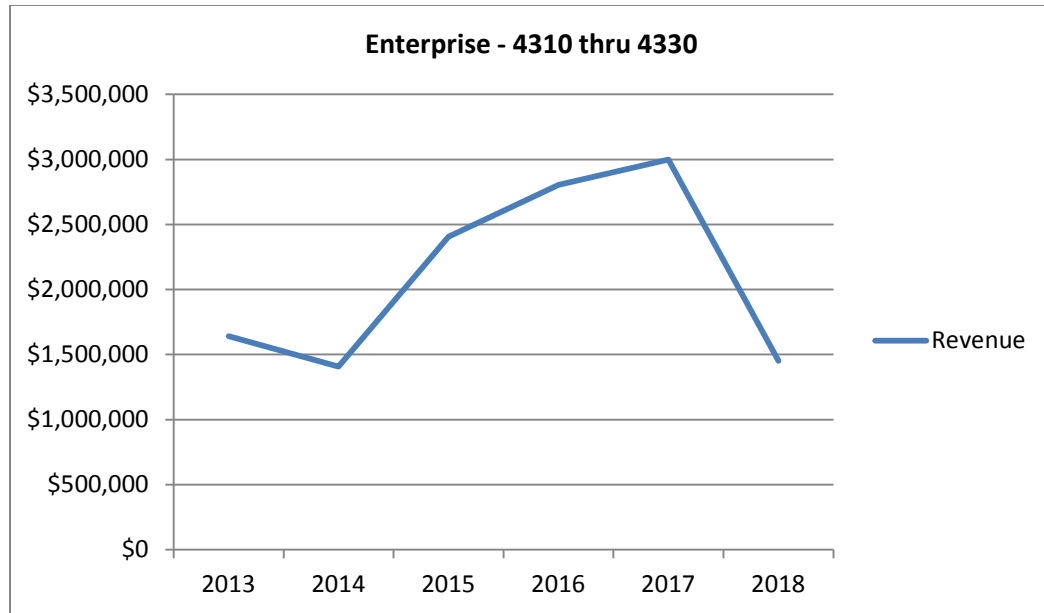
Fund: Transportation Funds

Cost Center: 53312; 53238; 53340

Use of Revenue: Airport maintenance, operations, and improvements.

Revenue History

Fiscal Year	Enterprise - 4310 thru 4330	
	Revenue	Percent Change
2013	\$1,640,048	--
2014	\$1,407,236	-14%
2015	\$2,406,537	71%
2016	\$2,803,687	17%
2017	\$2,998,389	7%
2018	\$1,450,649	-52%



Variance Analysis

Commercial service at Modesto City-County Airport ceased in 2014, accounting for a decline in revenue associated with fees and charges for commercial operations and passengers. The increase in revenue from FY 2015 to 2016 is contributed to slight increases in airport operating revenue due to aircraft hangars being occupied at 100%. The large contribution to the revenue increase is due to receiving additional grant funding from the FAA for various capital improvements at the airport. On May 24th, 2016, the City Council authorized a 3% CPI fee rate increase effective July 1st, 2016. On September 13th, 2017, the Council authorized adjustments to various airport rates and fees to take effect on January 1st, 2018. These adjustments would have an estimated 6% increase in revenue. In fiscal year 2018, the general airport revenues increases by 5.8%, however the special aviation fund revenues dropped by 85.5% due completion of FAA funded projects (with the largest decline in project 100905- PW - Runway Rehab/West Apron CON (AIP 39)).

VI. BUS FUNDS

A. Enterprise - 4510 thru 4560

Background

Authority: Section 29530 of the Government Code; Section 130000 of the Public Utility Code;

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: These funds account for the operation of the City's transit system, including fixed-route buses, dial-a-ride, and the Modesto Amtrak station. Principal revenue sources in this fund include a portion of the State's 0.25% sales tax for transportation (see Local Transportation Fund, above), transit-related grants, and rider fares.

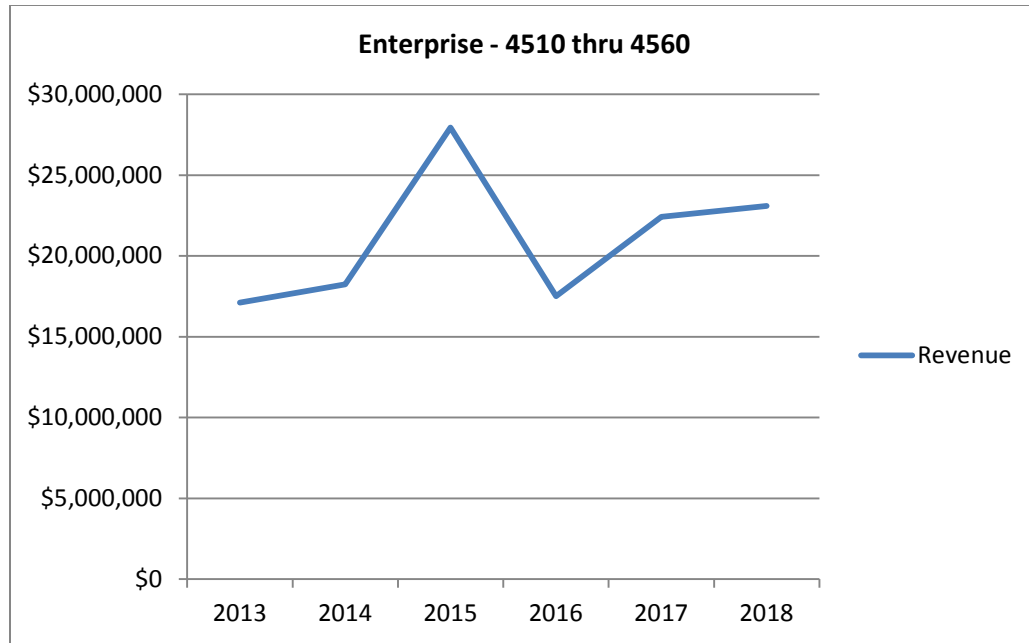
Fund: Transportation Funds

Cost Center: 53477; 59999; 53473; 53474; 53475; 53244; 53401; 53472; 53480; 53237; 53476; 53478; 53490

Use of Revenue: Transit

Revenue History

Fiscal Year	Enterprise - 4510 thru 4560	
	Revenue	Percent Change
2013	\$17,112,333	--
2014	\$18,242,988	7%
2015	\$27,957,195	53%
2016	\$17,504,832	-37%
2017	\$22,430,038	28%
2018	\$23,090,139	3%



Variance Analysis

Revenues for Fiscal Year 2012 include \$10,064,952 in non-operational revenues funding the construction of the Bus Maintenance Facility which became operational in Fiscal Year 2013. During Fiscal Years 2013 and 2014 fuel prices were at historically high rates, which caused an increase in revenues funding transit operations. During Fiscal Year 2015 fuel prices decreased, therefore causing a decrease in operational revenues. However during this same year 22 buses from the transit fleet were replaced with new model transit buses causing an overall increase in revenues > Revenues for Fiscal Year 17 include \$3,817,188 in non-operational revenues funding the purchase of four (4) Gillig buses and refurbishing eight (8) 2003 Gillig buses, all part of MAX's fixed route fleet. During Fiscal Year 2017 an amount totaling \$786,463 in pass-through funds was disbursed to sub-grantees.

VII. WATER FUND

A. Enterprise - 4100 thru 4181

Background

Authority: Section 29530 of the Government Code; Section 99200 of the Public Utility Code; Section 2374 of the Streets and Highways Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 11-6.05, 11-6.06, 11-6.08

Description: This fund accounts for the City's water utility. All expenses relating to the provision of water services are charged to this fund, which is financed with customer utility rate payments and connection fees. This fund also accounts for debt issued on behalf of the water utility and for the repayment of such debt.

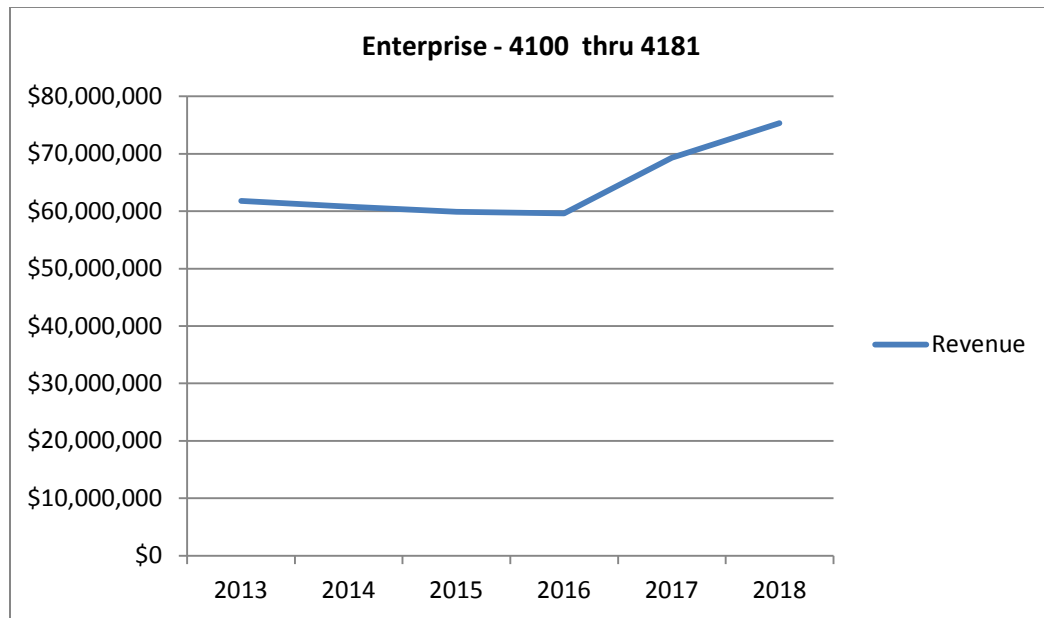
Fund: Utilities

Cost Center: 12135; 12182; 12460; 12470; 12480; 41010; 41410; 42024; 42100; 42140; 42200; 42210; 43030; 43060; 45010; 45020; 45040; 45050; 45055; 45060; 45065; 45070; 53256; 55050; 55060; 55080; 55090; 55110; 55140

Use of Revenue: Water system maintenance, operations, capital, and debt service.

Revenue History

Fiscal Year	Enterprise - 4100 thru 4181	
	Revenue	Percent Change
2013	\$61,789,796	--
2014	\$60,787,465	-2%
2015	\$59,884,349	-1%
2016	\$59,615,394	0%
2017	\$69,339,653	16%
2018	\$75,321,849	9%



Variance Analysis

Revenues in the water fund vary based on metered water usage by customers. The statewide drought that began in 2013 led to water rationing and other conservation measures across California. As a result, less water was consumed and revenues declined. On July 1 2015, the City sold parts of the water system that served the cities of Waterford and Hickman system. On August 9th, 2016, the City Council authorized a 25.04% increase of the water rate effective September 1st, 2016. On December 12th, 2017, the City Council authorized a 9% increase on the water rate effective April 1st, 2018.

VIII. SEWER FUND

A. Enterprise - 4210 thru 4271

Background

Authority: Council Resolution 2004-627.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 11-6.09

Description: This fund accounts for the City's sewer utility. All expenses relating to the provision of sewer services are charged to this fund, which is financed with customer utility rate payments and connection fees. This fund also accounts for debt issued on behalf of the sewer utility and for the repayment of such debt.

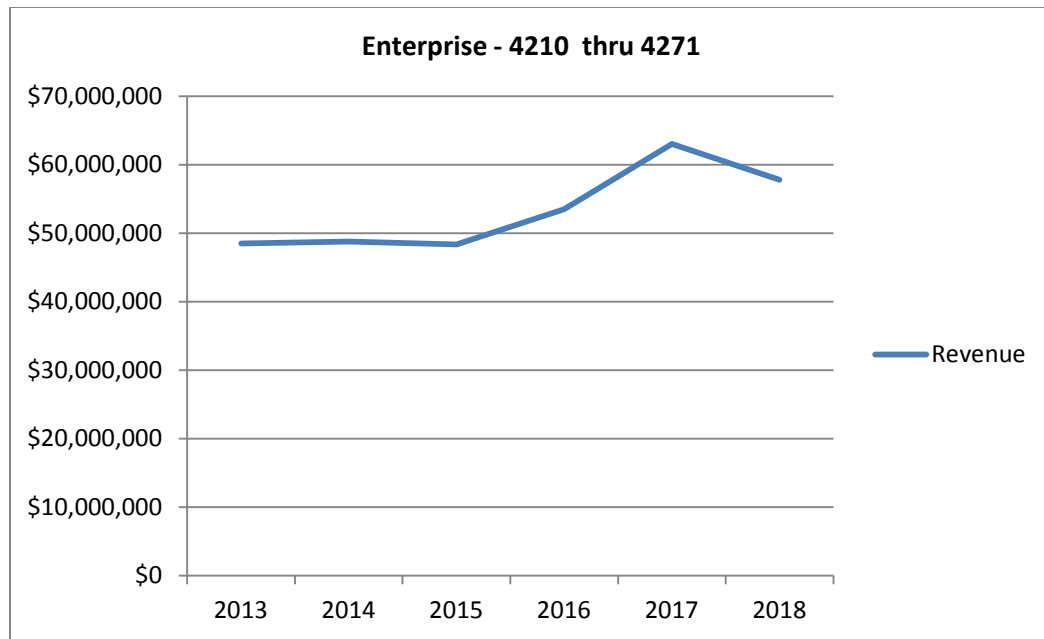
Fund: Utilities

Cost Center: 41310; 41320; 42026; 42120; 42300; 42310; 42610; 43090; 43100; 43110; 43600; 44010; 44110; 44112; 44113; 44210; 44211; 44213; 44214; 44310; 44312; 44313; 44314; 44315; 44316; 44317; 44318; 44410; 51010

Use of Revenue: Sewer and wastewater system maintenance, operations, capital, and debt service.

Revenue History

Fiscal Year	Enterprise - 4210 thru 4271	
	Revenue	Percent Change
2013	\$48,521,639	--
2014	\$48,802,086	1%
2015	\$48,360,270	-1%
2016	\$53,501,003	11%
2017	\$63,041,512	18%
2018	\$57,839,685	-8%



Variance Analysis

The increase in Sewer Fund revenues is due to rate increases which have been introduced over time. A rate increase took effect on July 2015. The increased rates are intended to cover costs for the tertiary treatment plant at Jennings Road. On April 26th, 2016, the City Council authorized a 6% increase of the wastewater rate effective July 1st, 2016. On June 6th, 2017, the City Council authorized a 6% increase of the wastewater rate effective September 1st, 2017.

IX. STORM DRAIN FUND

A. Enterprise - 4480 thru 4489

Background

Authority: MMC Sec. 5-6.02 and 5-6.24, Res. 2001-433

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 11-6.10

Description: This fund accounts for the City's storm water drainage utility and is financed primarily with storm water drainage fees. The City charges a storm drainage surcharge based on the size and intensity of use of property within City limits, as well as a charge for surface water runoff for properties outside City limits which discharge into the City's storm drain system.

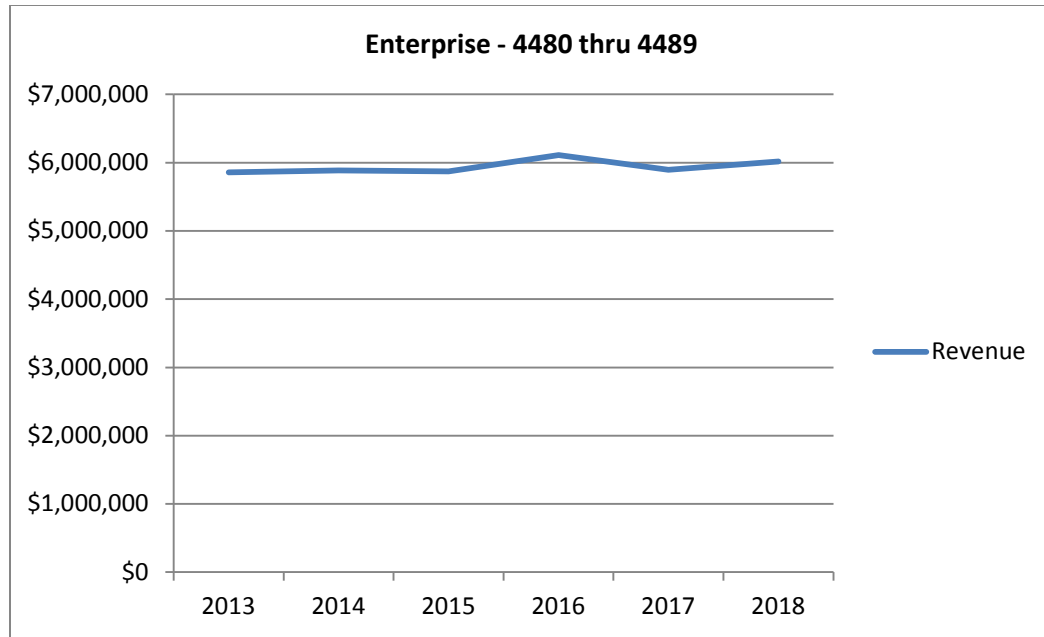
Fund: Utilities

Cost Center: 41210; 44222; 53150; 54114; 54222

Use of Revenue: Storm water system capital, maintenance, and operations.

Revenue History

Fiscal Year	Enterprise - 4480 thru 4489	
	Revenue	Percent Change
2013	\$5,859,195	--
2014	\$5,885,102	0%
2015	\$5,874,349	0%
2016	\$6,109,903	4%
2017	\$5,896,571	-3%
2018	\$6,019,502	2%



Variance Analysis

Storm drain fund revenues are reflective of the developed properties within the City. Post-recession, there has been limited development within the City, and rates have not been adjusted. As a result, the storm drain fund has been stable.

X. DEBT SERVICE FUNDS

A. Transfers and Interest Earnings from General Fund & Modesto RDA

Background

Authority: Article XVI, Section 16 of the California Constitution; Section 33000 et seq. of the Health and Safety Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: Debt service funds (2140, 2150 and 2902) account for principal and interest payments on certificates of participation (COP's) and bonds issued by the City other than those accounted for in Enterprise and Internal Service funds. The primary revenue sources for these funds are transfers from the General Fund and the Modesto Redevelopment Agency (RDA).

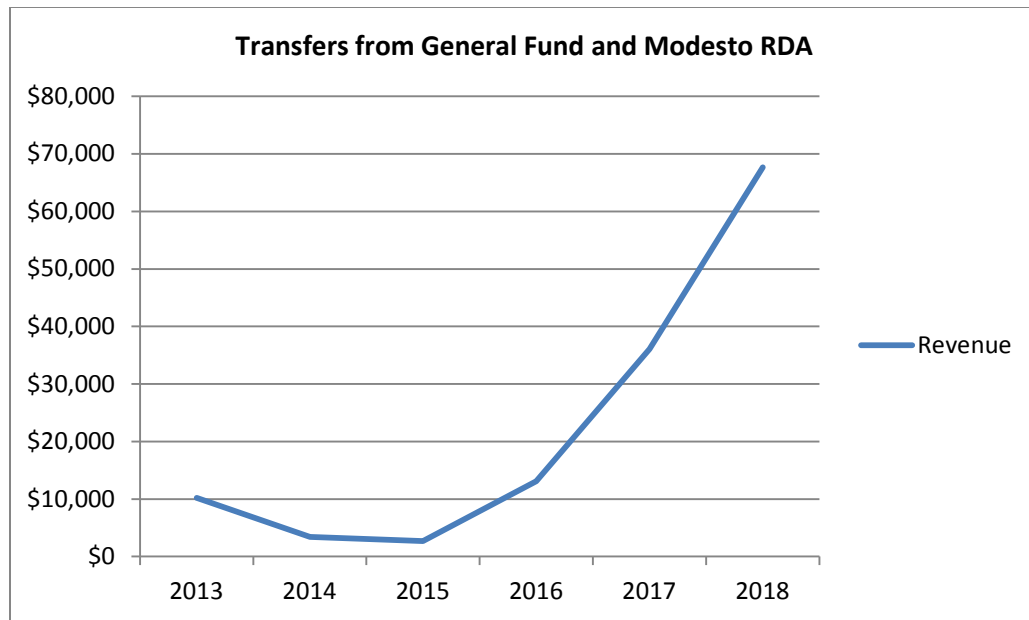
Fund: Debt Service Funds

Cost Center: 12180; 14810

Use of Revenue: Debt service payments

Revenue History

Fiscal Year	Transfers from General Fund & Modesto RDA	
	Revenue	Percent Change
2013	\$10,208	--
2014	\$3,402	-67%
2015	\$2,725	-20%
2016	\$13,094	380%
2017	\$36,092	176%
2018	\$67,649	87%



Variance Analysis

Redevelopment Agencies (RDA) in California were disbanded by state law in 2011. Any increases/decreases in revenue shown in this chart are due to fluctuations in interest earnings on funds with the trustee. There are currently no transfers from the General Fund.

XI. CDBG - NSP ENTITLEMENT

A. Special Revenue - 1131

Background

Authority: Article XI, Section 5 and Section 11 of the California Constitution

Administering Agency: Federal government, City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for Federal Community Development Block Grant (CDBG) revenues received by the City for neighborhood stabilization programs. Expenditures include a variety of housing-related programs primarily targeted at low-income areas. The Department of Housing and Urban Development (HUD) awards grants to entitled cities to carry out a wide range of community development activities directed towards revitalizing neighborhoods, economic development and providing improved community facilities and services. The grants are awarded based on a formula that considers such factors as population, poverty level and age of housing stock.

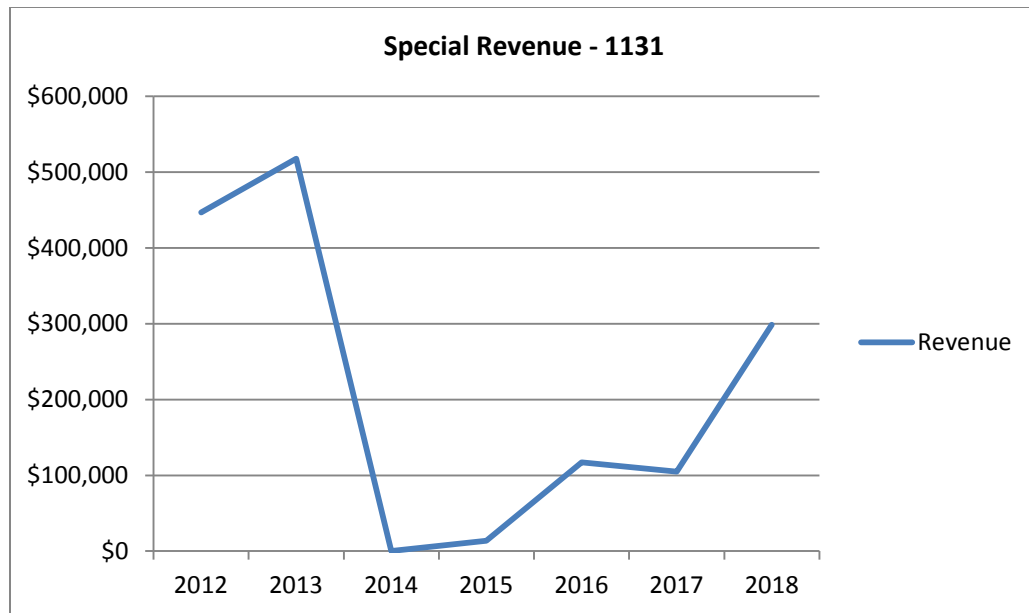
Fund: Other Funds

Cost Center: 14016; 39999

Use of Revenue: Restricted to the revitalization of low and moderate income areas within the City; also limited funding for social service type programs to a “not to exceed 15% of entitlement” amount.

Revenue History

Fiscal Year	Special Revenue - 1131	
	Revenue	Percent Change
2013	\$517,796	--
2014	\$0	-100%
2015	\$13,701	100%
2016	\$116,970	100%
2017	\$105,044	-10%
2018	\$298,598	184%



Variance Analysis

HUD funds operate on the basis of reimbursement from the Federal Government, and the number and size of projects completed vary from year to year. The NSP grant monies tracked in this fund were from a one-time funding source that has since been completed. Ongoing revenues in this fund represent program income only. Revenue continues to increase due to the number of loans that are refinanced or are paid off due to the sale of the property.

XII. HOUSING ECONOMIC DEVELOPMENT FUND

A. Special Revenue - 1160

Background

Authority: Article XI, Section 5 and Section 11 of the California Constitution

Administering Agency: Federal government, City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for monies used to increase employment, economic activity and economic diversity in low to moderate income groups as defined by HUD.

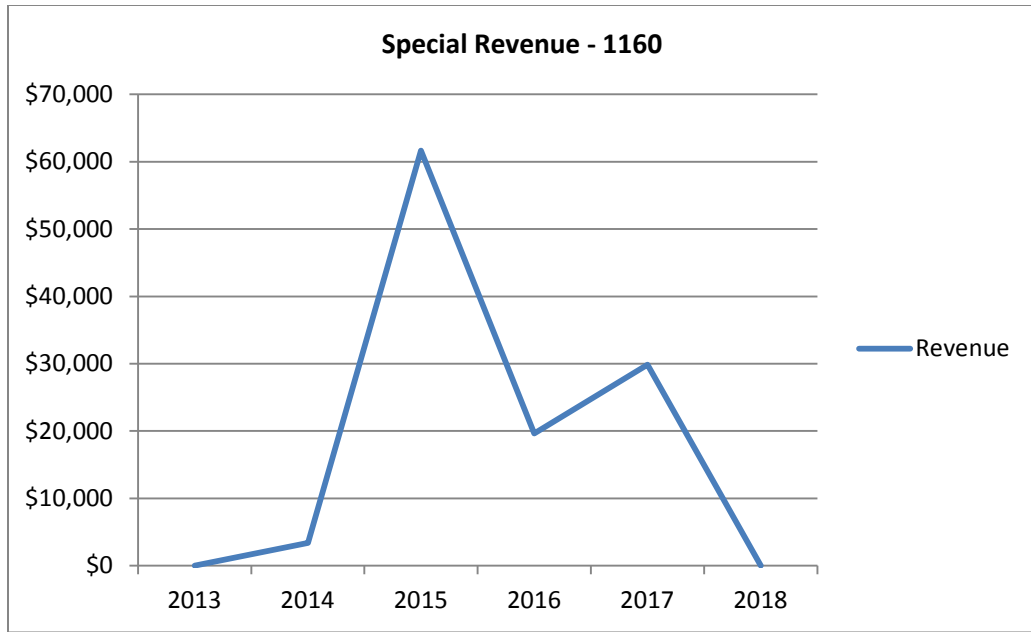
Fund: Other Funds

Cost Center: 39998

Use of Revenue: Federal monies restricted to providing affordable, low-cost housing to qualified individuals.

Revenue History

Fiscal Year	Special Revenue - 1160	
	Revenue	Percent Change
2013	\$0	--
2014	\$3,389	-
2015	\$61,651	-
2016	\$19,638	-68%
2017	\$29,833	52%
2018	\$0	-100%



Variance Analysis

HUD funds operate on the basis of reimbursement from the Federal Government, and the number and size of projects completed vary from year to year.

XIII.HOME PROGRAM

A. Special Revenue - 1170

Background

Authority: Article XI, Section 5 and Section 11 of the California Constitution

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for revenues received from HUD under the Home Investment Partnerships program. The HOME Investment Partnerships Program (HOME) provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

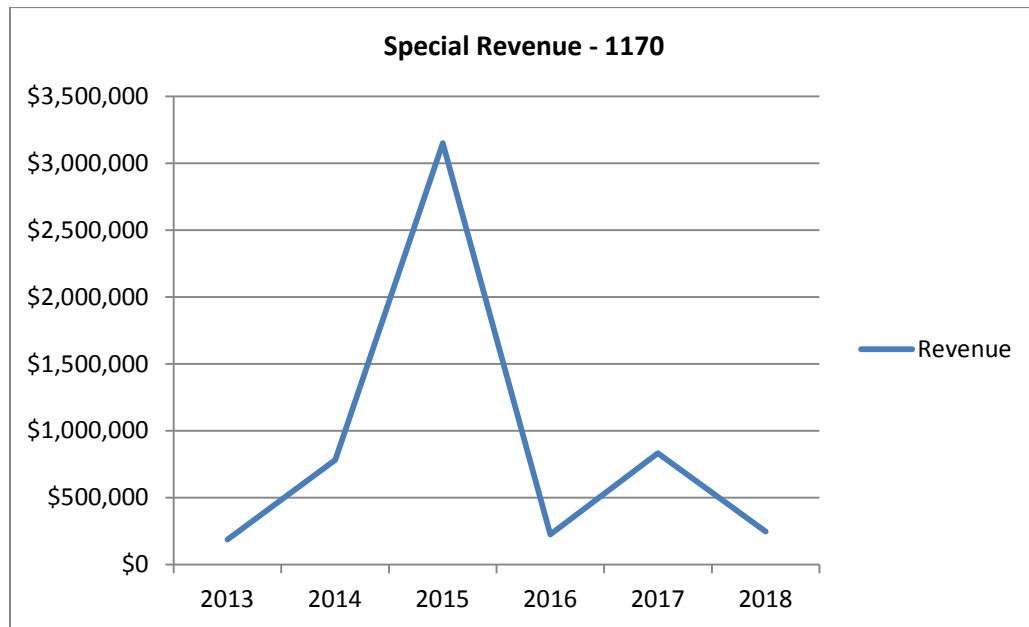
Fund: Other Funds

Cost Center: 38500; 38700; 39999; 14030; 14998

Use of Revenue: Participating jurisdictions may choose among a broad range of eligible activities, using HOME funds to provide home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers; build or rehabilitate housing for rent or ownership; or for "other reasonable and necessary expenses related to the development of non-luxury housing," including site acquisition or improvement, demolition of dilapidated housing to make way for HOME-assisted development, and payment of relocation expenses. PJs may use HOME funds to provide tenant-based rental assistance contracts of up to 2 years if such activity is consistent with their Consolidated Plan and justified under local market conditions. This assistance may be renewed. Up to 10 percent of the PJ's annual allocation may be used for program planning and administration.

Revenue History

Fiscal Year	Special Revenue - 1170	
	Revenue	Percent Change
2013	\$188,472	--
2014	\$782,853	315%
2015	\$3,150,724	302%
2016	\$226,163	-93%
2017	\$832,890	268%
2018	\$247,187	-70%



Variance Analysis

HUD funds operate on the basis of reimbursement from the Federal Government, and the number and size of projects completed vary from year to year.

XIV. EMERGENCY SHELTER PROGRAM

A. Special Revenue - 1180

Background

Authority: Article XI, Section 5 and Section 11 of the California Constitution

Administering Agency: Federal government, City of Modesto

Fee Source: Council

Municipal Code:

Description: This fund accounts for emergency shelter grant (ESG) revenue received from HUD.

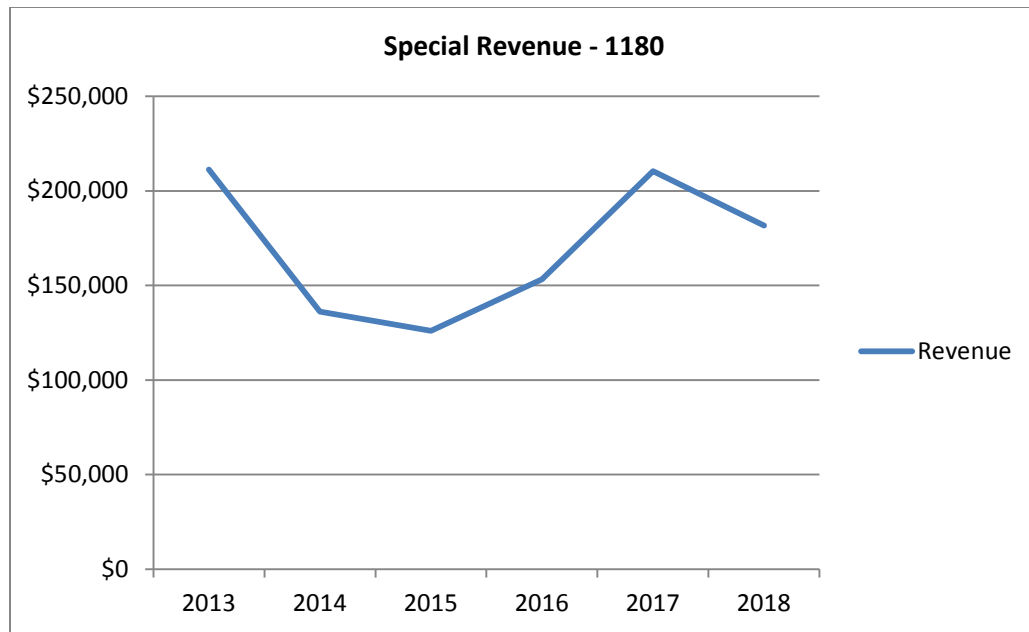
Fund: Other Funds

Cost Center: 38900; 39999

Use of Revenue: HUD provides grants by formula to States, metropolitan cities, urban counties and U.S. territories for eligible activities, generally including essential services related to emergency shelter, rehabilitation and conversion of buildings to be used as emergency shelters, operation of emergency shelters, and homelessness prevention services.

Revenue History

Fiscal Year	Special Revenue - 1180	
	Revenue	Percent Change
2013	\$211,263	--
2014	\$136,224	-36%
2015	\$126,054	-7%
2016	\$153,291	22%
2017	\$210,402	37%
2018	\$181,729	-14%



Variance Analysis

HUD funds operate on the basis of reimbursement from the Federal Government, and the number and size of projects completed vary from year to year.

XV. COMMUNITY SYSTEM OF CARE

A. Special Revenue - 1185

Background

Authority: Article XI, Section 5 and Section 11 of the California Constitution

Administering Agency: Federal government, City of Modesto

Fee Source: Council

Municipal Code:

Description: This fund accounts for emergency shelter grant (ESG) revenue received from HUD.

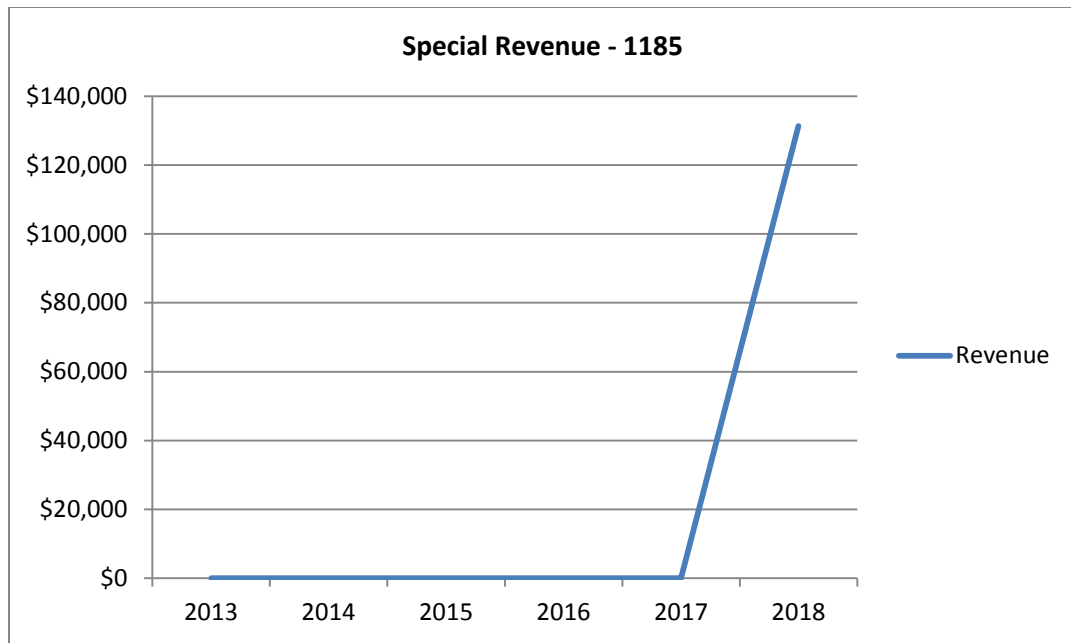
Fund: Other Funds

Cost Center: 38900; 39999

Use of Revenue: HUD provides grants by formula to States, metropolitan cities, urban counties and U.S. territories for eligible activities, such as overseeing the Homeless Management Information System (HMIS) by acting as the collaborative applicant for the Stanislaus Community System of Care, including compliance, reporting, monitoring and grant application requirements, monitoring activities and providing technical assistance to non –profit organizations receiving Continuum of Care Funds.

Revenue History

Fiscal Year	Special Revenue - 1185	
	Revenue	Percent Change
2013	\$0	--
2014	\$0	--
2015	\$0	--
2016	\$0	--
2017	\$0	--
2018	\$131,365	100%



Variance Analysis

The City assumed the Collaborative Applicant role in July 2017. FY18 would be the first fiscal year in which the City would have received revenue for the program. HUD funds operate on the basis of reimbursement from the Federal Government, and the number and size of projects completed vary from year to year.

XVI. DOWNTOWN IMPROVEMENT DISTRICT

A. Business License Tax - Mill Tax DID - 1200

Background

Authority: MMC 6-3

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 6-3

Description: This fund accounts for the activities of the business downtown improvement district (DID) which covers the core downtown area of Modesto. Revenues are derived from an additional mill tax (a gross receipts tax) imposed on businesses within the area. Expenditures include various promotional programs intended to boost business activity in the area served.

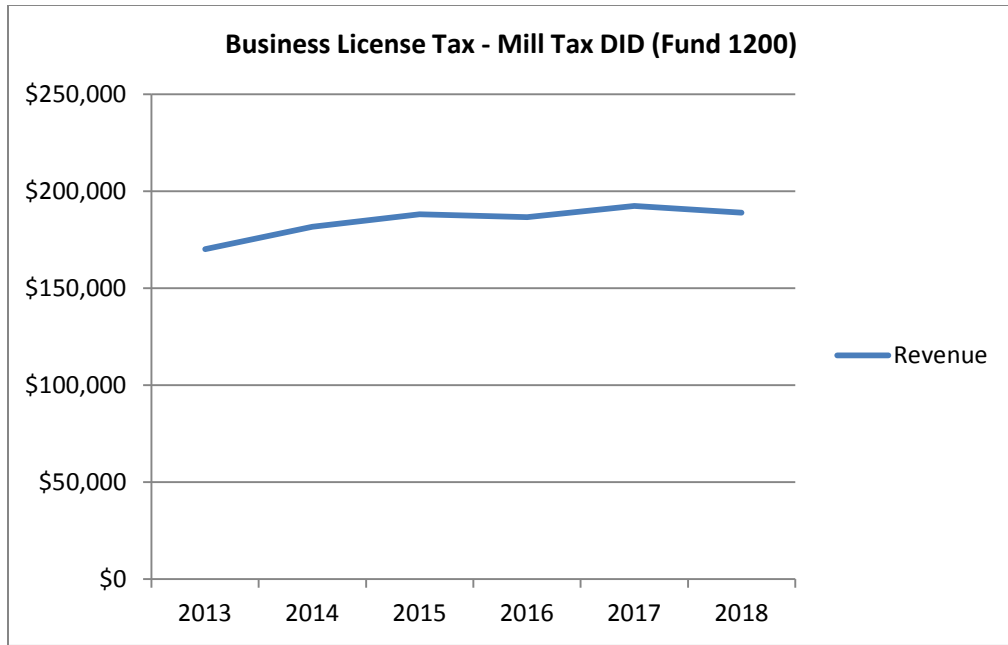
Fund: Other Funds

Cost Center: 80030

Use of Revenue: Decoration of any public place, promotion of public events which are to take place on or in public places, furnishing of music in any public place, the general promotion of retail trade activities in the DID; and/or the acquisition, construction or maintenance of parking facilities for the benefit of the DID.

Revenue History

Fiscal Year	Business License Tax - Mill Tax DID	
	Revenue	Percent Change
2013	\$170,222	--
2014	\$181,689	7%
2015	\$188,247	4%
2016	\$186,675	-1%
2017	\$192,540	3%
2018	\$189,070	-2%



Variance Analysis

The gradual increase in mill tax revenues is due to the local economy rebounding post-recession.

XVII. DOWNTOWN MODESTO COMMUNITY BENEFIT DISTRICT

A. Special Revenue – 1210

Background

Authority: MMC 8-9.101

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 8-9.101

Description: The Downtown Modesto Community Benefit District serves to improve and provide special benefits to individual parcels located within the boundaries of the district including cleaning, security, beautification, district identity, possible transportation related activities and other special benefit programs. It also serves to attract new customers to their businesses, increase sales, increase occupancies and enhance the benefitting individual parcels within the community benefit district.

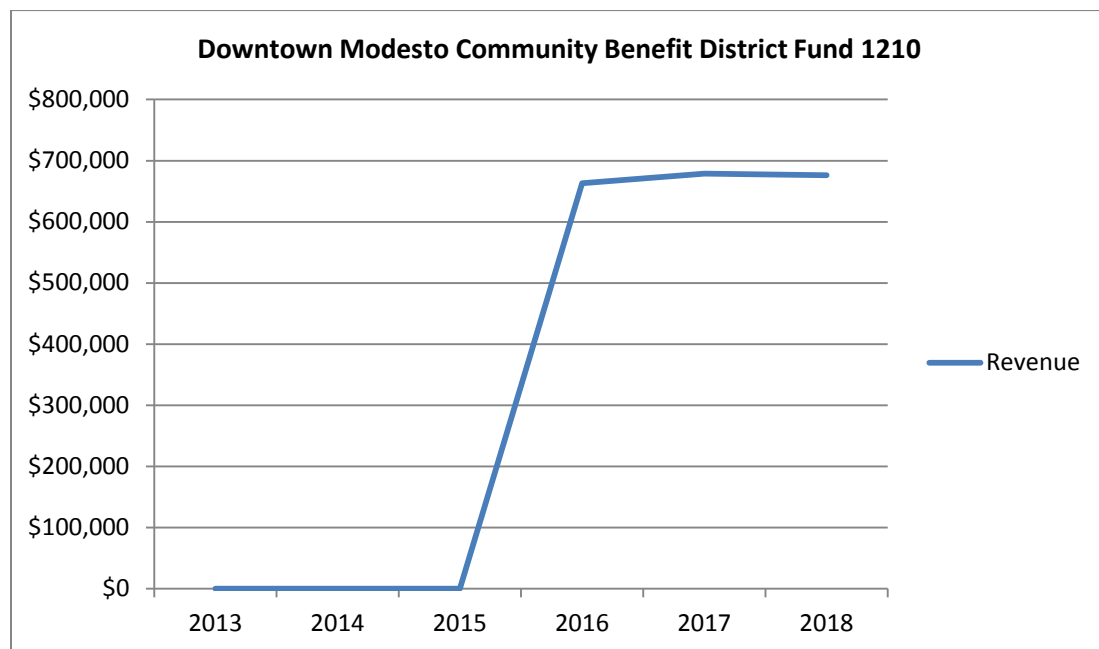
Fund: Other Funds

Cost Center: 80035

Use of Revenue: Engage the Modesto Improvement Partnership, Inc. to provide for the operation and management of the District and the implementation of the Management Plan. Such services include, but are not limited to, creating a District budget and policies to comply with the Management Plan; preparing and filing annual reports with the City reflecting compliance with the Management Plan, providing annual financial statements and independent audits, and overseeing the day-to-day implementation of the Management Plan.

Revenue History

Downtown Modesto Community Benefit District - Fund 1210		
Fiscal Year	Revenue	Percent Change
2013	\$0	--
2014	\$0	--
2015	\$0	--
2016	\$663,002	--
2017	\$678,617	100%
2018	\$676,266	0%



Variance Analysis

The revenue for this fund is based on assessments levied against property owners in the district.

XVIII. EDUCATION & GOVERNMENT COMMUNICATION

A. Special Revenue - 1320

Background

Authority: Public Utilities Code Cable Section 5800 et seq., “The Digital Infrastructure and Video Competition Act of 2006” (AB 2987 Nunez);

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for the costs of providing educational and government - related cable television programming. It is financed with transfers from the General Fund and payments from other Access Modesto agencies.

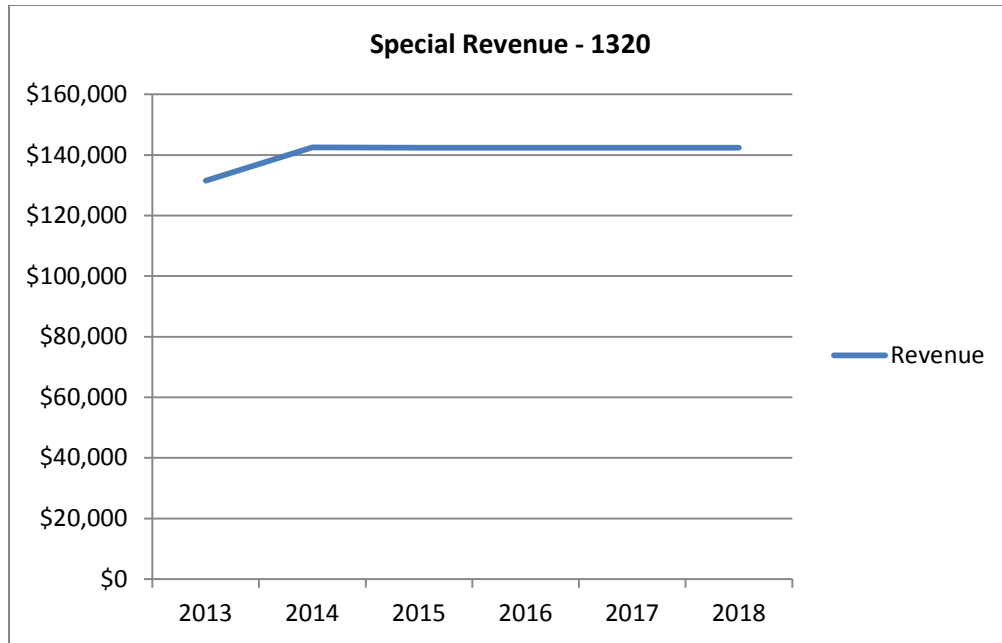
Fund: Other Funds

Cost Center: 07130; 17420; 61320

Use of Revenue: Government channel programming

Revenue History

Fiscal Year	Special Revenue - 1320	
	Revenue	Percent Change
2013	\$131,665	--
2014	\$131,545	0%
2015	\$142,510	8%
2016	\$142,405	0%
2017	\$142,360	0%
2018	\$142,360	0%



Variance Analysis

The revenue for this fund fluctuates based on the City/County agreement of contributions.

XIX. PUBLIC EDUCATION GOVERNMENT (PEG)

A. Special Revenue - 1321

Background

Authority: Public Utilities Code Cable Section 5800 et seq., "The Digital Infrastructure and Video Competition Act of 2006" (AB 2987 Nunez); Ord. 3645-C.S.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for the capital expenditures related to the broadcasting of the City of Modesto Council Meetings and Stanislaus County Board Meeting. It is financed through a 1% fee on Comcast and AT&T U-verse TV customers within the City of Modesto.

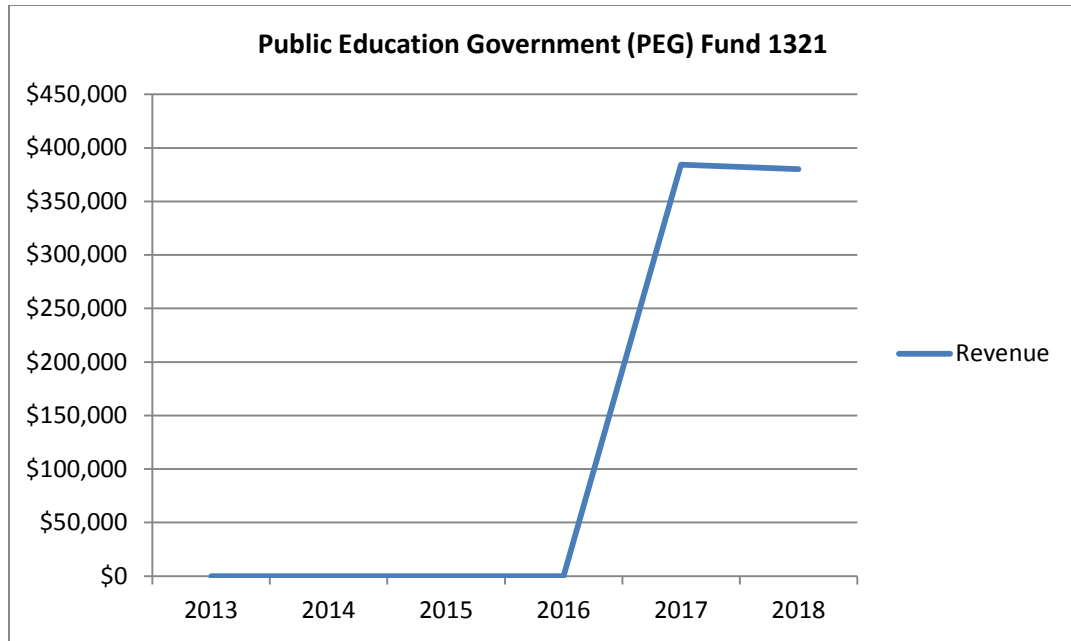
Fund: Other Funds

Cost Center: 17425

Use of Revenue: Capital Assets

Revenue History

Public Education Government (PEG) - Fund 1321		
Fiscal Year	Revenue	Percent Change
2013	\$0	--
2014	\$0	--
2015	\$0	--
2016	\$0	--
2017	\$384,226	--
2018	\$380,106	-1%



Variance Analysis

The PEG fee was effective as of 5/5/16 although we received no funds until late 2016.

XX. OPERATING GRANTS - BLOCK

A. Special Revenue - 1340

Background

Authority: Various

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund was established to account for non-capital grants received by the City (other than grants received by Enterprise and Internal Service funds). This fund receives revenues from block grant-style programs, in which the City receives a fixed amount of funding "up front." The types of expenditures incurred in this fund depend on the specific grants being received in any given year. Currently, the largest grant received in this fund is from the State's Special Law Enforcement Service Fund program.

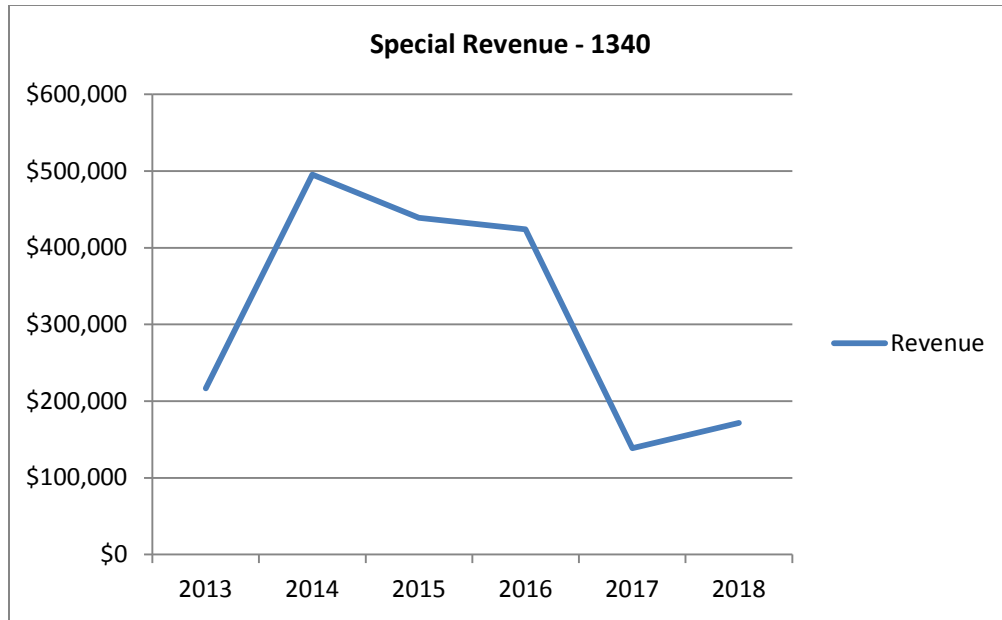
Fund: Other Funds

Cost Center: 02999; 19998; 19999; 39999; 59998; 90002

Use of Revenue: Specific program-related expenditures

Revenue History

Fiscal Year	Special Revenue - 1340	
	Revenue	Percent Change
2013	\$216,933	--
2014	\$495,383	128%
2015	\$439,264	-11%
2016	\$424,076	-3%
2017	\$138,553	-67%
2018	\$171,709	24%



Variance Analysis

The revenue for this fund fluctuates annually with available non-capital grant funding.

XXI. CARPENTER ROAD LANDFILL

A. Enterprise Fund - 1360

Background

Authority: State Regulation

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for the activity for the City to maintain, mitigate and monitor the Carpenter Road Landfill, a closed disposal facility. State mitigation funds comprise the majority of these revenues.

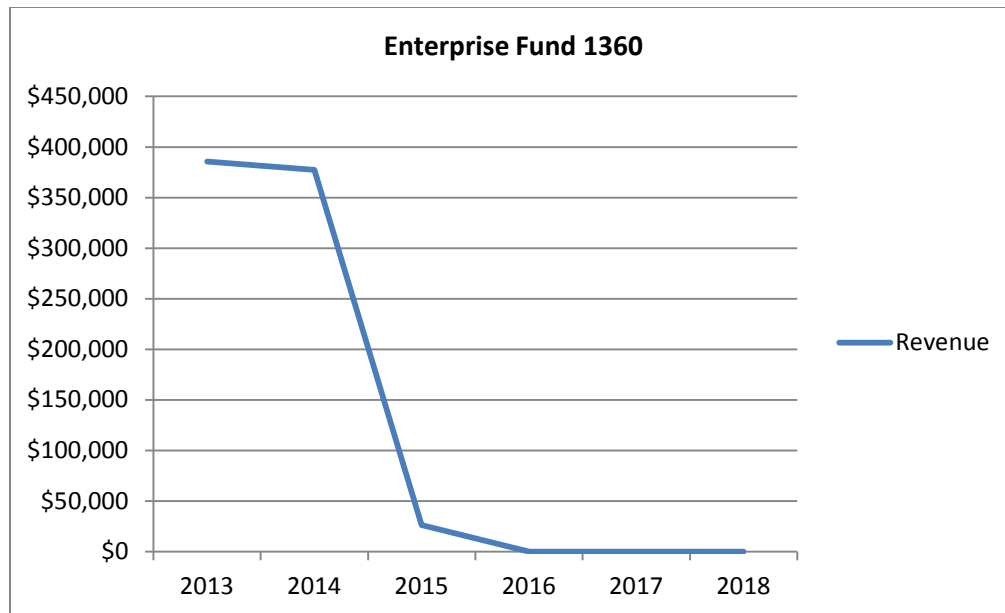
Fund: Other Funds

Cost Center: 37010; 56015

Use of Revenue: Maintenance, mitigation, and monitoring of the Carpenter Road Landfill site.

Revenue History

Fiscal Year	Enterprise Fund - 1360	
	Revenue	Percent Change
2013	\$385,766	--
2014	\$377,450	-2%
2015	\$26,386	-93%
2016	\$0	-100%
2017	\$0	--
2018	\$0	--



Variance Analysis

In 2014, the State suspended mitigation fees provided for the maintenance of the closed Carpenter Road landfill until the City had developed and received approval for a post-closure remediation plan. That plan is now in the approval process, and mitigation funds resumed in FY 16-17 in the new Carpenter Road Landfill Fund 4893 which is rolled up with the rest of the Solid Waste Funds.

XXII. TRAFFIC SAFETY FUND

A. Special Revenue - 1600

Background

Authority: State Legal System – State of California Vehicle Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 3-2

Description: This fund accounts for revenues received from traffic safety fines and forfeits.

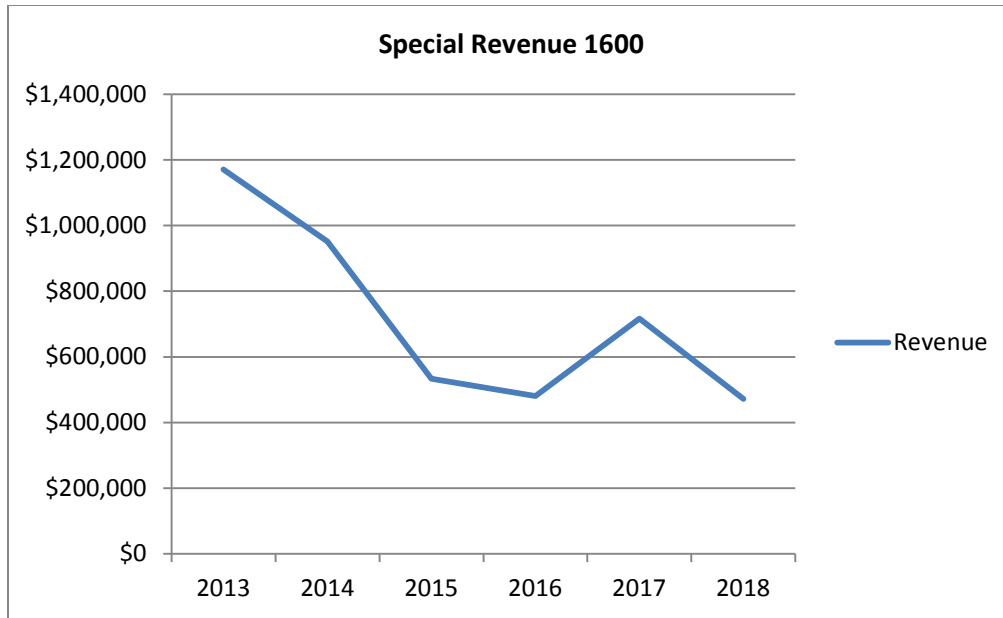
Fund: Other Funds

Cost Center: 19385

Use of Revenue: Money from this fund is transferred to the General Fund to pay for traffic related maintenance and expense. These funds are used to purchase equipment and supplies for traffic law enforcement and for traffic accident prevention.

Revenue History

Fiscal Year	Special Revenue - 1600	
	Revenue	Percent Change
2013	\$1,171,497	--
2014	\$951,691	-19%
2015	\$533,097	-44%
2016	\$480,666	-10%
2017	\$716,757	49%
2018	\$471,399	-34%



Variance Analysis

The decrease in revenues received from traffic safety fines and forfeitures reflects reductions in Traffic Division Police Officers. In 2016-17 the Police Department received an increase in funds awarded to the City from an Office of Traffic Safety STEP grant. This provided funding for conducting special traffic operations, such as DUI Checkpoints, etc. With regards to vehicle release fees, increased traffic operations lead to more incidences in which the towing of vehicles is necessary. In FY 18, revenue continued to decrease due to a reduction in traffic violator school revenue and motor vehicle fines received by the City.

XXIII. TRAFFIC OFFENDER FUND

A. Special Revenue - 1610

Background

Authority: State Legal System - State of California – Office of Traffic Safety

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: 8-1.1001 – Traffic Offender Fund

Description: This fund accounts for revenues received from a portion of vehicle release fees.

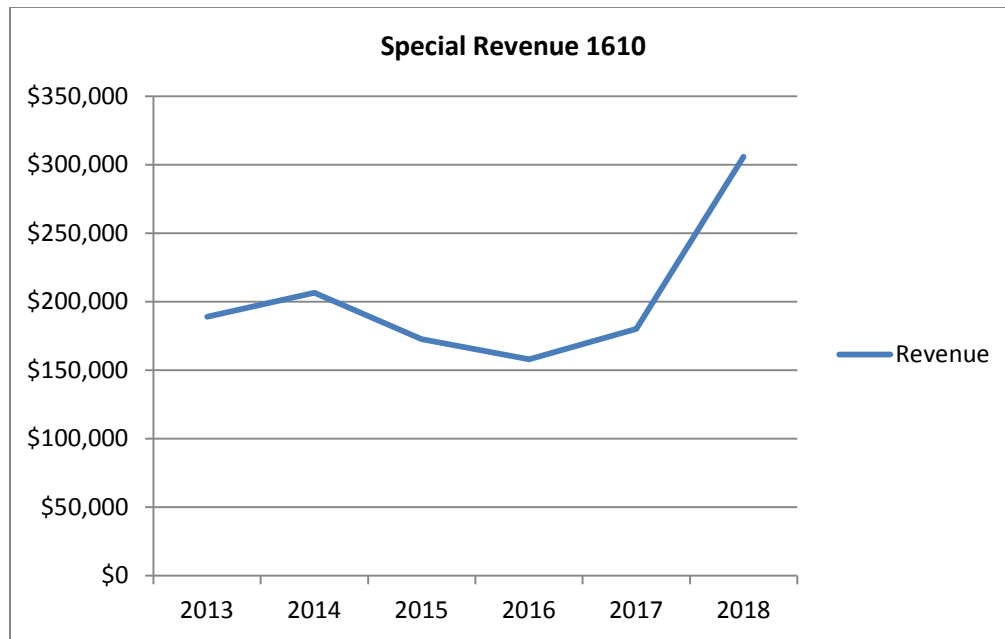
Fund: Other Funds

Cost Center: 19390

Use of Revenue: Expenditures include general police operations.

Revenue History

Fiscal Year	Special Revenue - 1610	
	Revenue	Percent Change
2013	\$189,194	--
2014	\$206,507	9%
2015	\$172,675	-16%
2016	\$157,977	-9%
2017	\$180,168	14%
2018	\$306,024	70%



Variance Analysis

Beginning in FY 2016-17, the Department received an increase from the Office of Traffic Safety (OTS) in STEP grant funding from that received in prior years. This provided funding for special traffic operations such as DUI Checkpoints, etc., as programmed in the grant. Because the department was able to conduct a greater number of operations, this generally results in more vehicles being towed, which leads to an increase in vehicle release fees. This elevated level of funding has continued into FY 2017-18, in which the greater number of operations conducted by the Department is reflected in the increase of revenue.

XXIV. CFD ADMINISTRATION

A. Capital Projects - 3220

Background

Authority: The formation documents for each CFD establishes the authority for administration expenses, including staff time, to be paid from special tax revenues.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for administrative costs associated with the Community Facilities Districts (CFD) program. The fund is financed with CFD revenues and inter-fund service credits. The City of Modesto's CFD are created to provide a funding and reimbursement mechanism for public facilities and/or services for various Specific Plan areas. CFDs are the preferred method of financing infrastructure because no finding of special benefit for each parcel is required. They are also established to ensure that new development projects do not solely become the responsibility of the General Fund.

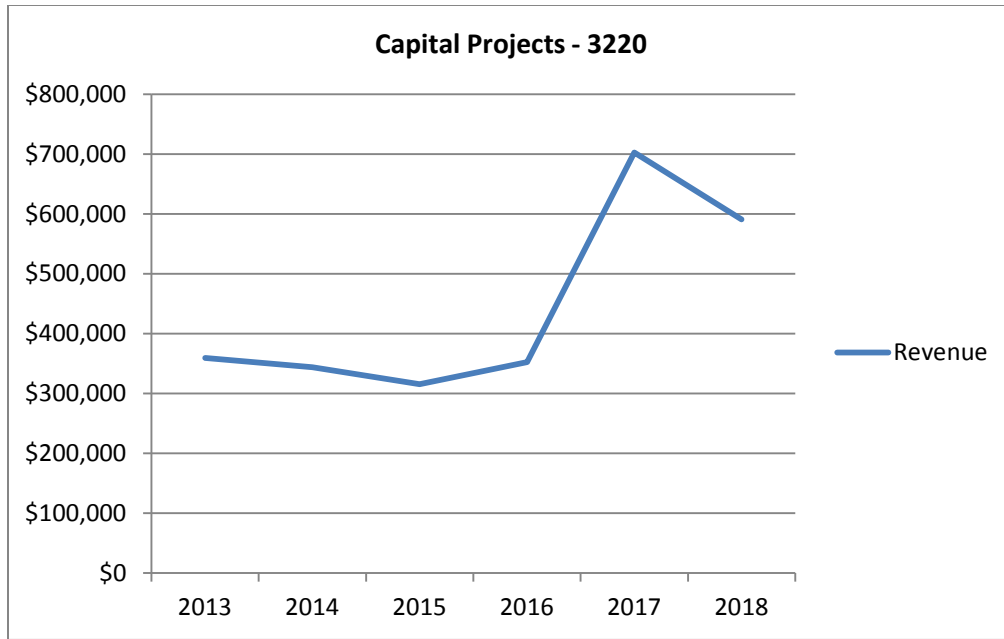
Fund: Other Funds

Cost Center: 14160; 14998; 14999

Use of Revenue:

Revenue History

Fiscal Year	Capital Projects - 3220	
	Revenue	Percent Change
2013	\$359,644	--
2014	\$344,157	-4%
2015	\$315,577	-8%
2016	\$352,629	12%
2017	\$702,712	99%
2018	\$590,952	-16%



Variance Analysis

A variety of revenue sources provide revenue for this fund. The variance between years can be due to the use of fund balance to offset expenses or a decrease in staff hours charged to a particular funding source.

XXV. CFF ADMINISTRATION

A. Capital Projects - 3480

Background

Authority: The formation documents for the City's CFF Program establishes the authority to collect this fee and use it for administration expenses, including staff time.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for administrative costs associated with the Capital Facilities Fee (CFF) program. The fund is financed with CFF revenues. These funds account for the accumulation and expenditure of CFFs, which are charged to new development in the City to offset the impact of growth on community infrastructure.

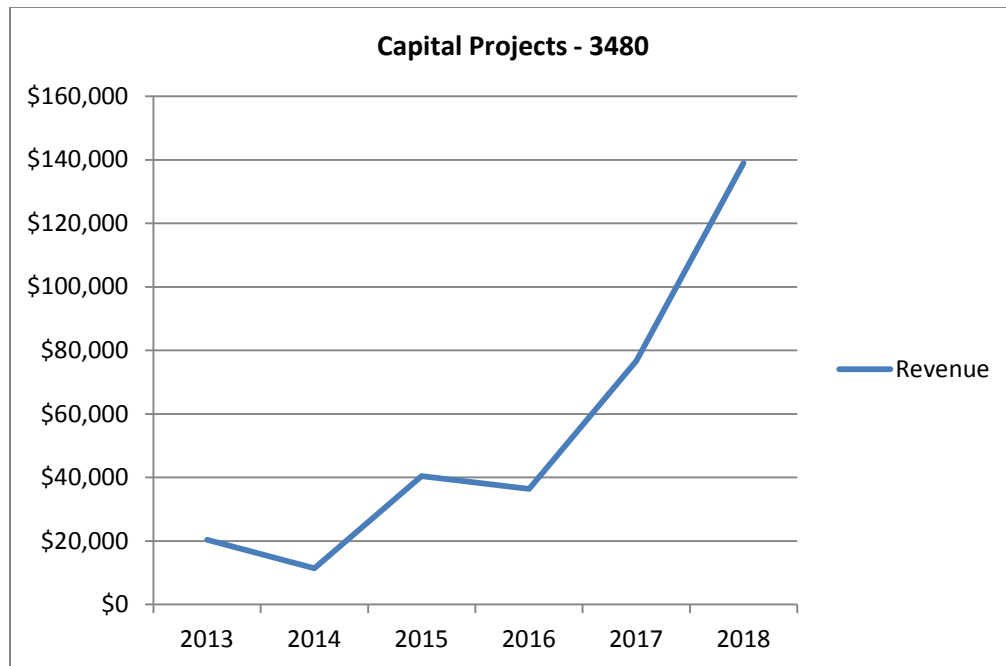
Fund: Other Funds

Cost Center: 14130

Use of Revenue: Administration of the CFF program.

Revenue History

Fiscal Year	Capital Projects - 3480	
	Revenue	Percent Change
2013	\$20,405	--
2014	\$11,424	-44%
2015	\$40,401	254%
2016	\$36,462	-10%
2017	\$76,673	110%
2018	\$138,954	81%



Variance Analysis

Variances in this revenue are caused by the level of development activity and the fees collected associated with said department.

XXVI. GOLF FUND

A. Enterprise – 4600 and 4605

Background

Authority: Council approved resolution number 2005-328.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 12-2

Description: This fund accounts for the maintenance, operation, and improvement of the three City-owned golf courses. Revenues in this fund are derived primarily from green fees.

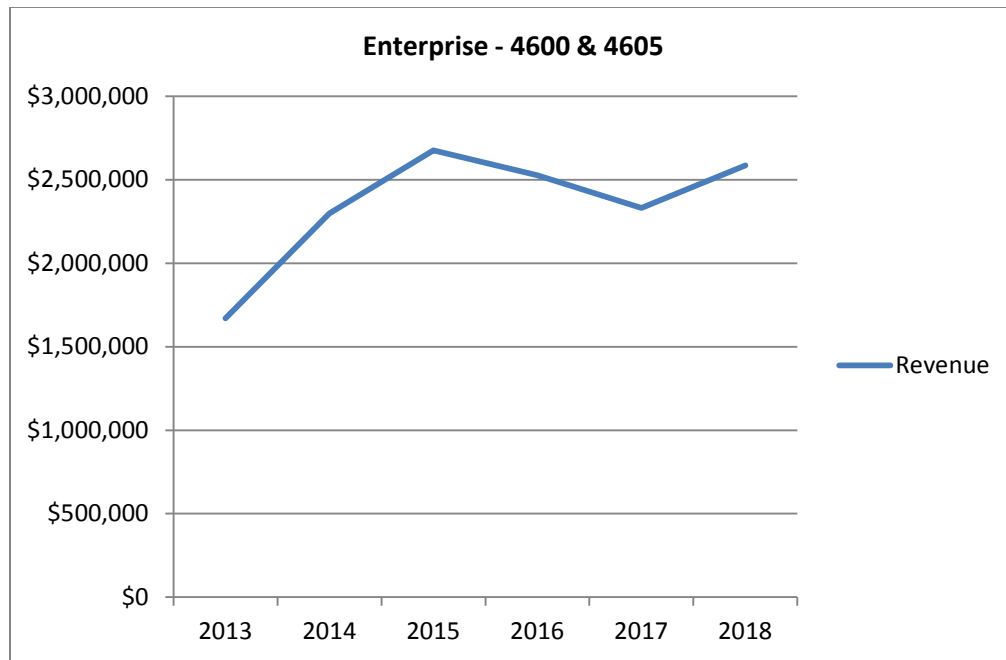
Fund: Other Funds

Cost Center: 14910; 34170

Use of Revenue: Expenditures include golf course maintenance and debt service on COP's issued to finance the development of the Creekside golf course

Revenue History

Fiscal Year	Enterprise - 4600 & 4605	
	Revenue	Percent Change
2013	\$1,669,583	--
2014	\$2,298,853	38%
2015	\$2,675,962	16%
2016	\$2,526,489	-6%
2017	\$2,332,095	-8%
2018	\$2,586,585	11%



Variance Analysis

The slight increase in Golf revenues is likely a result of additional rounds being played at the three Modesto golf courses.

XXVII. CDBG - DIRECT

A. Special Revenue - 1130 and 1139

Background

Authority: Article XI, Section 5 and Section 11 of the California Constitution

Administering Agency: Federal government, City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: These funds account for Federal Community Development Block Grant (CDBG) revenues received by the City. Expenditures include a variety of housing-related programs primarily targeted at low-income areas. The Department of Housing and Urban Development (HUD) awards grants to entitled cities to carry out a wide range of community development activities directed towards revitalizing neighborhoods, economic development and providing improved community facilities and services. The grants are awarded based on a formula that considers such factors as population, poverty level and age of housing stock.

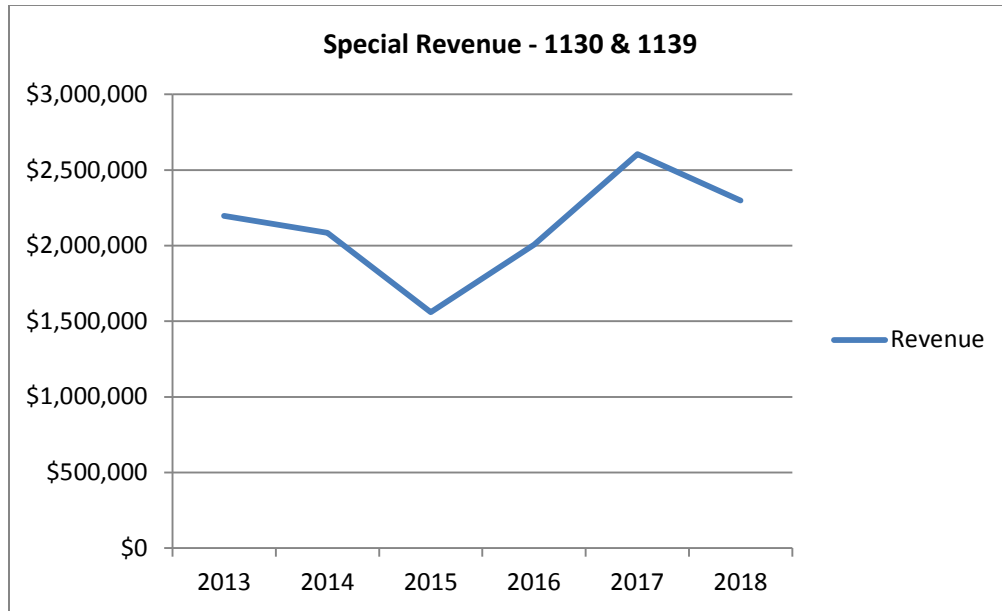
Fund: Other Funds

Cost Center: 38100; 38300; 38400; 39999; 53227; 14015; 14020

Use of Revenue: Restricted to the revitalization of low and moderate income areas within the City; also limited funding for social service type programs to a “not to exceed 15% of entitlement” amount.

Revenue History

Fiscal Year	Special Revenue - 1130 & 1139	
	Revenue	Percent Change
2013	\$2,197,035	--
2014	\$2,084,449	-5%
2015	\$1,559,910	-25%
2016	\$2,007,296	29%
2017	\$2,604,820	30%
2018	\$2,299,389	-12%



Variance Analysis

HUD funds received by the City vary based on the number and size of projects completed annually and reimbursements from the Federal Government.

XXVIII. HOUSING LOAN PROGRAM

A. Special Revenue - 1150 thru 1155

Background

Authority: Article XI, Section 5 and Section 11 of the California Constitution

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: These are revolving funds, which provide housing loans to low-income individuals. Original funding to establish the funds was received from the Federal Department of Housing and Urban Development (HUD). Current revenues in the funds reflect loan repayments, which are accumulated to make new loans.

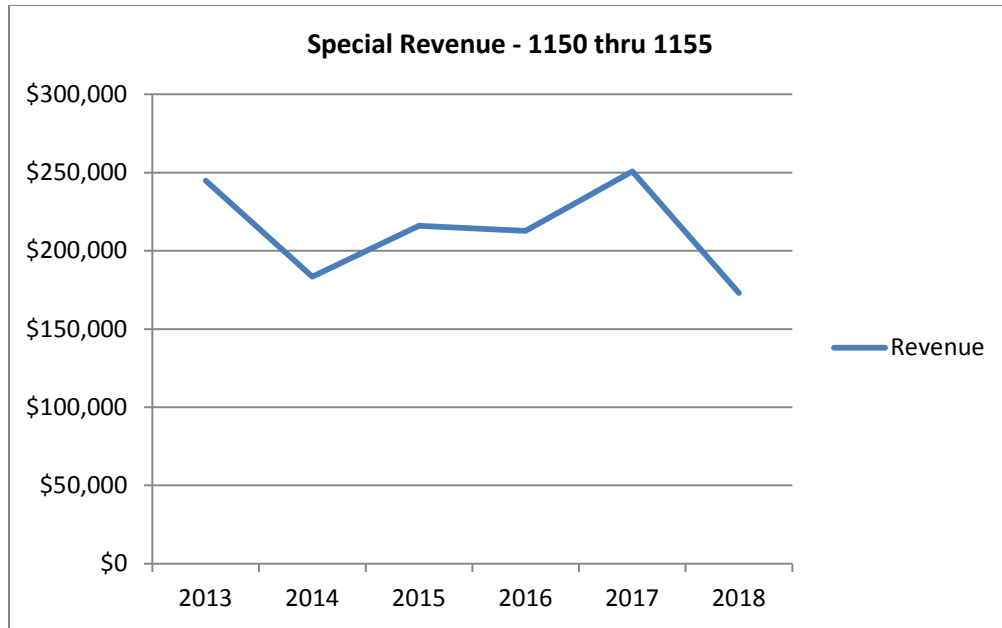
Fund: Other Funds

Cost Center: 14045; 38800; 39999

Use of Revenue: Housing loans to low-income individuals

Revenue History

Fiscal Year	Special Revenue - 1150 thru 1155	
	Revenue	Percent Change
2013	\$244,751	--
2014	\$183,539	-25%
2015	\$215,966	18%
2016	\$212,784	-1%
2017	\$250,791	18%
2018	\$173,094	-31%



Variance Analysis

These HUD funds are revolving loan funds that operate on the basis of program income received. The amount of program income received and the number and size of projects completed vary from year to year.

XXIX. CAPITAL IMPROVEMENT SUPPORT

A. Special Revenue - 1300 thru 1309

Background

Authority: MMC Sec. 4-15.103, Ord. 3582-C.S. and MMC Sec. 7-1.106, Ord. 782-C.S.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC Sec. 4-15.101 and MMC Sec. 7-1.103

Description: This fund was established to account for all operations governed by a Federal Indirect Cost Allocation Plan agreement. It is financed almost exclusively by labor charges to capital improvement program (CIP) projects.

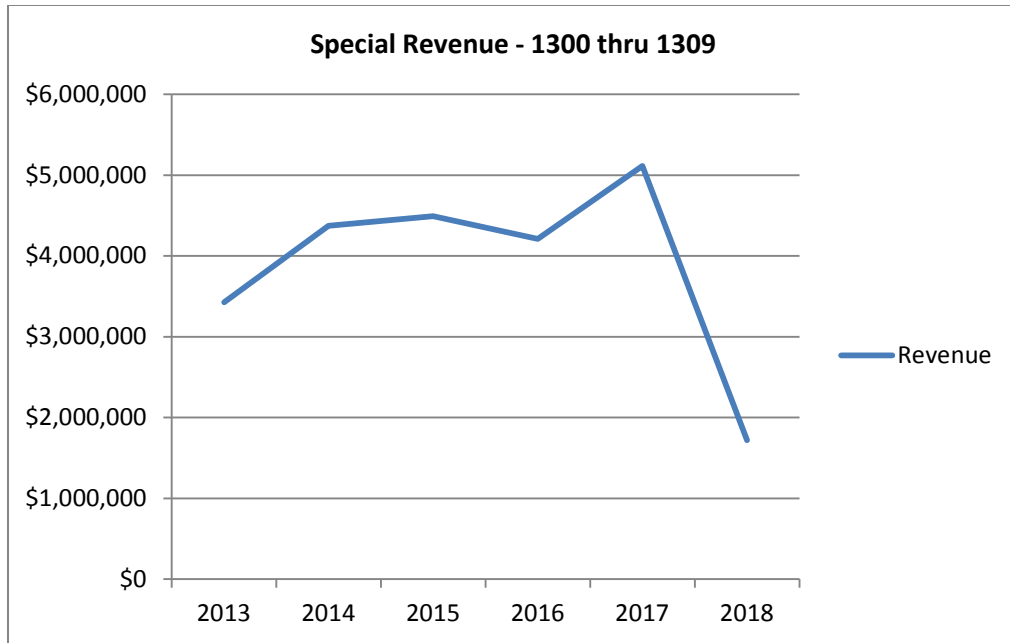
Fund: Other Funds

Cost Center: 14610 42010 and 42020

Use of Revenue: The revenue collected in this cost center - Construction Administration is generally used to offset the departmental operating expenditures.

Revenue History

Fiscal Year	Special Revenue - 1300 thru 1309	
	Revenue	Percent Change
2013	\$3,427,931	--
2014	\$4,371,808	28%
2015	\$4,491,926	3%
2016	\$4,210,109	-6%
2017	\$5,113,728	21%
2018	\$1,721,526	-66%



Variance Analysis

This revenue is related to the time, material, and encroachment permits. Therefore, the revenue fluctuates from year to year depending on the economy and the number of permits being requested and applied for within the City. Additionally, a bulk of the revenue is received through direct charges that include the Cal-trans overhead rate. As the rate fluctuates year to year, the revenue fluctuates. The fluctuation in FY 2018 is due to two divisions: Utilities – Engineering Design and Utilities – Construction Administration moving out of the fund. This decreased the revenue received in this fund as they are no longer housed in Fund 1300.

XXX. OPERATING GRANTS - REIMBURSED

A. Special Revenue - 1341 and 1342

Background

Authority: Various

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: These funds were established to account for non-capital grants received by the City on a reimbursement basis. In these programs, the City incurs the "up front" cost of delivering services, then requests reimbursement for those costs from the granting agency. The types of expenditures incurred in this fund depend on the specific grants being received in any given year. Currently, the largest grant received in this fund is from the Federal COPS grant program.

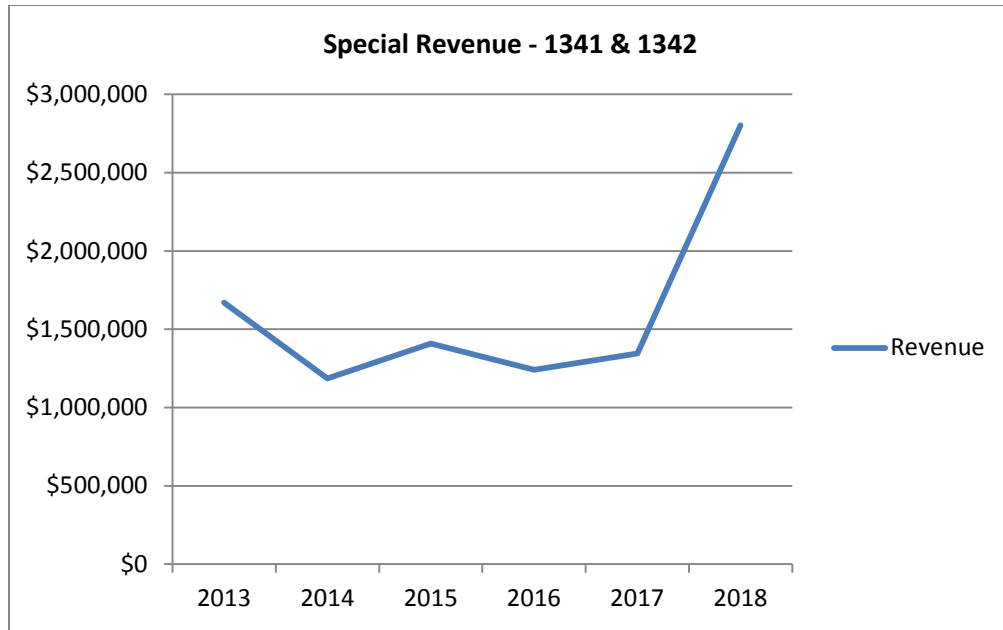
Fund: Other Funds

Cost Center: 14999; 18515; 18998; 18999; 19240; 19241; 19361; 19362; 19363; 19395; 19998; 19999; 39998; 39999; 49998; 59998; 19371

Use of Revenue: Generally restricted to the purpose/program for which the grant was approved.

Revenue History

Fiscal Year	Special Revenue - 1341 & 1342	
	Revenue	Percent Change
2013	\$1,670,524	--
2014	\$1,186,818	-29%
2015	\$1,409,337	19%
2016	\$1,241,493	-12%
2017	\$1,346,103	8%
2018	\$2,803,477	108%



Variance Analysis

The revenue fluctuates annually with available non-capital grant funding.

XXXI. PARKING FUND

A. Enterprise - 4000 and 4009

Background

Authority: MMC Sec. 3.2.1601, Ord. 625-C.S., amended by Ord. 683-C.S. and Ord. 1673C.S. sec. 1

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for the City's off-street parking facilities, including the downtown parking garages. Parking fees for validated lots and other offstreet parking are the primary revenues in this fund.

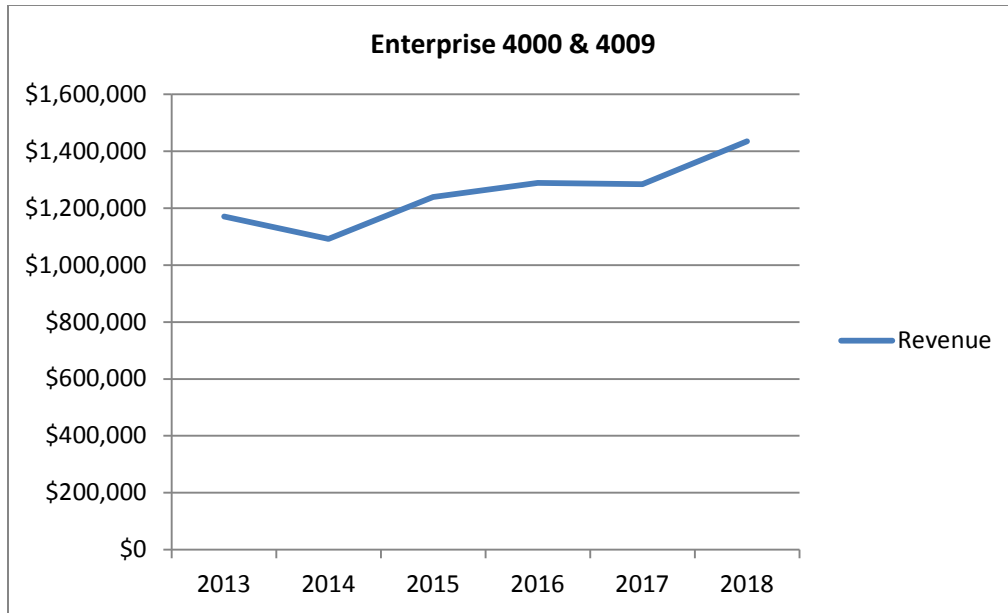
Fund: Other Funds

Cost Center: 12455; 53250

Use of Revenue: Operation, maintenance, and development of City parking facilities

Revenue History

Fiscal Year	Enterprise - 4000 & 4009	
	Revenue	Percent Change
2013	\$1,170,373	--
2014	\$1,092,387	-7%
2015	\$1,239,438	13%
2016	\$1,289,211	4%
2017	\$1,284,269	0%
2018	\$1,434,795	12%



Variance Analysis

The revenue in the Parking Fund fluctuates from year to year as it is dependent on agreements for leasing garage spaces with local businesses downtown as well as the amount of visitors coming to the downtown area for dining, events, and other activities. As the economy recovers, the revenue has been increasing.

On October 25, 2016, by Resolution No. 2016-432, Council approved a pilot program changing the evening parking fee from a \$5 flat fee to the hourly rate of \$1 per hour. Staff estimated that an increase in evening patronage would compensate for the loss in revenue incurred by the reduction, but there was still a loss in revenue. On October 3, 2017, by Resolution No. 2017-393, council approved an amendment to change the parking fee structure for single space vehicles from \$1 per hour to \$1.25 per hour, 24 hours per day. This increase keeps the Parking Services Fund whole while still encouraging patronage downtown.

XXXII. AMERICAN RECOVERY & REINVESTMENT ACT GRANTS

A. Special Revenue - 4140, 3100, 1345, 1353, 1100, 1101

Background

Authority: Various, Authority depends on the Grant or Loan tied to each project.

Administering Agency: Federal government, City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: These funds were established to account for the various functional grants received by the City from the American Recovery and Reinvestment Act (ARRA) of 2009. For these programs, the City incurs the "up front" cost of services, then request reimbursement for these costs from the granting agency. These grants were intended to provide stimulus to the U.S. economy in response to the national economic downturn.

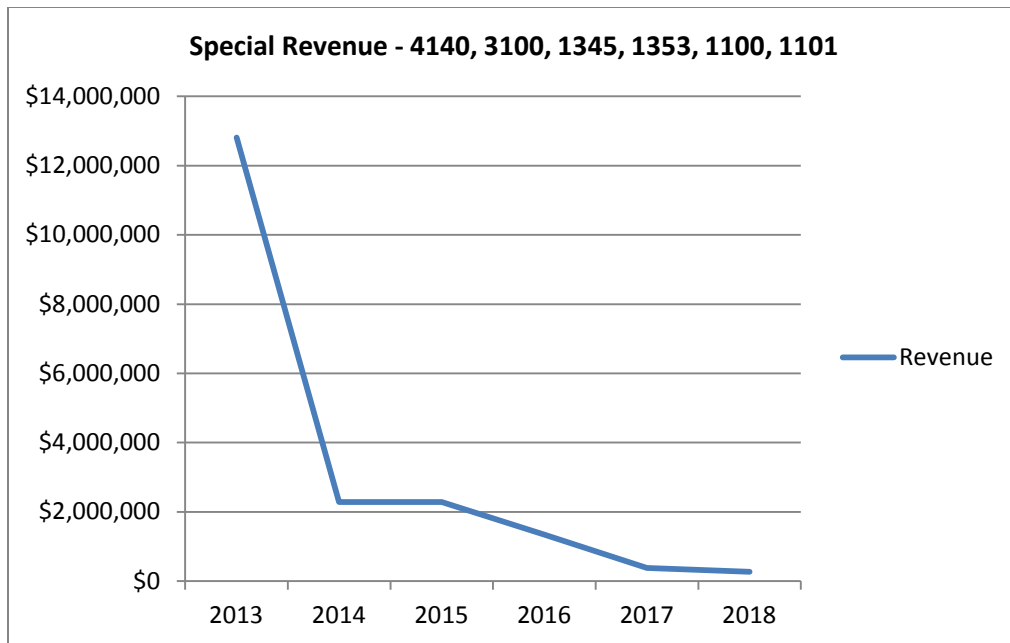
Fund: Other Funds

Cost Center: 38200; 39999; 14999; 19381; 39999; 49999

Use of Revenue: Generally restricted to the purpose/program for which the grant was approved.

Revenue History

Fiscal Year	Special Revenue - 4140, 3100, 1345, 1353, 1100, 1101	
	Revenue	Percent Change
2013	\$12,814,038	--
2014	\$2,288,732	-82%
2015	\$2,285,390	0%
2016	\$1,338,116	-41%
2017	\$377,111	-72%
2018	\$266,172	-29%



Variance Analysis

ARRA funds were distributed beginning in 2010, and sunset as ARRA-funded projects are completed. There are three remaining ARRA projects, two HUD related projects and an Energy Efficiency Improvement Modifications project which is scheduled to be completed in FY17.

XXXIII. CENTRE PLAZA FUND

A. Enterprise - 4700 thru 4710

Background

Authority: Council approved resolution number 2015-22.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for the operation of the Modesto Centre Plaza convention and community center. The primary revenue sources for this fund include room rental fees, commissions, transfers from the General Fund.

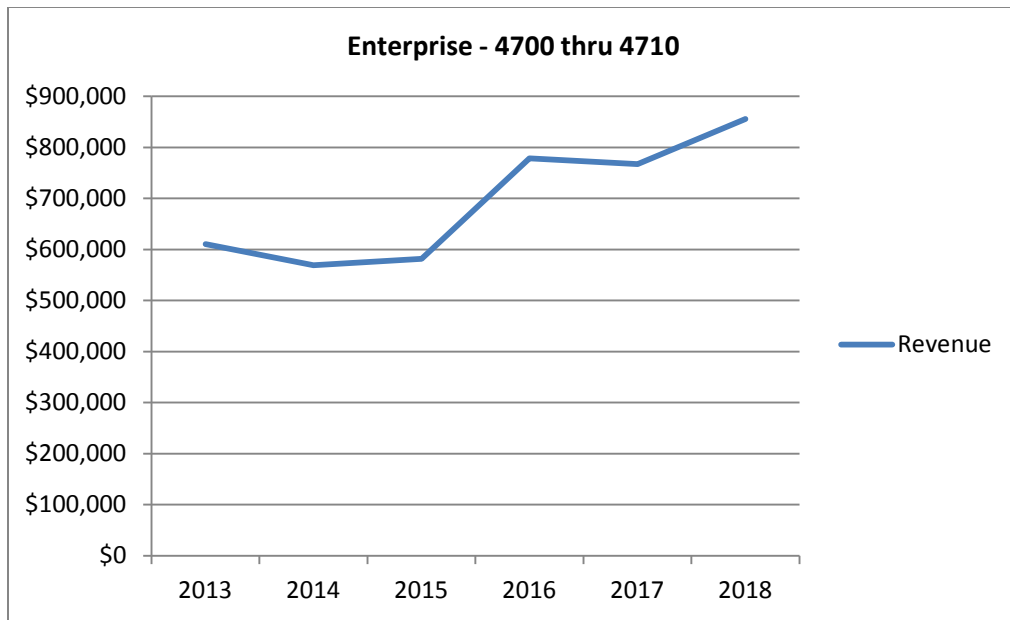
Fund: Other Funds

Cost Center: 14940; 14945; 34200; 34210

Use of Revenue: Operation, maintenance, and capital for Modesto Centre Plaza.

Revenue History

Fiscal Year	Enterprise - 4700 thru 4710	
	Revenue	Percent Change
2013	\$610,835	--
2014	\$569,044	-7%
2015	\$581,880	2%
2016	\$778,637	34%
2017	\$767,460	-1%
2018	\$856,019	12%



Variance Analysis

This revenue has decreased as utilization of Modesto Centre Plaza has declined over time. In addition, the City has reduced General Fund support to Centre Plaza in favor of other priorities. Utilization of Modesto Centre Plaza increased in 2016 over 2015 and has remained steady in 2017. Concentrated efforts to increase event attraction at the Centre Plaza by staff have yielded higher rentals in FY 2018 which have resulted in additional revenues.

XXXIV. SOLID WASTE FUND

A. Enterprise Fund - 4890 thru 4899 and Fund 1310

Background

Authority: Various

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: MMC 11-6.11, 11-6.12, 11-6.15

Description: This fund is comprised of garbage rates and the operational activity from the sale and operations for compost, including tip fees and the sale of compost. Other revenue sources for this fund include income from the waste energy JPA, State funding for recycling, recycling program fees. The fund also receives inter-fund service credit revenue based on staff time charged to other City programs.

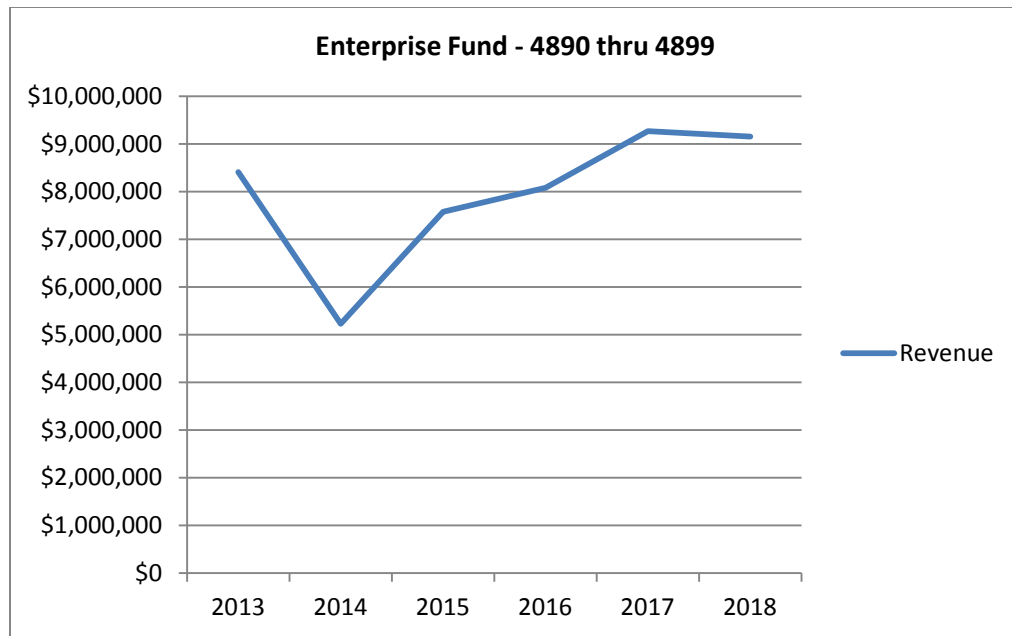
Fund: Other Funds

Cost Center: 37020; 37030; 37040; 56030

Use of Revenue: This fund accounts for the cost of administering the City's service agreements with private solid waste hauling firms as well as the costs of recycling programs, forestry, and green waste diversion; operations and maintenance of the City's compost facility and nursery; and the street sweeping program.

Revenue History

Fiscal Year	Enterprise Fund - 4890 thru 4899 and 1310	
	Revenue	Percent Change
2013	\$8,413,179	--
2014	\$5,231,420	-38%
2015	\$7,580,416	45%
2016	\$8,081,520	7%
2017	\$9,271,831	15%
2018	\$9,156,565	-1%



Variance Analysis

In FY13, there was one-time revenue from the Waste to Energy Project in the amount of \$3.2 Million which caused the spike in revenue that year. In FY15, increased Solid Waste fees resulted in increased revenues. In July of FY 17, Solid Waste fees were increased which lead to an increase in revenues. The Residential Green Waste fee was increase by 6.5% and the Carpenter Road Landfill Mitigation fees were re-established, accounting for a majority of the increase in FY 17. The monthly fee for Residential is \$0.50; for commercial the base is \$0.91.

XXXV. LANDSCAPE MAINTENANCE DISTRICT

A. Capital Projects - 6470 thru 6490

Background

Authority: Streets & Highways §22500

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: The City of Modesto's Landscape Maintenance Assessment Districts (LMADs) are created to pay for landscaping, lighting and other improvements and services in public areas. As a form of benefit assessment, it is based on the concept of assessing only those properties that benefit from improvements financed, either directly or indirectly, through increased property values.

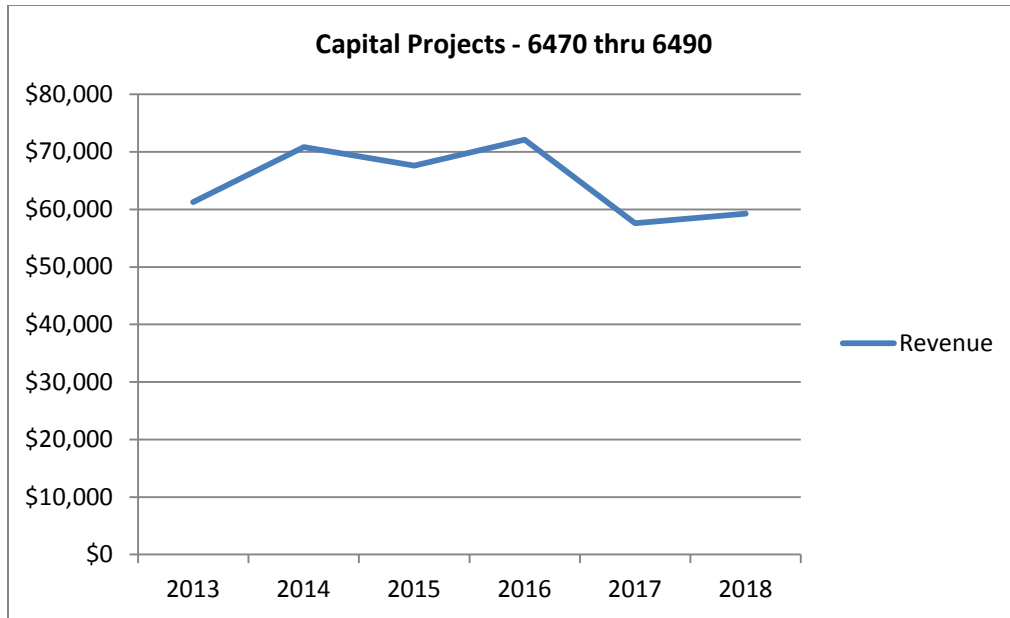
Fund: Other Funds

Cost Center: 80015; 80010

Use of Revenue: Under the Landscape and Lighting Act of 1972, a LMAD may be used for the installation, construction and maintenance of landscaping and lighting facilities within the boundaries of the formed district.

Revenue History

Capital Projects - 6470 thru 6490		
Fiscal Year	Revenue	Percent Change
2013	\$61,268	--
2014	\$70,834	16%
2015	\$67,641	-5%
2016	\$72,116	7%
2017	\$57,619	-20%
2018	\$59,296	3%



Variance Analysis

This fund has remained somewhat consistent with slight increase since 2013. Funding for LMAD is dependent on Direct Assessment Collections from Stanislaus County. Collection amounts vary yearly depending on property values.

XXXVI. STRATEGIC PLANNING FUND

A. Special Revenue - 1800

Background

Authority: Council approved resolution number 2011-104.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: In past years, the fund's principal revenue sources have been transfers from the General Fund and from the Village I CFF Fund. Both of these revenues have been eliminated in the current year's budget, so expenditures from this fund are financed with accumulated fund balance only.

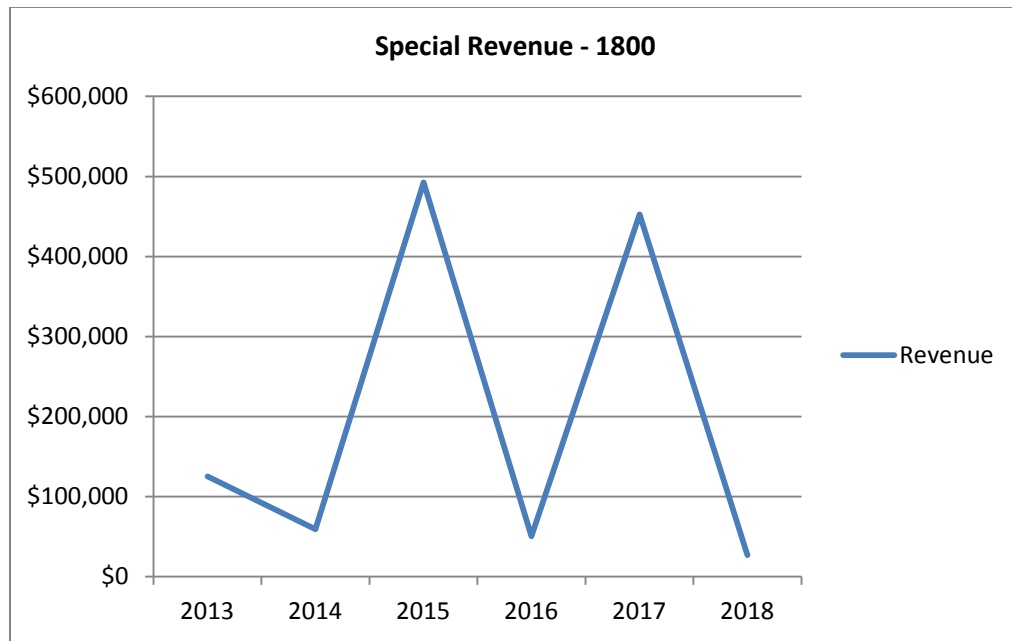
Fund: Non-Operating Funds

Cost Center: 14998; 14999

Use of Revenue: This fund was established to accumulate resources for major long-term planning projects, such as updates to the General Plan.

Revenue History

Fiscal Year	Special Revenue - 1800	
	Revenue	Percent Change
2013	\$125,000	--
2014	\$59,109	--
2015	\$492,737	734%
2016	\$50,187	-90%
2017	\$452,731	802%
2018	\$26,821	-94%



Variance Analysis

General Fund support for this fund was eliminated during the recession. The remaining budgets in this fund are for "multi-year projects," which are adopted separately from the City's annual operating budget. This fund provides funding for various projects related to strategic plans and time and material type projects. Due to the nature of the projects that are funded, budgets and actual can vary wildly from year to year depending upon development and/or strategic direction.

XXXVII. SPECIAL FUND FOR CAPITAL OUTLAY

A. Capital Projects - 3120

Background

Authority: Not Applicable

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund accounts for general City capital improvement projects and is funded from other funds including the General Fund as appropriate for the specific project.

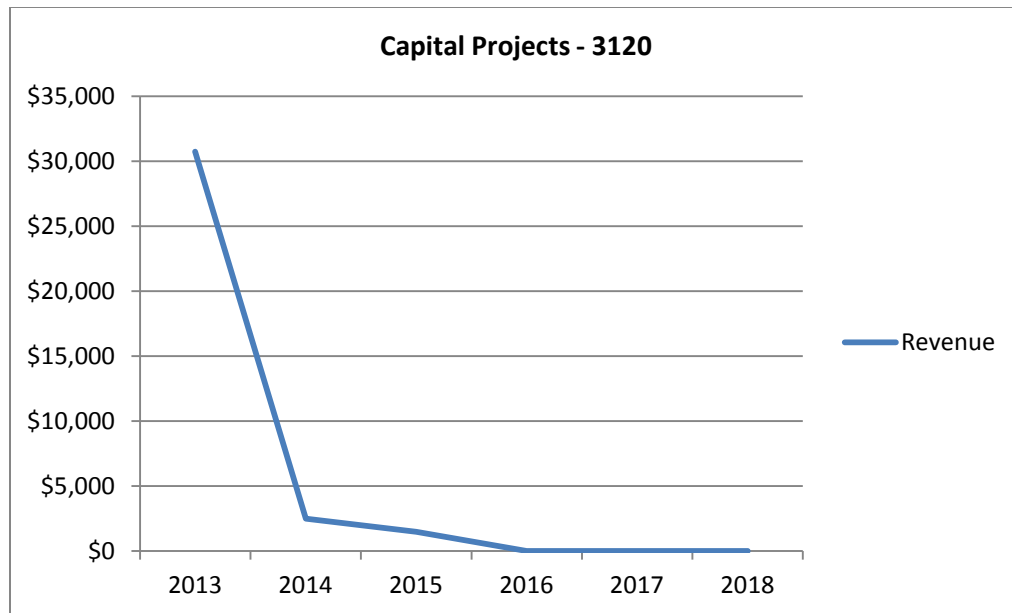
Fund: Non-Operating Funds

Cost Center: 12120; 18999; 19999

Use of Revenue: Capital improvement projects

Revenue History

Fiscal Year	Capital Projects - 3120	
	Revenue	Percent Change
2013	\$30,757	--
2014	\$2,500	--
2015	\$1,478	-41%
2016	\$0	-100%
2017	\$0	--
2018	\$0	--



Variance Analysis

The increase in FY 2013 was the result of grant funds and donations received for Project 100706 (MPD Fallen Officer Memorial). Revenue for this fund depends on specific City capital improvement projects.

XXXVIII. PARK FUND

A. Capital Projects - 3130

Background

Authority: Various, Authority depends on the Grant or Loan tied to each project.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: This fund was established to accumulate funds for capital improvements in the City's parks. Its principal revenue sources include transfers from the General Fund and development fees. The fund also receives transfers from the Parks CFF fund (see Non-Operating Funds, above) and grant revenue.

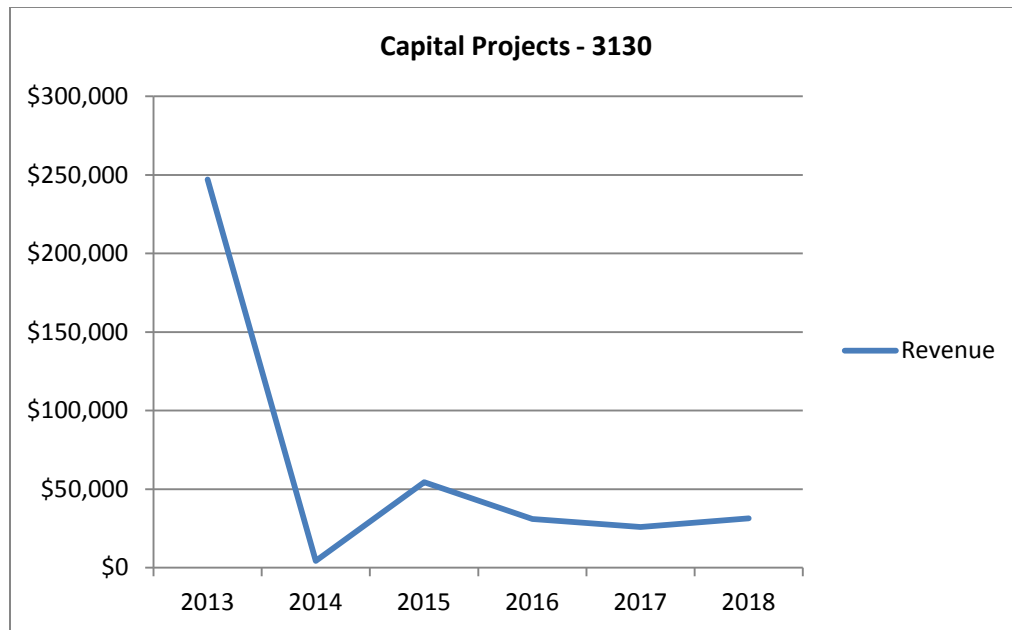
Fund: Non-Operating Funds

Cost Center: 31040; 33060; 39999

Use of Revenue: Parks capital improvements.

Revenue History

Fiscal Year	Capital Projects - 3130	
	Revenue	Percent Change
2013	\$247,028	--
2014	\$4,317	-98%
2015	\$54,477	1162%
2016	\$30,962	-43%
2017	\$25,828	-17%
2018	\$31,409	22%



Variance Analysis

Revenue in this fund fluctuates year to year depending on Park project activities. Funding is typically received through grants and donations as part of a reimbursement for expenses incurred. Additionally, a small amount of revenue is received for a Cell Tower Agreement within the Park Partner project.

XXXIX. CAPITAL GRANT FUNDS

A. Capital Projects - 3140 thru 3170

Background

Authority: Various, Authority depends on the Grant or Loan tied to each project. Fund 3160 is most funded with California - Department of Transportation funds.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: These funds were established to accumulate funds for capital improvements for various City functions such as roads and streets and traffic related projects. Its principal revenue sources include grants from various state agencies such as Caltrans with City match funds from the Surface Transportation Fund, General Fund or Capital Facility Fees.

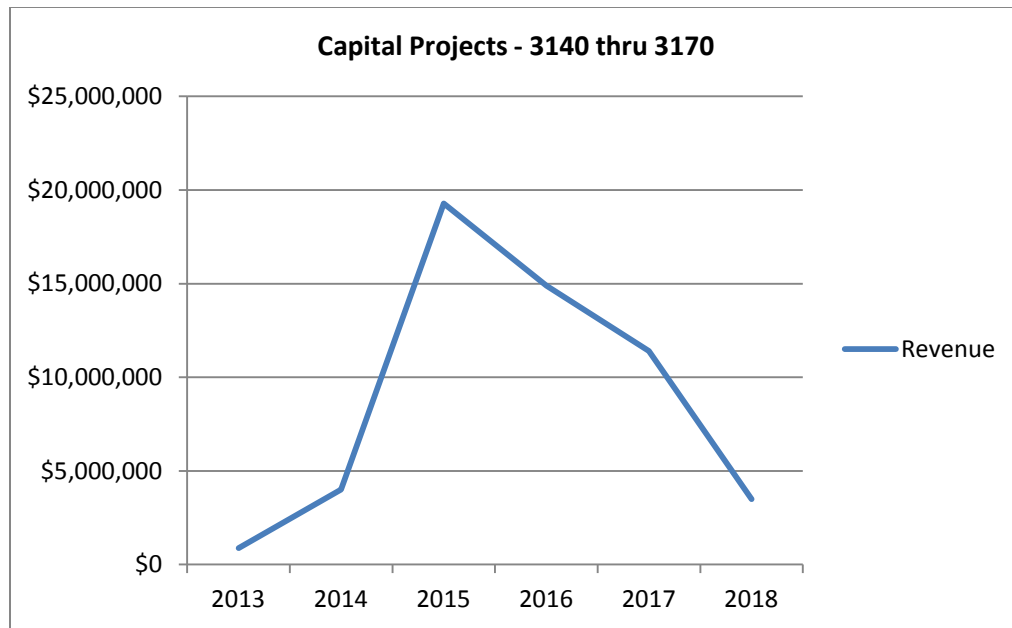
Fund: Non-Operating Funds

Cost Center: 39999; 39999; 14999; 49999; 59999

Use of Revenue: Capital improvements

Revenue History

Fiscal Year	Capital Projects - 3140 thru 3170	
	Revenue	Percent Change
2013	\$877,761	--
2014	\$4,008,549	357%
2015	\$19,290,616	381%
2016	\$14,895,638	-23%
2017	\$11,412,113	-23%
2018	\$3,491,135	-69%



Variance Analysis

The revenue for these three funds fluctuates from year to year as they are all project only funds. The revenue is reimbursed after the expenses are incurred throughout the life of the project. The Pelandale/99 Project makes up 88% of the revenue received in FY 2015, 2016, and 2017 which is funded through State Prop 1B. As the Pelandale/99 Project approached completion, the revenue decreased in FY 2018.

XL. CFD FUNDS

A. Community Facility Districts - 3200 thru 3294 (excluding 3220)

Background

Authority: The formation documents for each CFD establishes the authority for facilities special taxes to be collected and used for approved facilities. They also establish the authority for the issuance of land-secured bonds, whose proceeds can be used to fund authorized facilities.

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: These funds account for the accumulation and expenditure of Community Facilities District (CFD) capital and maintenance levies. CFDs are created to provide a funding and reimbursement mechanism for public facilities and/or services for various Specific Plan areas. CFDs are the preferred method of financing infrastructure because no finding of special benefit for each parcel is required. They are also established to ensure that new development projects do not solely become the responsibility of the General Fund. Expenditures from these funds include CIP project costs and debt service on bonds issued to finance earlier capital projects. CFD funds are organized by district. Budgets for the CFD funds are adopted as part of the City's CIP.

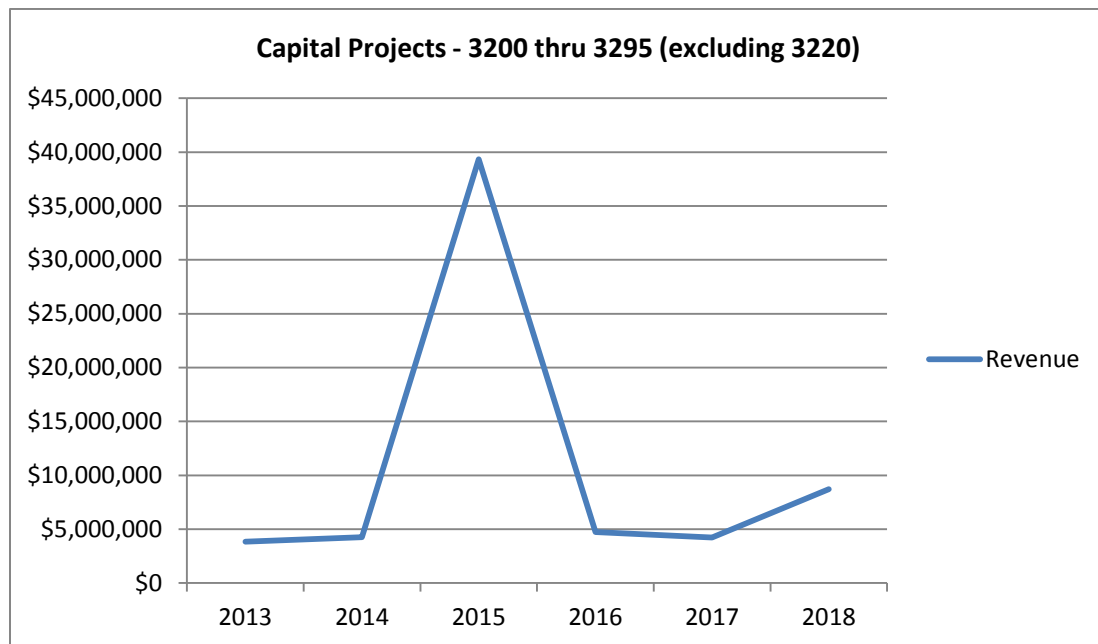
Fund: Non-Operating Funds

Cost Center: 14702; 14703; 14726; 14780; 14707; 14709; 14758; 14735; 14715; 14716; 14761; 14738; 14719; 14720; 14722; 14755

Use of Revenue: Under the Mello-Roos Community Facilities Act of 1982, a CFD may be used to purchase, construct, expand, rehabilitate or acquire public improvements, or provide public services.

Revenue History

Capital Projects - 3200 thru 3295 (excluding 3220)		
Fiscal Year	Revenue	Percent Change
2013	\$3,842,629	--
2014	\$4,250,594	11%
2015	\$39,350,074	826%
2016	\$4,739,701	-88%
2017	\$4,225,722	-11%
2018	\$8,713,580	106%



Variance Analysis

Variances are caused by the different assessments received within the multiple Community Facility Districts based upon their maintenance and capital needs. The increase was due mostly to Village One #2 bond proceeds.

XLI. CFF FUNDS

A. Capital Projects - 3410 thru 3470

Background

Authority: §66000 of the California Government Code

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: These funds account for the accumulation and expenditure of Capital Facilities Fees (CFFs), which are charged to new development in the City to offset the impact of growth on community infrastructure. Each fund accounts for fees collected for a specific type of capital facility. New buildings and nonresidential building projects are assessed for CFFs, which are due and payable at the time of building permit issuance. CFF are inflated annually effective July 1st and updated every five years. CFF exemptions and deferrals are available for qualified projects.

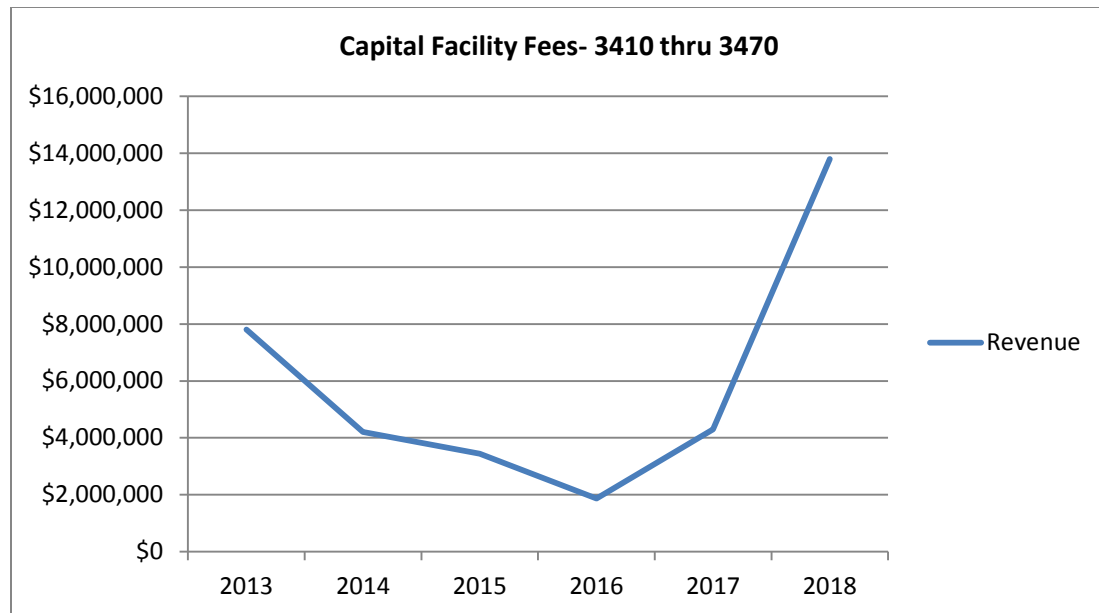
Fund: Non-Operating Funds

Cost Center: 14140; 53499; 14150; 19130; 18120; 31030; 14120

Use of Revenue: The CFF collected may be used for the purchase, construction, expansion, rehabilitation or acquisition of public facilities. Expenditures from these funds are governed by the City's CFF plan. Expenditure budgets for these funds are adopted as part of the City's CIP.

Revenue History

Fiscal Year	Capital Facility Fees - 3410 thru 3470	
	Revenue	Percent Change
2013	\$7,807,661	--
2014	\$4,206,374	-46%
2015	\$3,443,527	-18%
2016	\$1,869,452	-46%
2017	\$4,296,924	130%
2018	\$13,805,745	221%



Variance Analysis

The revenue for these funds is based on fees collected from the issuance of building permits for new buildings/construction of residential and non-residential buildings. The cost of the permit varies on the type of building, whether it is residential or non-residential, and the size of the building. As the economy has improved, the revenue for these fees has increased. However, the revenue fluctuates from year to year depending on the activity within the City and the number of permits requested. Most of the revenue received in FY 2017 is related to the Streets Capital Facility Fee May 2011 CFF program fees. This revenue makes up 70% of the total revenue for all 7 funds. The influx of revenue for FY 2018 is related to the State Route West Expressway 132 project. This project has a matrix of funding sources that are tied to grant reimbursements along with \$10 million for Regional Measure L Funds and \$5 million of County PFF funds. The project is housed in Fund 3410 and is the cause for the variance.

XLII. OTHER AGENCIES

A. Other Agencies (Fund 1910, 2903, and 6100 thru 6799)

Background

Authority: Authority based on the each individual Joint Powers Authority board/agreement. For Industrial Fire: "Article XIII and XIII A of the California Constitution; Revenue and Taxation Code Sections 95, 97."

Administering Agency: City of Modesto

Fee Source: Council

Municipal Code: Not applicable

Description: Other Agencies funds represent the finances of outside agencies for which the City of Modesto acts as fiscal agent. The City performs day-to-day accounting and treasury functions for these entities, but they are governed by independent boards and are not City departments. Budgets for agency funds are adopted by their respective governing boards and are outside the City's operating budget process. Notable agency funds include the following: Industrial Fire Joint Powers Agency (6100); Stanislaus Drug Enforcement Agency (6600); Tuolumne River Regional Park (6700 thru 6799); Modesto Redevelopment Successor Agency (1910 and 2903)

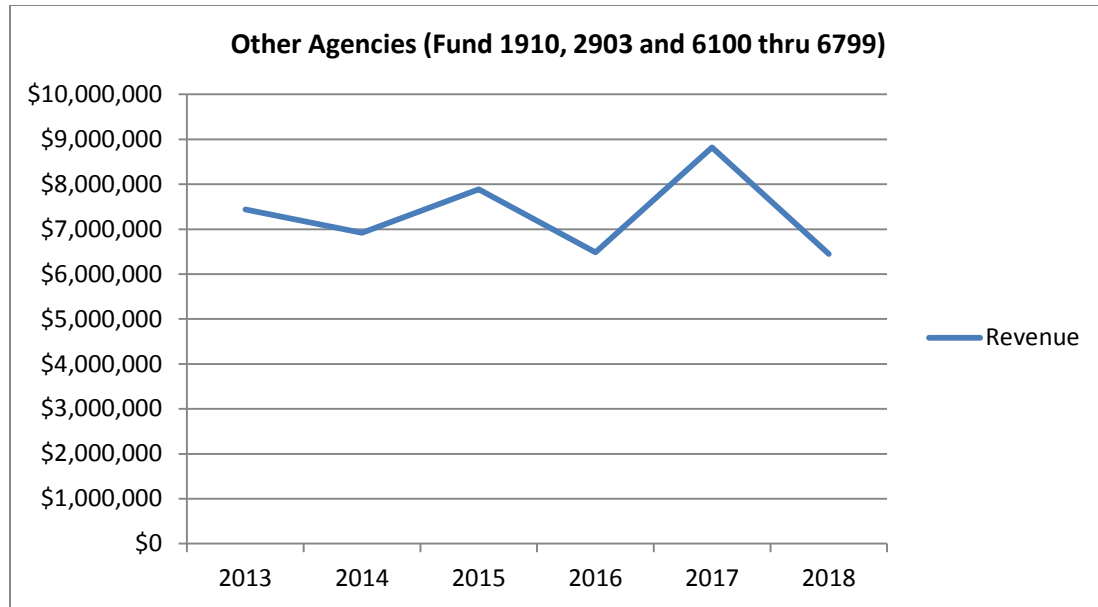
Fund: Other Agencies

Cost Center: 14860; 14870; 80040; 80210; 80220; 80225; 80230; 80240; 89998; 89999; 80300; 39999; 80310; 53233

Use of Revenue: Program-specific functions.

Revenue History

Fiscal Year	Other Agencies (Fund 1910, 2903 and 6100 thru 6799)	
	Revenue	Percent Change
2013	\$7,437,980	--
2014	\$6,918,676	-7%
2015	\$7,886,632	14%
2016	\$6,484,530	-18%
2017	\$8,823,207	36%
2018	\$6,449,985	-27%



Variance Analysis

The SDEA fluctuations are related to Seized Forfeiture Revenue and Miscellaneous Grant Revenue. The Seized Forfeiture Revenue increased in 2012 and has since declined through 2014 with a slight increase in 2015. The main increases in 2015 were Repair and Maintenance Services – Vehicles and a Vehicle purchase. Industrial Fire property tax revenues peaked in FY2006, but suffered as a result of the economic downturn. In 2013, property values began to increase, resulting in a correlated increase in property tax revenues collected by the City. However, property taxes have still not returned to pre-recession levels. Tuolumne River Regional Park (TRRP) operations increase by about \$100,000 due to increase contributions from the city and county. TRRP Capital Improvement Program projects had an increase of grant revenue in the amount of \$520,000.