

## OVERVIEW OF CITY FUNDS

The following provides brief descriptions of the City's principal funds, grouped by functional area.

### General Fund

The General Fund (0100) is the primary operating fund of the City. Its principal revenue sources include property tax, sales tax, utility taxes, business licenses & franchise taxes, and certain general purpose revenues allocated by the State. Police and fire services account for the bulk of expenditures in the General Fund, with the balance going to a variety of programs including parks, recreation, urban forestry, sidewalk maintenance, planning & economic development, and general government.

### Transportation Funds

Special Gas Tax Fund (Special Revenue - 0700): This fund accounts for the City's street maintenance & operations costs. Its revenue sources include the City's share of the State gas tax and a share of the local garbage collection service agreement fee. It also receives transfers from the General Fund (for sidewalk and street maintenance), the Local Transportation Fund and the LTF Non-Motorized fund.

Local Transportation Fund (Special Revenue - 0510): This fund accounts for the City's share of a ¼% 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 LTF revenue received by the City for transit purposes is accounted for in the Bus Fund, below.) Most of the revenue received in this fund is transferred to the Gas Tax fund for expenditure on street maintenance.

LTF Non-Motorized (Special Revenue - 0520): 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.

Bus Fund (Enterprise – 6510): This fund accounts 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 ¼% sales tax for transportation (see Local Transportation Fund, above), transit-related grants, and rider fares.

Airport Fund (Enterprise – 6310): This fund accounts for the operation of the Modesto Airport. Primary revenue sources for this fund include hangar rental fees and taxes levied on the owners of aircraft housed in Modesto. The Airport fund also receives FAA grants for capital improvements.

### Utilities

Water Fund (Enterprise – 6100 thru 6180): 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.

Sewer Fund (Enterprise – 6210 thru 6270): 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.

Storm Drain Fund (Enterprise – 6280): This fund accounts for the City's storm water drainage utility and is financed primarily with storm water drainage fees.

### **Internal Service Funds**

Fleet Fund (Internal Service – 7200 & 7210): This fund accounts for the acquisition, maintenance and operation of most of the City's vehicles and heavy equipment. (Exceptions include buses, which are accounted for in the Bus Fund; and fire equipment, which is accounted for in the General Fund.) The Fleet Fund is financed by monthly "rental" charges applied to the operating budgets of departments, which use vehicles and equipment. These charges pay for the maintenance and operations of equipment as well as its eventual replacement. The portion of the rent charged for future replacement is accumulated in a distinct sub-fund (7210) of the Fleet Fund.

Information Technology (Internal Service – 7130 & 7131): This fund accounts for the City's acquisition, maintenance and replacement of information systems and telecommunications. Fund 7130 is financed by monthly charges to the operating budgets of City departments based on a formula encompassing various factors (such as the number of PC's in a department and special applications supported for the department). Fund 7131 was created to assist in future replacements of complex software infrastructure, such as the City's financial system.

Building Services (Internal Service – 7800): This fund accounts for the maintenance and operation of the City's buildings and facilities, with the exception of Tenth Street Plaza and facilities accounted for in Enterprise or Internal Service funds. The fund is financed by monthly charges applied to the operating budgets of City departments.

Central Services (Internal Service – 7100, 7110, 7120): This fund accounts for a number of internal central services, including mailroom, copying & printing, and internal inventory stores. This fund is financed by monthly charges applied to operating budgets of City departments.

Insurance Funds (Internal Service – 7310-7390): These funds account for the City's self-insurance reserves (workers compensation and general liability) and for the purchase of third-party insurance (property insurance, excess liability coverage for workers compensation and general liability, employee health, vision, dental and disability coverage), as well as insurance administration costs. Employee benefit insurance is financed as a pass-through from operating budgets. Other insurance types are financed by monthly charges applied to operating budgets of City departments.

Employee Benefit Fund (Internal Service – 7510 & 7520): This fund accounts for accrued vacation liability City-wide, as well as the cost of post-retirement employee health benefits. It is financed by monthly charges applied to operating budgets of City departments.

## **Debt Service Funds (9440, 9450)**

Debt service funds 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).

## **Other Funds**

Capital Improvement Support (Special Revenue - 0300): 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.

Solid Waste Fund (Special Revenue – 0310): 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. The primary 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.

Education & Government Communication (Special Revenue – 0320): 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.

Elections (Special Revenue – 0350): This fund has been established to accumulate resources to pay the costs of municipal elections. Generally, municipal elections are held only every other year. Each year, the City transfers half of the estimated cost of running the next election from the General Fund to the Elections fund. This arrangement ensures that the General Fund cost of elections is relatively stable from year to year.

Operating Grants – Block (Special Revenue – 0400): 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.

Operating Grants – Reimbursed (Special Revenue – 0410): This fund was 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.

Traffic Safety Fund (Special Revenue – 0600): This fund accounts for revenues received from traffic safety fines and forfeits. Money from this fund is transferred to the General Fund to pay for police operations and equipment.

Downtown Improvement District (Special Revenue – 0900): This fund accounts for the activities of the business improvement district 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.

CDBG – Direct (Special Revenue – 1130): This fund accounts 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.

Housing Loan Program (Special Revenue – 1150): This is a revolving fund, which provides housing loans to low-income individuals. Original funding to establish the fund was received from the Federal Department of Housing and Urban Development (HUD). Current revenues in the fund reflect loan repayments, which are accumulated to make new loans.

HOME Program (Special Revenue – 1170): This fund accounts for revenues received from HUD under the Home Investment Partnerships program.

Emergency Shelter Program (Special Revenue – 1180): This fund accounts for emergency shelter grant revenue received from HUD.

CFF Administration (Capital Projects – 1390): This fund accounts for administrative costs associated with the Capital Facilities Fee (CFF) program. The fund is financed with CFF revenues.

Park Fund (Capital Projects – 1400): 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, below) and the Gas Tax fund, to repay the inter-fund loan. The proceeds are in turn transferred to the General Fund in payment for a corresponding inter-fund loan.

CFD Administration (Capital Projects – 2900): 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.

Parking Fund (Enterprise – 6000): This fund accounts for the City's off-street parking facilities, including the downtown parking garages. Parking fees for validated lots and other off-street parking are the primary revenues in this fund. Operation, maintenance, and development of the parking facilities constitute the primary expenditures.

Golf Fund (Enterprise – 6600): 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. Expenditures include golf course maintenance and debt service on COP's issued to finance the development of the Creekside golf course.

Centre Plaza Fund (Enterprise – 6700 & 6710): 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.

## **Non-Operating Funds**

These funds account for non-operating activities, such as CIP projects and long-term planning projects.

Strategic Planning Fund (Special Revenue – 0800): This fund was established to accumulate resources for major long-term planning projects, such as updates to the General Plan. 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. The remaining budgets in this fund are for "multi-year projects," which are adopted separately from the City's annual operating budget.

CFF Funds (Capital Projects – 1310 thru 1430): These funds account for the accumulation and expenditure of Capital Facilities Fees, 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. Expenditures from these funds are governed by the City's Capital Facilities Fee plan. Expenditure budgets for these funds are adopted as part of the City's CIP.

CFD Funds (Capital Projects – 2600 thru 2800): These funds account for the accumulation and expenditure of Community Facilities District capital and maintenance levies. 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.

## **Other Agencies Funds**

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:

- Tenth Street Place JPA (8500)
- Stanislaus Drug Enforcement Agency (8850)
- Tuolumne River Regional Park (8900)
- Modesto Redevelopment Agency (9000 – 9080)

