

October 31, 2002

Mayor and City Council
City of Modesto
1010 Tenth Street
Modesto, California 95354

SUBJECT: Adopted Budget for Fiscal Year 2003

Honorable Mayor and Members of the City Council:

I am pleased to present you with the Fiscal Year 2003 Adopted Budget. This budget totals \$232.9 million, with \$105.7 million in General Fund expenditures, \$27,829,000 million in Capital Improvement Programs. The budget was adopted on June 25, 2002. This budget represents our determination to continue towards our goals of achieving the Vision for our city.

Vision:

“Modesto: A healthy, safe, attractive, economically vibrant, socially diverse and culturally rich city with a strong sense of identity and pride, a community engaged in the practice of citizenship with governance based on the principle of stewardship.”

Overview:

The preparation of this budget has been one of the more difficult tasks we have faced in years. As we present this budget, there is major uncertainty concerning the impact on the City of the State’s economic and budgetary problems. The State’s budget deficit is projected in excess of \$23.6 billion. In addition, within the last several weeks we have had to find ways to absorb major increases in workers compensation and insurance costs as well as a costly ruling in arbitration process with our firefighters. As you know, we have been working since December to prepare ourselves for potentially large reductions in state aid or cost increases. That effort has been successful. I am pleased to inform you that I am presenting a balanced General Fund budget for Fiscal Year 2003. This enables us to maintain General fund reserves in excess of \$9 million and positions us well to be able to weather the expected losses of State aid.

Our success is based on two factors, the ability of our operating departments to identify service reductions and other savings that resulted in expenditure reductions of \$4.02 million in fiscal 2002 and 2003 and the continuing robust performance of our local economy. This, along with the prudent use of City cash reserves, has

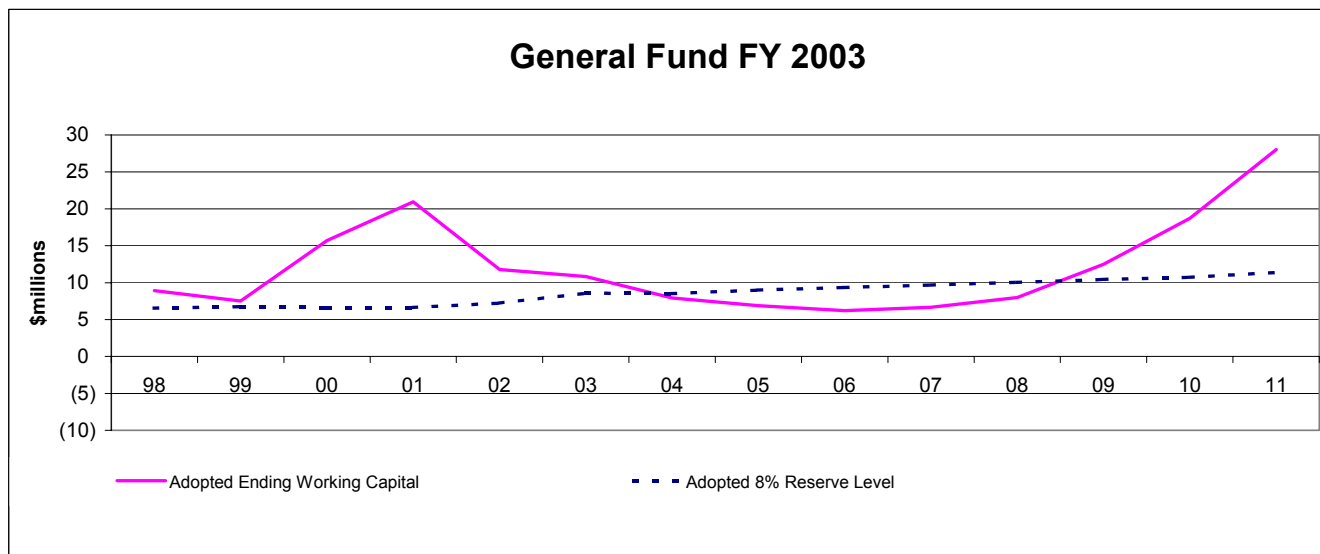
enabled us to maintain our commitment to public safety with larger than inflationary increases for both Police and Fire. This commitment is summarized below:

- Fire Station No. 11 construction \$1.16 million (\$ 660,000 funded in FY 03 and the remaining funding and staffing in FY 04)
- Fire Department net budget increase by \$ 3.3 million.
- Police Department net budget increase of \$1.8 million

We estimate the General Fund’s ending working capital for June 30, 2002 at \$10.6 million, which is \$0.8 m under the FY 2001-2002 Adopted Budget amount of \$11.4 million. The \$10.6 million includes a reserve for cable at \$990,000, therefore, the estimated ending working capital for FY 2003 budget is \$9.6 million. Outside of these figures includes \$3.2 million set aside for the Village One storm drain in FY 2002.

This budget represents continued support of public needs for a population growing over 200,000. We have changed the expenditure growth rate to reflect the increased CALPERS (California Public Employees Retirement System) costs associated with the Fire arbitration and Public Safety labor agreements approved by Council. We expect the revenue growth to continue into the next year, and our long-term revenue projections have been adjusted to many five-year averages. The resulting “smile curve”, below shows the estimated General Fund working capital is at 9% at the end of FY 2003, then slowly dropping to a 4% level in FY 2005 before it returns to the 8% level in FY 2008. The upward slope of the curve in the out years illustrates the point at which additional General Fund money can be spent on major capital improvement projects or increased staffing based on current revenue and expenditure assumptions.

The General Fund graph below is a tool for policy makers to evaluate decisions and impacts.



As we have discussed in the past, any long-term financial model is extremely sensitive to changes in the assumptions. In our model, we are projecting inflation to be slightly less than 3 %, that our

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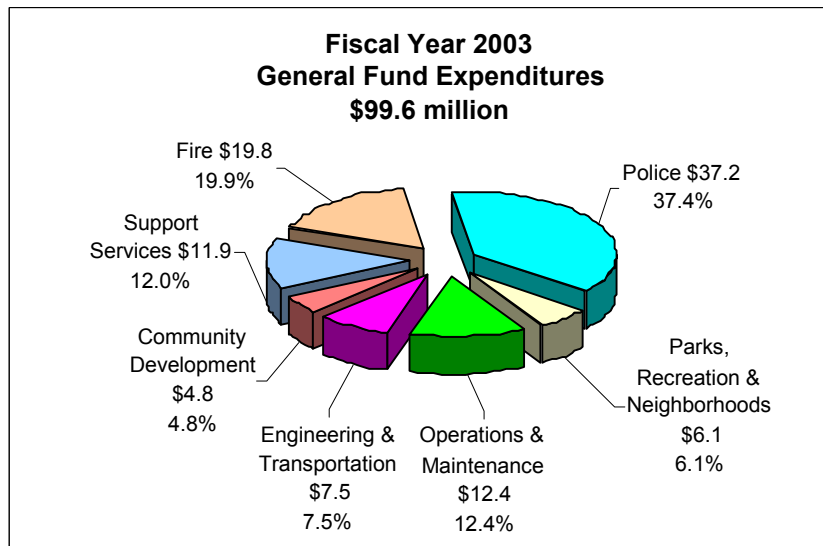
revenues will grow faster than that at approximately 3.9 %, and that we can keep expenditure growth to slightly less at 2.5 %. In addition, the model no longer assumes large unspent departmental expenditures.

Reserves:

In FY 2001, Council adopted a policy increasing the targeted General Fund reserve level to 8% in order to safeguard the City against economic downturn and improve our ability to respond to emergency needs. This policy gave us increased protection against the uncertain dynamics associated with the power crisis and stock market volatility, and will offer protection against the potential fiscal impacts of the State of California budget deficit and changes in the local economy. It is important to maintain the General Fund reserve target of 8% over the next couple of years. The 8% target assists us in retaining a good bond rating standing, which is currently rated at A3.

Expenditures:

General Fund expenditures are budgeted at \$99.6 million. General Fund expenditures for Public Safety represent the largest portion of the General Fund at 57.3% of the total budget. Of this amount, Police represents \$37.2 million (37.4%) and Fire represents \$19.8 million (19.9%). Other City Departments are Operation and Maintenance, 12.4%; Engineering and Transportation, 7.5%; Parks, Recreation and Neighborhoods, 6.1%; and Community Development, 4.8%. The Support Services area includes City Council, City Manager, City Attorney, City Clerk/Auditor, Personnel, Finance and non-departmental. These departments total 12.0%. Support Services also includes less than 1% for non-departmental usage.



Our goal is and will continue to be a commitment to give citizens a General Fund budget that balances operating expenditures with available operating revenues. In FY 2002, our budget for the first time balanced revenues with department expenditures. Because of a large fund balance, we increased the transfers out of the General Fund to fund important capital projects.

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Operating Budget General Fund (millions)		FY 2003
Estimated Revenues		\$98.1
Operating transfer in		7.6
Total Revenues		\$105.7
Budgeted Expenditures		\$99.6
Operating transfers out		6.1
Total Expenditures		\$105.7
Projected Change in Working		0

This year, our intent is to preserve our working capital and balance the budget including all transfers in and out as Total Revenue equals Total Expenditures. Transfers out of the General Fund were reduced to create a net of “0” dollars for Total Revenues less Total Expenditures. This allowed us to meet this vital objective of balancing the budget and protecting our working capital.

The major transfers into the General Fund come from the Special Gas Tax Fund, Local Transportation Fund and Traffic Safety Fund to provide for the daily operations in Streets Maintenance, Electrical, Community Forestry and Traffic Divisions. There have been no transfers from the Utility Funds since the Council eliminated them on September 21, 1999. Major transfers out of the General Fund include the one-time expenditures on capital items, the payment of Tenth Street debt service, subsidy for Centre Plaza, the transfers to the Redevelopment Agency and their portion of the Transient Occupancy Tax, and the loan to the Golf Fund.

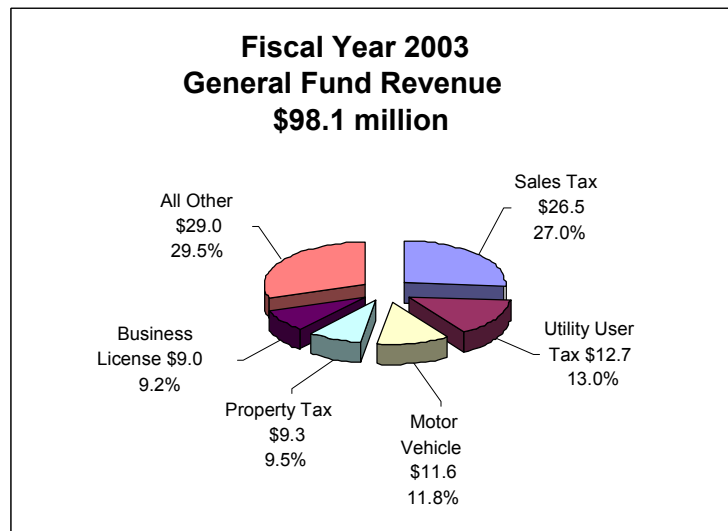
Revenues:

Fiscal Year 2003 General Fund revenues are projected at \$98.1 million with overall revenue growth in the General Fund projected at 3.3%. Major revenue sources are projected to grow by 4.9%. Our revenue assumptions for FY 2003 for Sales Tax and Motor Vehicles are set at five-year averages. Future growth assumptions for revenues have been increased to 4.9% overall. This represents a determination to pursue revenue-generating policies and cost savings measures. The chart below illustrates the General Fund’s major revenue sources.

General Fund Revenues					
(millions)					
	Actual FY 2001	Estimate FY 2002	FY 2003 Assumption	Budget FY 2003	Long-range Avg Assumption
Sales Tax	\$23.3	\$24.8	6.8%	\$26.5	6.0%
Utility Users Tax	14.4	12.3	3.5%	12.7	3.5%
Motor Vehicle	9.9	10.7	8.2%	11.6	7.0%
Property Taxes	8.2	9.0	3.1%	9.3	4.9%
Business License	8.0	8.5	6.6%	9.0	6.7%
Transient Occupancy	2.1	2.2	4.5%	2.3	4.5%
Franchise Fees	2.4	3.0	4.3%	3.1	5.1%
Investment Income	1.7	1.3	-50.0%	0.6	-16.1%
Indirect Cost Recovery	2.5	2.7	6.3%	2.8	3.0%
Construction Related	3.4	2.8	7.2%	3.0	3.5%
Major Revenues	75.8	77.2	4.9%	81.0	5.4%
Other Revenues	10.5	17.7	-3.7%	17.1	2.7%
Total	86.3	94.9	3.3%	98.1	4.9%

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The large drop in Utility Users Tax (UUT) simply recognizes that fiscal 2001, with its massive increases in energy prices were a one-time anomaly that will not reoccur. Unfortunately, this has an impact on our road maintenance expenditures. The reduction of UUT means that “excess” monies pledged toward road maintenance have disappeared and we will, therefore, be appropriating \$760,000 less in fiscal 2003. The large reduction in investment income reflects much lower cash balances as well as a slight reduction in interest rates. The FY 2002-2003 budget does not allocate any UUT revenue toward road maintenance. A preliminary report on street maintenance is included in the Policy Issues and Reports section and new reports will be issued in December 2002.



Public Safety:

Even in these difficult times, we have continued our commitment toward Public Safety. As noted earlier, we have increased the budgets of both the Police Department (5.6 %) and the Fire Department (22.5 %) much more than inflation while also continuing with plans to construct, equip and staff Fire Station No. 11 in Fiscal Year 2004. We substantially increased budgeted overtime and contractual expenses in Police and covered the full cost of the pension expenses in the Fire Department. Unfortunately, these large increases in labor costs, particularly in the Fire Department and in workers compensation and insurance costs for these departments has meant some reductions in staffing levels. In the Police Department we have not funded 8 sworn and 4 non-sworn positions, while the Fire Department was reduced by 4 support positions. The Police Department is aggressively pursuing grant funding for additional police officers. These officers will be assigned to patrol and will enhance public safety services to the community.

Strategic Plan:

The FY 2003 budget makes a managed effort to expend resources in areas that are closely tied to Council’s *Strategic Plan*. We must be mindful that achieving the goals listed in that plan require long-range planning and thoughtful implementation. Even significant revenue will not provide us with all of the resources needed to meet these goals and will require discipline, dedication and innovative approaches. The Strategic Plan and Department Performance Measures will become increasingly more important in light of the difficulties with balancing future year budgets and

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anticipated revenue loss because of the state deficit. During the FY 02 and 03 departmental reduction process, impacts were evaluated against strategic plan objectives. This process will be improved and continue as part of the city budget development and evaluation cycle.

Information and Technology Services:

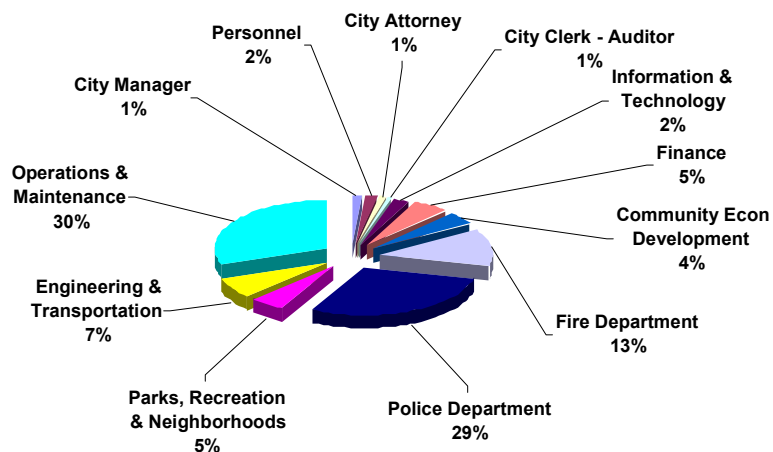
Investment in technology is critical to the successful operation of a City our size. The budget allocates an additional \$197,000 for technology, an increase of 5.9%, to improve our ability to provide essential technological services to departments and enhance our ability to implement an e-government strategy. This also provides for increases in software maintenance costs. In 2001, we have elevated this vital function to Department status, however, this department relies on internal service charges to other city departments for its budget. It is also expected that a Information Technology Director will be on board to direct mission critical services by the beginning of FY 2003. We expect that our investment in technology will offer improved services to both the public and city employees and can create an overall increase in productivity with a decrease in costs.

Management and Administrative Services:

This includes the City Council, Clerk/Auditor, City Manager’s Office, Finance, Personnel, City Attorney and Information and Technology support areas. A well-managed City must commit the resources necessary to conduct City business with professionalism. We have committed limited resources necessary to make improvements in our central services and systems because they support the decisions we make and the services we provide. One notable change is the function of CFD (Capital Fee Districts) moved from the City Attorney to the City Manager’s Department.

Position Allocation:

FY02-03 Position Allocation by Department



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Staffing:

The FY 2002 adopted budget included an increase of 54.4 full-time equivalent positions (FTEs) from 1,209. Of the 54.4 FTEs, 32.7 FTEs were in the General Fund and 22.5 positions represented conversion of part-time or contract positions to full-time status. The FY 2002-2003 budget eliminates the funding for 31.5 FTEs supported by the General Fund. The chart below compares staffing levels as well as the results of the FY 03 budget reductions.

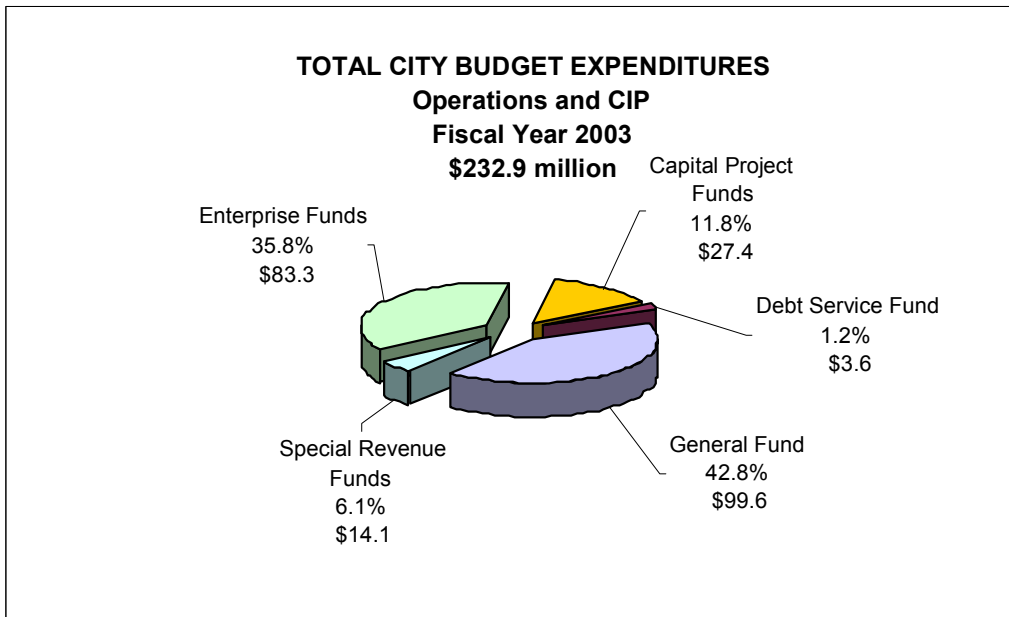
				Authorized	Unfunded	Budgeted
	FY99-00	FY00-01	FY01-02	FY02-03	Budget	Budgeted
Department	Actual	Actual	Current	Proposed	Reduction	Adopted
						FY 02-03
						Budget
City Manager	10	12	16	16	0	16
Personnel	18.125	20.125	21.125	21.125	0	21.125
City Attorney	15	18	17	17	0	17
City Clerk - Auditor	5	7	7	7	0	7
Information & Technology	13.75	17.75	23.75	26.75	0	26.75
Finance	57	58	64	66	-1	65
Community Econ Development	47	48	53	53	-2	51
Fire Department	155	155	159	159	-4	155
Police Department	356	364	367	367	-12	355
Parks, Recreation & Neighborhoods	55.75	52	62.5	63.25	-1	62.25
Engineering & Transportation	78.9	89.75	91.8	90.8	-2	88.8
Operations & Maintenance	348.5	367.5	384	383	-8.5	374.5
Total	1160.025	1209.125	1266.175	1269.925	-30.5	1239.425
General Fund	879.125	897.375	932.675	935.425	-31.5	903.925
Other Funds	280.9	311.75	333.5	334.5	1	335.5
Total	1160.025	1209.125	1266.175	1269.925	-30.5	1239.425
No. of FTEs to City Population (per 1,000)	6.10	6.15	6.37	6.23		6.08
City Population	190,100	196,679	198,633	203,718		203,718
Note: This table does not include the City Council						

Although, the population of the city continues to grow, the number of City employees per thousand based on the FY 2003 budget returns to a 1999 city staff to population ratio. City employees provide direct services to the citizens of Modesto and maintain the city infrastructure.

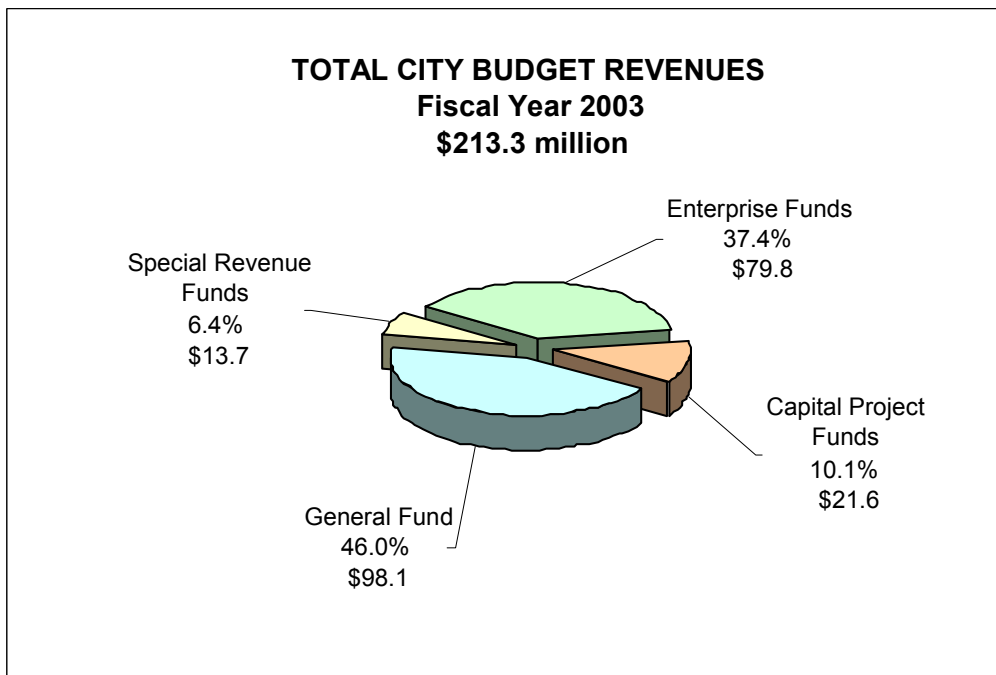
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Fiscal Year 2003 Overall City Budget:

The Fiscal Year 2003 overall budget totals \$232.9 million in expenditures and Capital Improvement Program (CIP) and \$213.3 million in revenues. For comparison, FY 2002 was \$220.3 million in expenditures and \$212.2 million in revenues at the adoption of the budget.



The chart below shows the overall City revenue forecast for Fiscal Year 2003. The revenue forecast is based on a careful analysis of past trends adjusted for the latest information from Departments.



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Utility Rate Increases:

In order to sustain adequate water, wastewater (sewer), and storm drainage facilities by improving existing deficiencies, the anticipated rate increases projected for the next ten years are shown in the following table:

Utility-Rate Increases	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
Water*		3%	4%	4%	3%					
Wastewater (Sewer)	4%	4%	3%	4%	3%	3%	3%	3%	3%	3%
Storm Drainage		To Be Determined after Completion of the Storm Drainage Master Plan								

* Proposed increases for water Zones 1 and 2 only – no increases are currently planned for Zone 3.

Storm Drain System:

Due to the problems associated with our mail Proposition 218 ballot measure, no revenue increase has been forecast for the Storm Drain Fund for fiscal 2003. This loss of approximately \$400,000 will significantly impact the level of preventative maintenance performed in this area. We have, however, included monies in the budget for preparation of a comprehensive Storm Drain Master Plan. This plan will document infrastructure needs and financing alternatives.

The City Council established a storm drainage surcharge in June 1991, to pay for rockwell cleanings, rehabilitations, and replacements; monitoring storm water quality; street sweeping; annual leaf collections; storm drain repairs; and general capital improvements to the storm drainage system.

The City's use of a rockwell stormwater runoff retention system is highly dependent on preventative maintenance in order to function properly. While a number of repairs and improvements have been made over the past few years, the overall system is still deficient in its ability to convey stormwater runoff and minimize localized flooding in many areas of the City. This deficiency is largely due to a lack of adequate funding to perform necessary maintenance and repairs to the system in a timely manner, and since 1995, the storm drainage fees have remained unchanged but the rate of inflation has increased by over 15%. It is estimated that without a rate increase the Storm Drainage Enterprise will be depleted, requiring a reduction in maintenance and repair levels. Maintenance will become more oriented toward "stop gap" measures, reacting to problems in the system as they occur rather than preventative or proactive maintenance.

Golf Fund:

This fund continues to experience difficulties in making its revenues equal its costs. In fiscal in 2002, the General Fund will advance more than \$400,000 to the Golf Fund. Approximately 25 % of that amount was associated with the costs of drilling a well. For fiscal 2003, the General Fund impact will change from a "loan" status to a "subsidy" status. Revenue shortfalls will need to be constantly monitored. Additional analysis will be required to determine if this subsidy should be a set amount or continue as an adjustable dollar amount.

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Projected Loan to the Redevelopment Agency:

As we go to press, we still do not have the latest estimates for tax increment growth in the redevelopment area for fiscal 2003 and beyond from Keyser Marston & Associates, our redevelopment specialists. They are currently engaged to prepare new estimates of revenue growth. The Agency's budget therefore has been prepared based on their past estimates. At this time we do not expect significant changes in the budget or our estimate of the needed General Fund loan of \$337,000 in fiscal 2003. In addition, Governor Davis in the November Revision of the State budget for Fiscal Year 2003 has proposed that redevelopment agencies, among others, should also participate in the Education Revenue Augmentation Fund process. If enacted, this could have a significant effect on agency revenues.

The current budget proposes subsidizing the RDA with General Fund sales taxes and Transient Occupancy Taxes (TOT) in accordance with current Council policy.

Redevelopment Loan Projection			
FY 2003			
(000's)			
Fiscal Year	FY 2001 Adopted	FY 2002 Adopted	FY 2003 Adopted
2001	\$255	\$472	\$472
2002	521	931	776
2003	325	514	337
2004	33	273	64
2005	0	81	0
Total	\$1,134	\$2,271	\$1,649

Capital Improvement Program:

The Adopted CIP budget for Fiscal Year 2003 totals \$27,829,000 million as compared to \$28.857 million for Fiscal Year 2002. A major difference in the figures takes into effect the Federal and State grants not available in FY 2003. This year's CIP also represents another step in the City's overall strategy to address the infrastructure challenges of the Community. Our capital planning will continue to focus on meeting Council goals as stated in the Strategic Plan.

During the last couple of years, the General Fund's improved financial condition has allowed funding of several important capital projects. In FY 2002, General Fund Capital Improvement Project requests totaled \$1,940,000. For FY 2003, we are able to approve three requests for capital projects to be funded by General Fund monies totaling \$791,000. These three projects are the first three projects listed below followed by other projects of significant interest:

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- Fire Station 11 - a multi-year strategy to build, equip, and staff the new facility that will serve new development; proposed for FY 2003 is \$660,000 for the construction of the Fire Station. Additional funding in FY 2004 will allow for the completion and staffing of Fire Station 11.
- Fire Station 1 Rehabilitation – a multi year strategy to make improvements that will bring the building up to the Essential Building Act standards. Funding for FY 2003 is \$91,000.
- A Corps of Engineer Feasibility Study – Tuolumne River Flood Control at \$40,000.
- Coffee/Claratina Neighborhood Park/Basin at \$1.110 million
- Maddux Youth Center Improvements at \$524,000
- Orville Wright Neighborhood Park – All Phases at \$532,000
- Briggsmore- Oakdale to Roselle at \$1,900,000
- Claratina – Coffee to Oakdale at \$785,000
- CFF (signals and intersections) at \$2,568,000
- Bus Maintenance Facility at \$1,010,000
- Storm Drain Master Plan at \$450,000
- Cannery Segregation –Land Acquisition at \$1,200,000

In FY 2002, we revised our CIP definitions and moved annual maintenance costs out of the CIP and into the operating budgets in the appropriate departments. We believe this change more accurately reflects the ongoing maintenance needs of the City. We are currently researching all open CIP projects and accounting for all revenue sources. This effort will fold into a new and improved capital budgeting process that will be completed in FY 2003.

Title Changes:

In FY 2002 as part of the budget, names were changed for the following Department and Fund. Recreation and Neighborhoods Department was changed to **Parks, Recreation and Neighborhoods** to properly acknowledge the importance of Parks to our City as well as to better reflect the function of this department. In addition, the Strategic Planning Fund was changed to the **Economic Development and Strategic Planning Fund**. This change reflects the priority Council has placed on Economic Development.

In FY 2003, the name of the Community Development Department will be changed to **Community and Economic Development Department** to reflect the department's functions. The SLESF (Supplemental Law Enforcement Services Fund) will be called the **Operating Grants Fund**.

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Conclusion:

The City has many challenges ahead. The first step toward meeting those challenges is a budget that is responsible from a financial perspective and that reflects the Council's Vision Statement. I believe this budget passes both of these tests. It is fiscally responsible by balancing the General Fund and takes important strides toward meeting Council's goals.

In the coming year, our management team will continue to work with Council, the community, and staff to develop strategies to improve our infrastructure and meet the current and future needs of the community. Emphasis will be placed on financing infrastructure such as dual use drainage/park basins, parks, major transportation system improvements and "backbone" infrastructure, such as drainage in Village One. We will continue to pursue State and Federal grants to augment local resources and will perform master planning to develop financial strategies for the City's major infrastructure systems. These systems play a significant role in the City's economic health and enhance our ability to attract new industrial and commercial development. With this development comes jobs and a strong local economy.

As we strive for economic prosperity, we must ensure we maintain adequate police and fire protection, and a balance of other services to sustain a healthy and safe city where citizens feel protected and secure. Finally, we will turn our attention to developing cultural opportunities for our socially diverse community. We will also increase amenities to make Modesto an attractive place to live, work and play. The result will be an attractive, economically vibrant, healthy, safe, socially diverse and culturally rich community for our citizens.

Respectfully,

Jack R. Crist
City Manager

Financial Policies

1. **Long-Term Departmental Appropriations:** The Council target for operating departments is to fund annual increases in appropriations funded by discretionary General Fund revenues of 1% less than inflation. Departments will be allowed to carry forward 50% of under-expenditures compared to appropriations. Departments are encouraged to restructure service delivery over time to produce more cost effective service.
2. **General Fund Reserve:** The Council target for reserve levels for the General Fund is 8% of total appropriations to protect the General Fund against fluctuations in major revenue sources.
3. **Forecasting Model:** The Finance Department will maintain a 10-year financial forecasting model to test the city's ability to respond to changes in operating costs, capital improvement program needs, and impact from the economy on revenues.
4. **Enterprise Funds:** Enterprise and non-General Fund operations should be self-funding and should carry reserve levels that are adequate to protect against fluctuating revenue levels.
5. **Discretionary Property Tax Transfer:** The Council has earmarked 4% of property tax revenue to the Parks Fund (1400) to be used for Parks related capital improvement projects.
6. **Transfers to Redevelopment Agency:** The Redevelopment Agency will receive the total of the following revenues as "transfers" from the General Fund:
 - a. All sales taxes produced by the old Lincoln School site
 - b. All Transient Occupancy Tax (TOT) generated by the DoubleTree Hotel
 - c. Twenty percent of the remaining TOT.

All monies needed in excess of these amounts shall be considered a loan from and payable to the General Fund.

7. **Budget Items Requiring Council Action:**
 - a. Appropriation of reserves
 - b. Transfers between funds
 - c. Appropriation of any non-departmental revenues
 - d. Inter-fund loans
 - e. Creation of new CIP projects and appropriation increases in existing CIP projects
8. **Budget Items delegated to the City Manager:**
 - a. Transfers between budgeted activities or departments within a fund
 - b. Appropriation of unbudgeted departmental revenues
9. **Budget Items delegated to Department Heads:** Allocation of departmental budgets to individual line items is the responsibility of Department Heads. Movement of appropriation from any Salary lines requires City Manager approval.
10. **Capital Budget:** The 10-year Capital Program should reflect the goals and policies established by the General Plan. Particular emphasis should be placed on filling gaps in currently inadequate infrastructure and planning for the rehabilitation of deteriorating infrastructure. The Capital Program should also direct investment in new infrastructure to adopted specific plans in accordance with expressed Council priorities.

Financial Policies

- 11. Inter-Fund Loans:** Loans between funds, or from fund reserves to an operating department, should be considered in light of a multi-year business plan demonstrating a reasonable ability to repay. The annual budget shall enumerate all inter-fund loans and their conditions of repayment. In general, inter-fund loans shall be repaid as quickly as financially feasible at an interest rate commensurate with risk, at least equal to what the advancing fund would have earned if the advance were not made, and at a minimum, 6%. Loans to the Redevelopment Agency prior to 1992 bear an interest rate of 8%. After 1992, loans to the Agency shall pay interest at 7%.
- 12. Interest Allocation:** Interest should be allocated monthly to all funds based on month-end balances, except interest on the following shall also be allocated to the General Fund: Fleet Management, and grant funded areas where the city receives funding on a reimbursement basis.
- 13. Direct Service Charges:** Charges between funds (commonly known as interfund labor charges and city forces) should be charged on the basis of actual costs, not on the budget. This will insure proper cost allocation. Charges for Internal Service Funds will be charged on budget, because these internal operations have long range plans which require build-up on balances for infrastructure maintenance and investment purposes.
- 14. Interfund Transfers and Advances:** There are basically five types of interfund transfers, listed below, along with a preferred budget entry example. The accountant responsible for each type is also shown.

 1. Current year (non multi-year) transfers where actuals should equal budget. Journals for these are done monthly, in equal amounts. Accountant responsible: Laura Parker

Budget entry: Fund-700-7000-9xxx (Transfer in) Fund-700-7000-7xxx (Transfer out)
 2. Debt service transfers, with actuals based on cash needed to pay debt service. Accountant: Laura Parker

Budget entry: Fund-700-7000-9xxx (Transfer in) Fund-700-7000-7xxx (Transfer out)
 3. Current year transfers, to or from Special Revenue Funds (0510, 0520, 0700), **or** operating grant related, **or** in other cases where fund alone is not sufficient identifier for certain special purpose reports. Actuals may be based on budget, or on specific expenditures. Accountant: Tom Double and/or Gary Torngren

Budget entry: Fund-700-**operating org**-9xxx (Transfer in) Fund-700-**operating org**-7xxx (Transfer out)
 4. Multi-year transfers, with actuals based on CIP expenditures, matching requirements, etc. Note: If transfer is from General Fund, the full amount will be transferred in the first year budgeted, regardless of actual expenditures or matching requirements. Accountant: Tom Douglas and/or Gary Torngren, depending on funds.

Budget entry: Fund-700-**CIP org**-9xxx (Transfer in) Fund-700-**CIP org**-7xxx (Transfer out)
 5. New amounts or repayments of advances between funds. Accountant: Laura Parker or Barry Newlin, depending on funds. Note: Actuals are balance sheet transactions.

Budget entry: Fund-701-7001-9xxx (Advances in) Fund-701-7001-7xxx (Advances out)

Citizens' Guide to the Budget Document

The City of Modesto is a charter city and employs the Council-Manager form of government. The City Council is comprised of six Council members and the Mayor, who presides over the City Council. City Council members are elected for four-year terms on a citywide basis. The Council acts as the legislature and policy-making body. The Council appoints the City Manager, City Attorney and City Clerk. The City Manager is the chief administrator and is responsible for implementing the policies and programs of the City Council. The City contains 12 departments:

- City Manager
- Personnel
- City Attorney
- City Clerk
- Information and Technology
- Finance
- Community Development
- Fire
- Police
- Parks, Recreation and Neighborhood
- Engineering and Transportation
- Operations and Maintenance

Accountability Budgeting System

The City of Modesto has adopted a budget policy called the "Accountability Budgeting System" (ABS). Under ABS, Council sets long-term appropriations target for operating departments. It encourages departments to restructure service delivery over time to provide more cost effective services. General Fund departments are allowed to carry forward 50% of their under-expenditures compared to appropriations and are required to report performance measures.

Budget Summary

The Budget Summary provides the reader with a condensed and highlighted version of the Proposed Budget for Fiscal Year 2002-2003. This document contains the City Manager's Budget Message, Council's adopted financial policies, and a variety of tables and charts, which summarize budget information. This document is a summary of detailed information contained in the Operating Budget and Capital Improvement Program. The City Manager's Budget Message highlights important aspects of the budget, including current and long-range financial issues, budget outlook, department budget highlights, major capital improvements, and financial trends. The new Policy Issues and Reports section includes current budget policy issues and special reports. This document also includes long-range forecasts for each major City fund.

Citizens' Guide to the Budget Document

Operating Budget

This section of the budget contains the City's operating budget and is divided into City departments. It includes historical information on expenditures, revenue and staffing for each department. It also includes each department's mission, objectives and performance measure information.

Capital Improvement Program

This document contains the Capital Improvement Program and provides a ten-year capital program for all major City funds. It includes the Capital Improvement Program by category and fund. It also includes the details on each adopted capital project as well as the project area maps for some projects.

Funds

The City's budget is divided into "funds". Funds are fiscal and accounting entities with a self-balancing set of accounts in which resources are segregated to carry on specific activities in accordance with policy, regulations or restrictions.

General Fund

The General Fund is the primary operating fund for basic services such as police, fire, maintenance, and community services. These activities are financed through general tax dollars from sales taxes, utility users taxes, and property taxes, and by revenues generated from permits, fees, and investment earnings.

Special Revenue Funds

These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. For example, a government may levy a tax on gasoline with the express purpose of using the proceeds of the tax to finance road maintenance and repair.

Debt Service Funds

Governments often set aside monies to meet current and future debt service requirements on general government debt. The Debt Service Fund is used to account for the accumulation of resources for and the payment of, general long-term debt principal and interest.

Capital Projects Funds

Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities, i.e. the development of a new neighborhood park.

Citizens' Guide to the Budget Document

Enterprise Funds

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The Enterprise Funds include operations such as Water, Wastewater, Storm Drain, Golf, Community Center, Transit Center, and Parking.

Internal Service Funds

Governments often wish to allocate the cost (expenses, including the exhaustion of fixed assets and depreciation expenses) of providing certain centralized services (e.g., fleet pools, mail services, automated data processing services) among their different funds. Likewise, governments sometimes wish to recover the cost of services they provide to other governments. The Internal Service Funds are used to account for the financing of goods or services between inter-departmental agencies.

Accounting Basis of Budgeting

All city budgets are adopted on a modified accrual basis. Revenues are recognized when they become both measurable and available, and expenditures are recognized when the fund liability is incurred except for inventories and prepaid insurance and similar items.

The City prepares a financial statement annually in conformity with GAAP for governmental entities, which are audited by an independent certified public accounting firm. The annual financial report is generally available six months following the fiscal year end on June 30th.

Annual Budget Process

The Finance Department has a variety of continuous practices which ultimately complete the yearly budget adoption process. Four of the main elements are described below:

Quarterly Status Reports

These reports identify revenue and expenditure projections as well as current issues that may affect budgets. It describes recommended adjustments due to changing circumstances and requires Council review and approval.

Budget Kick-off and Training

At the beginning of each calendar year, the budget staff creates the upcoming year's procedures in a Budget Manual. They meet with department budget coordinators, schedule training for the budget software system and data input. A Budget Kick-off meeting reviews all the changes for the upcoming budget, with all budget informational materials distributed at this time.

Citizens' Guide to the Budget Document

Budget Review/Data Completion

Current midyear budget data is available in mid-February. Analyst work along side department coordinators in completing their budgets by mid-March. Review meetings with the Department Heads and City Manager are held in March, with final decisions made by the end of March.

Budget Document/Approvals

Finance analysts review department budget reports for accuracy in April, with a draft going to print by the end of the month. Proposed budget documents are typically presented to the Council at the 2nd Tuesday meeting in May, with public hearings scheduled before the end of the month. Committee meetings are scheduled during the month of May to review all aspects of the budget document. Committee recommendations are sent to the full Council, with budget adoption normally scheduled for the third week of June.

Operating Expenditure Summary by Department (All Funds)

DEPARTMENT	Actual FY99-00	Actual FY00-01	Estimate FY01-02	Budget FY02-03
CITY COUNCIL	212,588	205,238	245,210	234,316
CITY MANAGER	1,785,074	4,687,955	9,833,563	12,782,120
PERSONNEL	28,945,707	32,108,802	34,194,019	40,362,823
CITY ATTORNEY	1,316,068	1,513,132	1,708,366	1,766,744
CITY CLERK	825,858	584,754	977,495	798,028
INFORMATION & TECHNOLOGY	2,020,947	1,790,982	3,319,590	3,647,570
FINANCE	6,880,162	7,087,355	8,800,736	8,522,306
COMMUNITY & ECONOMIC DEVELOPMENT	5,104,648	5,258,449	6,933,212	7,301,896
FIRE	15,160,532	15,128,056	16,160,505	19,792,407
POLICE	32,297,663	34,928,629	35,763,854	37,757,053
PARKS, RECREATION & NEIGHBORHOODS	10,158,566	10,897,683	15,338,368	16,074,322
ENGINEERING & TRANSPORTATION	16,119,738	18,079,434	26,177,609	29,463,294
OPERATIONS & MAINTENANCE	56,053,449	56,834,262	71,589,610	71,000,486
TOTAL EXPENDITURES	176,881,000	189,104,731	231,042,137	249,503,365

Operating Expenditure Summary by Department and Fund

DEPARTMENT	FUND	Actual FY99-00	Actual FY00-01	Estimate FY01-02	Budget FY02-03
CITY COUNCIL	General Fund (0100)	212,588	205,238	245,210	234,316
	<i>TOTAL</i>	<i>212,588</i>	<i>205,238</i>	<i>245,210</i>	<i>234,316</i>
CITY MANAGER	General Fund (0100)	1,172,804	1,427,960	1,555,563	1,914,894
	Community Facilities Districts (2600-2800)	612,271	3,259,995	8,278,000	10,867,226
	<i>TOTAL</i>	<i>1,785,074</i>	<i>4,687,955</i>	<i>9,833,563</i>	<i>12,782,120</i>
PERSONNEL	General Fund (0100)	842,071	958,300	1,112,409	1,230,878
	Insurance (7310-7390)	10,355,404	12,616,908	14,589,848	17,263,040
	Employee Benefits Mgmt (7510)	17,748,232	18,533,594	18,491,762	21,868,905
	<i>TOTAL</i>	<i>28,945,707</i>	<i>32,108,802</i>	<i>34,194,019</i>	<i>40,362,823</i>
CITY ATTORNEY	General Fund (0100)	1,316,068	1,513,132	1,708,366	1,766,744
	<i>TOTAL</i>	<i>1,316,068</i>	<i>1,513,132</i>	<i>1,708,366</i>	<i>1,766,744</i>
CITY CLERK	General Fund (0100)	650,842	360,295	743,996	550,106
	Central Services - Mail (7120)	175,016	224,458	233,499	247,922
	<i>TOTAL</i>	<i>825,858</i>	<i>584,754</i>	<i>977,495</i>	<i>798,028</i>
INFORMATION & TECHNOLOG	Information & Technology (7130)	2,020,947	1,790,982	3,319,590	3,647,570
	<i>TOTAL</i>	<i>2,020,947</i>	<i>1,790,982</i>	<i>3,319,590</i>	<i>3,647,570</i>
FINANCE	General Fund (0100)	4,023,712	4,478,396	5,428,311	5,649,778
	Central Services/Inventory (7100-7110)	2,856,449	2,608,959	3,372,425	2,872,528
	<i>TOTAL</i>	<i>6,880,162</i>	<i>7,087,355</i>	<i>8,800,736</i>	<i>8,522,306</i>
COMMUNITY & ECONOMIC DEVELOPMENT	General Fund (0100)	4,266,336	4,476,814	4,594,370	4,753,206
	Economic Development/Strategic Plan (0800)	103,338	89,126	725,031	656,031
	Downtown Improvement District (0900)	205,855	193,391	211,815	227,866
	Redevelopment (9020-9080)	529,119	499,118	1,401,996	1,664,793
	<i>TOTAL</i>	<i>5,104,648</i>	<i>5,258,449</i>	<i>6,933,212</i>	<i>7,301,896</i>
FIRE	General Fund (0100)	15,160,532	15,128,056	16,160,505	19,792,407
	<i>TOTAL</i>	<i>15,160,532</i>	<i>15,128,056</i>	<i>16,160,505</i>	<i>19,792,407</i>
POLICE	General Fund (0100)	31,692,733	33,427,144	35,339,014	37,204,078
	Operating Grants (0400-0410)	60,623	1,501,485	424,840	552,975
	Stanislaus Drug Enforcement Agency (8850)	544,307	0	0	0
	<i>TOTAL</i>	<i>32,297,663</i>	<i>34,928,629</i>	<i>35,763,854</i>	<i>37,757,053</i>

Operating Expenditure Summary by Department and Fund

PARKS, RECREATION	General Fund (0100)	4,497,994	4,832,035	5,859,648	6,078,658
& NEIGHBORHOODS	Community Develop Block Grant (1130-1180)	2,575,201	2,345,986	5,582,871	5,441,174
	Special Fund for Capital Outlay (1300)	0	0	75,000	50,000
	Golf Fund (6600)	1,650,961	2,057,689	1,762,718	2,398,247
	Centre Plaza (6700-6710)	1,077,100	1,210,665	1,526,158	1,536,828
	Tuolumne River Regional Park (8900-8910)	357,311	451,308	531,973	569,415
	TOTAL		10,158,566	10,897,683	15,338,368
ENGINEERING & TRANSPORTATION	General Fund (0100)	5,565,043	6,114,572	7,639,367	7,491,356
	Operating Grants (0400-0410)	0	0	0	266,169
	Local Transportation (0510)	0	0	0	840,000
	Special Gas Tax (0700)	0	0	3,378,000	1,860,000
	Economic Development/Strategic Plan (0800)	0	0	175,000	100,000
	Water (6100-6160)	1,630,362	2,063,218	2,703,745	5,063,762
	Wastewater (6210)	2,529,133	3,148,512	3,442,442	4,495,018
	Storm Drainage (6280)	177,550	202,100	263,299	251,099
	Airport Operating (6310)	593,915	556,289	710,180	769,871
	Bus Service (6510-6530)	5,623,735	5,994,745	7,865,576	8,326,019
	TOTAL	16,119,738	18,079,434	26,177,609	29,463,294
OPERATIONS & MAINTENANCE	General Fund (0100)	10,332,846	11,263,334	12,275,648	12,377,623
	Special Gas Tax (0700)	0	0	200,000	200,000
	Parking (6000)	570,587	574,206	668,487	723,320
	Water (6100-6160)	23,290,042	22,597,312	25,005,391	25,903,721
	Wastewater (6210)	10,442,540	10,546,356	14,632,990	15,306,611
	Storm Drainage (6280)	3,147,574	4,649,863	5,174,150	5,039,697
	Bus Service (6510-6530)	1,403,291	1,573,141	1,791,314	1,848,454
	Fleet Mgmt/Replace (7200-7210)	4,884,159	3,305,825	8,869,400	6,678,733
	Building Services (7800)	1,982,410	2,324,226	2,972,230	2,922,327
	TOTAL	56,053,449	56,834,262	71,589,610	71,000,486
TOTAL EXPENDITURES		176,881,000	189,104,731	231,042,137	249,503,365

**Operating Expenditure Summary
By Fund**

FUND	FUND NAME	Actual FY99-00	Actual FY00-01	Estimate FY01-02	Budget FY02-03
0100	GENERAL FUND	79,733,568	84,185,274	92,662,407	99,044,044
0400-0410	OPERATING GRANTS	60,623	1,501,485	424,840	819,144
0510-0520	LOCAL TRANSPORTATION	-	-	-	840,000
0700	SPECIAL GAS TAX	-	-	3,578,000	2,060,000
0800	ECONOMIC DEVELOPMENT/STRATEGIC	103,338	89,126	900,031	756,031
0900	DOWNTOWN IMPROVEMENT DISTRICT	205,855	193,391	211,815	227,866
1130-1180	COMMUNITY DEVELOPMENT BLOCK GRANT	2,575,201	2,345,986	5,582,871	5,441,174
1300	SPEC FUND FOR CAPITAL OUTLAY	-	-	75,000	50,000
2600-2800	COMMUNITY FACILITIES DISTRICTS	612,271	3,259,995	8,278,000	10,867,226
6000	PARKING	570,587	574,206	668,487	723,320
6100-6161	WATER	24,920,404	24,660,530	27,709,136	30,967,483
6210-6270	WASTEWATER OPERATIONS	12,971,673	13,694,868	18,075,432	19,801,629
6280	STORM DRAINAGE	3,325,124	4,851,963	5,437,449	5,290,796
6310-6330	AIRPORT OPERATING	593,915	556,289	710,180	769,871
6510-6530	BUS SERVICE	7,027,026	7,567,886	9,656,890	10,174,473
6600	GOLF	1,650,961	2,057,689	1,762,718	2,398,247
6700-6710	CENTRE PLAZA	1,077,100	1,210,665	1,526,158	1,536,828
7100-7110	CENTRAL SERVICES FUND	2,856,449	2,608,959	3,372,425	2,872,528
7120	CENTRAL SERVICES - MAIL	175,016	224,458	233,499	247,922
7130	INFORMATION & TECHNOLOGY	2,020,947	1,790,982	3,319,590	3,647,570
7200-7250	FLEET MANAGEMENT	4,884,159	3,305,825	8,869,400	6,678,733
7310-7390	INSURANCE- ADMINISTRATION	10,355,404	12,616,908	14,589,848	17,263,040
7510	EMPLOYEE BENEFITS MANAGEMENT	17,748,232	18,533,594	18,491,762	21,868,905
7800	P/R BUILDING SERVICES	1,982,410	2,324,226	2,972,230	2,922,327
8850	STANISLAUS DRUG ENFORCEMENT AGCY	544,307	-	-	-
8900-8910	TUOLUMNE RIVER REGIONAL PARK	357,311	451,308	531,973	569,415
9020-9080	REDEVELOPMENT	529,119	499,118	1,401,996	1,664,793
	TOTAL EXPENDITURE:	176,881,000	189,104,731	231,042,137	249,503,365

Revenue Summary by Fund

FUND	FUND NAME	Actual FY99-00	Actual FY00-01	Estimate FY01-02	Budget FY02-03
0100	GENERAL FUND	78,635,683	86,354,786	96,694,780	98,143,137
0400-0410	OPERATING GRANTS	597,703	1,271,643	1,818,215	819,216
0510-0520	LOCAL TRANSPORTATION FUND	4,102,435	1,742,360	6,787,523	2,449,000
0600	TRAFFIC SAFETY FUND	726,284	729,466	509,767	519,000
0700	SPECIAL GAS TAX FUND	9,977,686	5,841,660	12,326,013	3,850,000
0800	ECONOMIC DEVELOPMENT/STRATEGIC	143,074	25,355	189,223	141,000
0900	DOWNTOWN IMPROVEMENT DISTRICT	154,717	166,334	169,318	231,866
1130-1180	COMMUNITY DEVELOPMENT BLOCK GRANT	2,837,092	4,750,704	2,628,989	5,440,816
1300	SPEC FUND FOR CAPITAL OUTLAY	1,111,090	449,621	233,622	265,000
1310-1390;1410-1430	CAPITAL FACILITIES FEES	5,960,899	8,979,306	12,612,370	7,563,000
1400	PARK FUND	108,387	146,381	465,473	281,000
1700	STATE PARKS & RECREATION	393,291	45,064	366,048	0
2300	CAPITAL GRANTS	0	-28,184	2,343,089	4,202,000
2600-2800	COMMUNITY FACILITIES DISTRICTS	3,705,332	6,369,115	9,720,103	10,867,227
5100-5800	IMPROVEMENT DISTRICTS	272,896	260,581	225,525	254,697
6000	PARKING FUND	482,068	584,658	696,195	680,000
6100-6161	WATER FUND	28,800,800	32,922,902	29,713,314	33,742,525
6210-6270	SEWER OPERATIONS FUND	19,137,623	36,396,727	22,207,693	24,574,916
6280	STORM DRAINAGE FUND	4,517,892	4,751,662	4,951,113	4,906,041
6310-6330	AIRPORT OPERATING FUND	1,924,894	1,414,335	2,164,691	1,539,700
6510-6530	BUS SERVICE FUND	8,889,889	5,952,261	9,574,097	10,497,101
6600	GOLF FUND	2,040,069	2,102,884	2,127,632	2,066,780
6700-6710	CENTRE PLAZA	737,773	758,175	815,715	822,712
7100-7110	CENTRAL SERVICES FUND	2,919,196	2,697,249	3,104,289	2,871,577
7120	CENTRAL SERVICES - MAIL	182,038	219,807	225,779	247,902
7130	INFORMATION & TECHNOLOGY	1,840,038	2,694,297	2,904,753	3,619,351
7200-7250	FLEET MANAGEMENT FUND	6,187,272	6,788,779	6,950,483	7,128,100
7310-7390	INSURANCE- ADMINISTRATION	11,163,872	11,737,869	12,992,883	17,158,616
7510	EMPL BENEFITS MANAGEMENT FUND	16,062,624	17,861,543	19,381,328	20,720,047
7800	P/R BUILDING SERVICES	1,929,633	2,038,505	2,206,901	2,791,573
8850	STANISLAUS DRUG ENFORCEMENT AGCY	592,218	0	0	0
8900-8910	TUOLUMNE RIVER REGIONAL PARK	576,768	520,562	549,540	527,741
9020-9080	REDEVELOPMENT	2,026,607	2,207,727	2,374,728	2,574,000
	TOTAL REVENUE	218,737,843	248,754,134	270,031,192	271,495,641

Transfer In (\$ in Thousands)		Actual	Estimate	Proposed	Purpose
		00-01	01-02	02-03	
To 0100 General Fund from:					
0510	Local Transportation Fund (LTF)	600	600	600	Street Maintenance
0600	Traffic Safety Fund	576	675	592	Street Maintenance
0700	Special Gas Tax Fund	2,747	2,798	2,849	Street Maintenance
1130	Community Development Block Grant Fund	81	83	84	Tenth Street Place Project
1300	Special Fund for Capital Outlay			112	Modesto Youth Center
1310	Capital Facility Fees - Police	123	188	196	Tenth Street Place Project
1320	Capital Facility Fees - Fire	0	67	67	Loan Repayment
1380	Capital Facility Fees - City Hall Expansion	126	129	131	Tenth Street Place Project
6100	Water Fund Zone 1	20	15	0	CIP
6100	Water Fund Zone 1	39	39	40	Tenth Street Place Project
6150	Water Fund Zone 2	11	11	11	Tenth Street Place Project
6160	Water Fund Zone 3	8	8	9	Tenth Street Place Project
6210	Wastewater Fund	20	15	0	CIP
6210	Wastewater Fund	58	59	60	Tenth Street Place Project
6310	Airport Operations Fund	0	50	50	Loan Repayment
6510	Bus Services Fixed Route Fund	18	18	18	Tenth Street Place Project
7210	Fleet Replacement Fund			2,000	Fleet Rate Holiday
7510	Employee Benefits Fund			799	PERS Contribution
Total		4,426	4,755	7,618	
To 0510 Local Transportation Fund (LTF) from:					
0700	Special Gas Tax Fund		26	1,312	Pavement Maintenance
Total		0	26	1,312	
To 0520 Local Transportation - Non Motorized Fund from:					
1430	Capital Facility Fees - Air Quality	11	0		CIP
Total		11	0	0	
To 0700 Gas Tax Fund from:					
0100	General Fund		760		Street Maintenance related to UUT
0510	Local Transportation Fund (LTF)	880	2,900		Pavement Maintenance
Total		880	3,660	0	
To 0800 Economic Development & Strategic Planning Fund from:					
0100	General Fund	63	350	50	General Plan-related Development
0100	General Fund		365		Business Parks
0100	General Fund		175		CIP
0100	General Fund		50		Downtown Study
Total		63	940	50	
To 1130 Community Development Block Grant Fund from:					
0100	General Fund		50	0	CIP
1150	Housing Loan Program	18			CIP
1300	Special Fund for Capital Outlay	25			Modesto Westside Service Center
1320	Capital Facility Fees - Fire	84			Modesto Westside Service Center
Total		127	50	0	
To 1300 Special Fund for Capital Outlays Fund from:					
0100	General Fund	506	200		Capital Outlay
0100	General Fund	125			Performing Arts Study
0100	General Fund	125			Youth Recreation Study
0100	General Fund	550			Firing Range

0100	General Fund	576	2,200	Police Headquarters
0100	General Fund		600	Modesto Westside Service Center
0100	General Fund		200	Fire Station One Rehab
0100	General Fund		160	Diesel Emission Systems for Fire Stations
0100	General Fund		75	Thurman Field Electrical/Parking Solution
0700	Special Gas Tax Fund		92	College N. of Bowen Rec. Lane
1130	Community Development Block Grant Fund			257 Modesto Westside Service Center
1310	Capital Facility Fees - Police			160 Police Tactical Training Center
1320	Capital Facility Fees - Fire		200	Modesto Westside Service Center
6100	Water Fund Zone 1	2		CIP
6150	Water Fund Zone 2	1		CIP
6210	Wastewater Fund	3		CIP
6280	Storm Drainage Fund	1		CIP
7130	Technology & Information Services	2		CIP
Total		1,891	3,727	417

To 1320 Fire Capital Facility Fees Fund from:

0100	General Fund			660 Loan (Fire Station 11 Site Acquisition & Plans)
Total		0	0	660

To 1400 Parks Fund from:

0100	General Fund	283	312	323 Discretionary Parks Transfer
0100	General Fund	54	54	54 School Infrastructure Maintenance
0100	General Fund	150		Maddux Youth Center
0100	General Fund		80	Infrastructure Preservation
0520	Local Transportation - Non Motorized	20	75	75 CIP
1350	Capital Facility Fees - Parks		50	50 Parks Partners
1430	Capital Facility Fees - Air Quality		58	CIP
Total		507	629	502

To 1430 Capital Facilities Fees Air Quality Fund from:

0510	Local Transportation Fund			CIP
0520	Local Transportation - Non Motorized	0		242 Non-Motorized Trail System Improvements
Total		0	0	242

To 1700 Parks & Recreation Facilities Fund from:

0520	Local Transportation - Non Motorized		108	108 CIP
Total		0	108	108

To 2300 Capital Grants Fund from:

0510	Local Transportation Fund	223		CIP
0700	Special Gas Tax Fund		12	505 CIP
0700	Special Gas Tax Fund		114	180 Traffic Sign Modi - Gas Tax / CMAQ
0700	Special Gas Tax Fund		193	70 Fed Pavement Maintenance T.
0700	Special Gas Tax Fund		250	9th Street Railroad Relocation
0700	Special Gas Tax Fund		11	02/03 Fed Pavement Maintenance T.
0700	Special Gas Tax Fund		50	50 CMAQ Projects - various
0700	Special Gas Tax Fund			39 Community Gateways
0700	Special Gas Tax Fund			75 Safe Routes to School
0700	Special Gas Tax Fund			33 Intersection Upgrades
0700	Special Gas Tax Fund			200 Kansas/Needham Overhead Project
0700	Special Gas Tax Fund			750 Sisk Road - Evergreen to Dale
1130	Community Development Block Grant Fund			150 ADA Improvements
1130	Community Development Block Grant Fund			123 Centre Plaza Terrace Stair-Lift
1130	Community Development Block Grant Fund			250 Street Paving in Low Income Areas
1130	Community Development Block Grant Fund			300 Wheel Chair Ramps
1130	Community Development Block Grant Fund		300	Maddux Youth Center Improvement Tr
1130	Community Development Block Grant Fund		490	CDBG Low Income Improvement Tr

1400	Parks Fund			20 TRRP, Gateway Project
1410	Capital Facility Fees - Streets			60 Advanced Traffic Mgmt System (ATMS)
1410	Capital Facility Fees - Streets			99 CMAQ Projects - various
Total		223	1,420	2,904

To 2600 Village I CFD Fund from:

1350	Capital Facility Fees - Parks	110		CIP
Total		110	0	0

To 6000 Parking Fund from:

0100	General Fund	69	69	Parking Garage
Total		69	69	0

To 6100 Water Zone 1 Fund from:

0100	General Fund			154 Prop 218 rebate
0100	General Fund		103	Utility costs related to UUT
6150	Water Fund Zone 2	195	245	Loan Repayment
6160	Water Fund Zone 3	70	74	148 Loan Repayment
Total		265	422	302

To 6120 Water CIP COP Fund from:

6100	Water Fund Zone 1	1,038	1,040	1,043 Debt Service Payment
6150	Water Fund Zone 2	550	739	740 Loan Repayment
Total		1,588	1,779	1,783

To 6210 Wastewater Fund from:

0100	General Fund			66 Prop 218 rebate
0100	General Fund		103	Utility costs related to UUT
Total		0	103	66

To 6220 1993 Sewer COP Fund from:

6210	Wastewater Fund	656	669	673 Debt Service Payment
Total		656	669	673

To 6230 1997 Sewer Revenue Bonds from:

6210	Wastewater Fund	1,857	1,956	1,875 Debt Service Payment
Total		1,857	1,956	1,875

To 6270 Refunding Revenue Bonds from:

6210	Wastewater Fund	348	1,047	1,048 Debt Service Payment
Total		348	1,047	1,048

To 6280 Storm Drainage Fund from:

0100	General Fund		64	Public Notice
0100	General Fund			40 COE Feasibility Study -Tuolumne River Flood
0100	General Fund		500	Loan Advance (9th St. Storm Drainage)
0700	Special Gas Tax Fund			450 Master Plan
Total		0	564	490

To 6320 Special Aviation Fund from:

6330	County Aircraft Tax - PFC	12		30 CIP-Passenger Facility Fee
6330	County Aircraft Tax	18		0 CIP
Total		30	0	30

To 6600 Golf Fund from:

0100	General Fund	0		198 Loan Advance (Operations)
Total		0	0	198

To 6700 Centre Plaza Event Services Fund from:

0100	General Fund	646	676	706 Operating Subsidy
1130	Community Development Block Grant Fund		103	Centre Plaza Terrace Stair Lift
Total		646	779	706

To 6710 Centre Plaza FF&E Fund from:

6700	Centre Plaza Event Services Fund	52	63	74 FF&E
Total		52	63	74

To 7130 Information & Technology Fund from:

0100	General Fund	50		Geographic Interface System
0100	General Fund	107		Technology Action Plan
1300	Special Fund for Capital Outlay	36		BRASS Budgeting System
Total		193	0	0

To 7210 Fleet Equipment Replacement Fund from:

0100	General Fund	60	868	Vehicles
0100	General Fund		21	Vehicle & Utility Trailer for Honor Farm
6100	Water Fund Zone 1		85	85 Vehicles
6150	Water Fund Zone 2		254	Vehicles
6210	Wastewater Fund		273	Vehicles
Total		60	1,501	85

To 9020 RDA COP Debt Service Fund from:

0100	General Fund	0	931	514 Loan for Tenth Street Place Debt Service
0100	General Fund	308	314	323 RDA Centre Plaza Debt Service TOT
Total		308	1,245	837

To 9050 RDA Administration Fund from:

0100	General Fund	99	101	103 Sales Tax
0100	General Fund	227	232	239 Transient Occupancy Tax
Total		326	333	342

To 9080 RDA Master Plan Fund from:

0100	General Fund	161	149	153 CIP
Total		161	149	153

To 9440 Public Financing Authority COP Fund from:

0100	General Fund	302	315	319 Thurman Field Debt Service
6600	Golf Fund	0	511	0 Debt Service
Total		302	826	319

To 9450 Public Financing Authority 1998 Bond Fund from:

0100	General Fund	1,580	2,182	2,182 Tenth Street Place Debt Service
2100	Public Financing Authority	42		Tenth Street Place Debt Service
9020	RDA COP Debt Service Fund	827	840	844 Debt Service Payment
Total		2,449	3,022	3,026

Grand Total		17,549	29,842	25,820
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Inter-Fund Transfers Out

Transfer Out (\$ in Thousands)	Actual 00-01	Estimate 01-02	Proposed 02-03	Purpose
From 0100 General Fund to:				
0700 0100 Special Gas Tax Fund			760	Street Maintenance related to UUT
0800 0100 Econ Develop & Strategic Planning			175	CIP
0800 0100 Econ Develop & Strategic Planning	63	350		50 General Plan-related Development
0800 0100 Econ Develop & Strategic Planning			365	Business Parks
0800 0100 Econ Develop & Strategic Planning			50	Downtown Study
1130 0100 Community Development Block Grant Fund			50	CIP
1300 0100 Special Fund for Capital Outlays Fund			160	Diesel Emission Systems for Fire Stations
1300 0100 Special Fund for Capital Outlays Fund	506	200		Capital Outlay
1300 0100 Special Fund for Capital Outlays Fund	576	2,200		Police Headquarters
1300 0100 Special Fund for Capital Outlays Fund			200	Fire Station One Rehab
1300 0100 Special Fund for Capital Outlays Fund			600	Modesto Westside Service Center
1300 0100 Special Fund for Capital Outlays Fund	125			Performing Arts Study
1300 0100 Special Fund for Capital Outlays Fund	125			Youth Recreation Study
1300 0100 Special Fund for Capital Outlays Fund	550			Firing Range
1300 0100 Special Fund for Capital Outlays Fund			75	Thurman Field Electrical/Parking Solution
1320 0100 Capital Facility Fees - Fire Fund				660 Loan (Fire Station 11 Site Acquisition & Plans)
1400 0100 Parks Fund	54	54		54 School Infrastructure Maintenance
1400 0100 Parks Fund			80	Infrastructure Preservation
1400 0100 Parks Fund	283	312		323 Discretionary Parks Transfer
1400 0100 Parks Fund	150			Maddux Youth Center
6000 0100 Parking Fund	69	69		Parking Garage
6100 0100 Water Zone 1 Fund				154 Prop 218 Rebate
6100 0100 Water Zone 1 Fund			103	Utility costs related to UUT
6210 0100 Wastewater Fund				66 Prop 218 Rebate
6210 0100 Wastewater Fund			103	Utility costs related to UUT
6280 0100 Storm Drainage Fund			500	Loan Advance (9th St. Storm Drainage Project)
6280 0100 Storm Drainage Fund			64	Public Notice
6280 0100 Storm Drainage Fund				40 COE Feasibility Study -Tuolumne River Flood Control
6600 0100 Golf Fund	0			198 Loan Advance (Operations)
6700 0100 Centre Plaza Event Services Fund	646	676		706 Operating Subsidy
7130 0100 Information & Technology Fund	50			Geographic Interface System
7130 0100 Information & Technology Fund	107			Technology Action Plan
7210 0100 Fleet Equipment Replacement Fund	60		868	Vehicles
7210 0100 Fleet Equipment Replacement Fund			21	Vehicle & Utility Trailer for Honor Farm
9020 0100 RDA COP Debt Service Fund	308	314		323 RDA Centre Plaza Debt Service TOT
9020 0100 RDA COP Debt Service Fund	0	931		514 Loan for Tenth Street Place Debt Service
9050 0100 RDA Administration Fund	99	101		103 Sales Tax
9050 0100 RDA Administration Fund	227	232		239 Transient Occupancy Tax
9080 0100 RDA Master Plan Fund	161	149		153 CIP
9440 0100 Public Financing Authority COP Fund	302	315		319 Thurman Field Debt Service
9450 0100 Public Financing Authority 1998 Bond Fund	1,580	2,182	2,182	Tenth Street Place Debt Service
Total	6,041	12,259	6,084	
From 0510 Local Transportation Fund (LTF) to:				
0100 0510 General Fund	600	600	600	Street Maintenance
0700 0510 Special Gas Tax Fund	880	2,900	1,312	Pavement Maintenance
1430 0510 Capital Facilities Fees - Air Quality Fund				CIP
2300 0510 Capital Grants Fund	223			CIP
Total	1,703	3,500	1,912	
From 0520 Local Transportation - Non Motorized Fund to:				
1400 0520 Parks Fund	20	75	75	CIP
1430 0520 Capital Facilities Fees - Air Quality Fund				242 Non-Motorized Trail System Improvements
1700 0520 Parks & Recreation Facilities Fund			108	108 CIP
Total	20	183	425	
From 0600 Traffic Safety Fund to:				
0100 0600 General Fund	576	675	592	Street Maintenance

Inter-Fund Transfers Out

		Total	576	675	592	
From 0700 Special Gas Tax Fund to:						
0100	0700	General Fund	2,747	2,798	2,849	Street Maintenance
0510	0700	Local Transportation Fund (LTF)		26		CIP
1300	0700	Special Fund for Capital Outlays Fund		92		College N. of Bowen Rec. Lane
2300	0700	Capital Grants Fund		12	505	CIP
2300	0700	Capital Grants Fund		114	180	Traffic Sign Modi - Gas Tax / CMAQ
2300	0700	Capital Grants Fund		193	70	Fed Pavement Maintenance T.
2300	0700	Capital Grants Fund		250		9th Street Railroad Relocation
2300	0700	Capital Grants Fund		11		02/03 Fed Pavement Maintenance T.
2300	0700	Capital Grants Fund		50		50 CMAQ Projects - various
2300	0700	Capital Grants Fund				39 Community Gateways
2300	0700	Capital Grants Fund				75 Safe Routes to School
2300	0700	Capital Grants Fund				33 Intersection Upgrades
2300	0700	Capital Grants Fund				200 Kansas/Needham Overhead Project
2300	0700	Capital Grants Fund				750 Sisk Road - Evergreen to Dale
6280	0700	Storm Drainage Fund				450 Master Plan
		Total	2,747	3,546	5,201	
From 1130 Community Development Block Grant Fund to:						
0100	1130	General Fund	81	83		84 Tenth Street Place Project
1300	1130	Special Fund for Capital Outlays Fund				257 Modesto Westside Service Center
2300	1130	Capital Grants Fund		300		Maddux Youth Center Improvement Tr
2300	1130	Capital Grants Fund		490		CDBG Low Income Improvement Tr
2300	1130	Capital Grants Fund				150 ADA Improvements
2300	1130	Capital Grants Fund				123 Centre Plaza Terrace Stair-Lift
2300	1130	Capital Grants Fund				250 Street Paving in Low Income Areas
2300	1130	Capital Grants Fund				300 Wheel Chair Ramps
6700	1130	Centre Plaza Event Services Fund		103		Centre Plaza Terrace Stair Lift
		Total	81	976	1,164	
From 1150 Housing Loan Program Fund to:						
1130	1150	Community Development Block Grant Fund	18			CIP
		Total	18	0	0	
From 1300 Special Fund for Capital Outlays Fund to:						
0100	1300	General Fund				112 Modesto Youth Center
1130	1300	Community Development Block Grant Fund	25			Modesto Westside Service Center
7130	1300	Information & Technology Fund	36			BRASS Budgeting System
		Total	61	0	112	
From 1310 Capital Facility Fees -Police Fund to:						
0100	1310	General Fund	123	188		196 Tenth Street Place Project
1300	1310	Special Fund for Capital Outlays Fund				160 Police Tactical Training Center
		Total	123	188	356	
From 1320 Capital Facility Fees - Fire Fund to:						
0100	1320	General Fund		67		67 Loan Repayment
1130	1320	Community Development Block Grant Fund	84			Modesto Westside Service Center
1300	1320	Special Fund for Capital Outlays Fund		200		Modesto Westside Service Center
		Total	84	267	67	
From 1350 Capital Facility Fees -Parks Fund to:						
1400	1350	Parks Fund		50		50 Parks Partners
2600	1350	Village I CFD Fund	110			CIP
		Total	110	50	50	
From 1380 Capital Facility Fees-City Hall Expansion Fund to:						
0100	1380	General Fund	126	129		131 Tenth Street Place Project
		Total	126	129	131	
From 1400 Parks Fund to:						
2300	1400	Capital Grants Fund				20 TRRP, Gateway Project

Inter-Fund Transfers Out

Total			0	0	20
From 1410 Capital Facility Fees -Streets Fund to:					
2300	1410	Capital Grants Fund			60 Advanced Traffic Mgmt System (ATMS)
2300	1410	Capital Grants Fund			99 CMAQ Projects - various
Total			0	0	159
From 1430 Capital Facilities Fees - Air Quality Fund to:					
0520	1430	Local Transportation Non-Motorized Fund	11		CIP
1400	1430	Parks Fund		58	CIP
Total			11	58	0
From 2100 Public Financing Authority Fund to:					
9450	2100	Public Financing Authority 1998 Bond Fund	42		Tenth Street Place Debt Service
Total			42	0	0
From 6100 Water Zone 1 Fund to:					
0100	6100	General Fund	20	15	CIP
0100	6100	General Fund	39	39	40 Tenth Street Place Project
1300	6100	Special Fund for Capital Outlays Fund	2		CIP
6120	6100	Water CIP COP Fund	1,038	1,040	1,043 Debt Service Payment
7210	6100	Fleet Equipment Replacement Fund		85	85 Vehicles
Total			1,099	1,179	1,168
From 6150 Water Zone 2 Fund to:					
0100	6150	General Fund	11	11	11 Tenth Street Place Project
1300	6150	Special Fund for Capital Outlays Fund	1		CIP
6100	6150	Water Zone 1 Fund	195	245	Loan Repayment
6120	6150	Water CIP COP Fund	550	739	740 Loan Repayment
7210	6150	Fleet Equipment Replacement Fund		254	Vehicles
Total			757	1,249	751
From 6160 Water Zone 3 Fund to:					
0100	6160	General Fund	8	8	9 Tenth Street Place Project
6100	6160	Water Zone 1 Fund	70	74	148 Loan Repayment
Total			78	82	157
From 6210 Wastewater Fund to:					
0100	6210	General Fund	20	15	CIP
0100	6210	General Fund	58	59	60 Tenth Street Place Project
1300	6210	Special Fund for Capital Outlays Fund	3		CIP
6220	6210	1993 Sewer COP Fund	656	669	673 Debt Service Payment
6230	6210	1997 Sewer Revenue Bonds	1,857	1,956	1,875 Debt Service Payment
6270	6210	Refunding Revenue Bonds	348	1,047	1,048 Debt Service Payment
7210	6210	Fleet Equipment Replacement Fund		273	0 Vehicles
Total			2,942	4,019	3,656
From 6280 Storm Drainage Fund to:					
1300	6280	Special Fund for Capital Outlays Fund	1		CIP
Total			1	0	0
From 6310 Airport Operations Fund to:					
0100	6310	General Fund	0	50	50 Loan Repayment
Total			0	50	50
From 6330 County Aircraft Tax Fund to:					
6320	6330	Special Aviation Fund	12		30 CIP-Passenger Facility Fee
6320	6330	Special Aviation Fund	18		CIP
Total			30	0	30
From 6510 Bus Services Fixed Route Fund to:					
0100	6510	General Fund	18	18	18 Tenth Street Place Project
Total			18	18	18

Inter-Fund Transfers Out

From 6600 Golf Fund to:

9440	6600	Public Financing Authority COP Fund	511	Debt Service
Total			0	511

From 6700 Centre Plaza Event Services Fund to:

6710	6700	Centre Plaza FF&E Fund	52	63
				74 FF&E
Total			52	63

From 7130 Information & Technology Fund to:

1300	7130	Special Fund for Capital Outlays Fund	2	CIP
Total			2	0

From 7210 Fleet Equipment Replacement Fund to:

0100	7210	General Fund		2,000 Fleet Rate Holiday
Total			0	0

From 7510 Employee Benefits Management Fund to:

0100	7510	General Fund		799 PERS Contribution
Total			0	0

From 9020 RDA COP Debt Service Fund to:

9450	9020	Public Financing Authority 1998 Bond Fund	827	840
				844 Debt Service Payment
Total			827	840

Grand Total			17,549	29,842
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Cost Allocation Plan

Every year, a cost allocation plan is prepared to identify the costs associated with providing certain services. These indirect charges reimburse the General Fund for administration and overhead services provided by General Fund departments, such as Personnel, Finance, City Attorney, and City Clerk offices. The plan delineates the basis of allocation by department and can include operating budget, the number of full-time positions, and the specific number of requests or hours of service provided.

Based on the final report, transfers are made to reimburse the General Fund for these services distributing these shared costs in a consistent manner in accordance with generally accepted accounting principles.

**SCHEDULE OF DEBT SERVICE REQUIREMENTS
FISCAL YEAR 2002 - 2003**

Resident Fund (1)	Debt Issue	Amount (2)	Funding Source (3)	Years Remaining (4)
CITY OF MODESTO				
0100	Thurman Field Parking Lights - MID	10,978	General Fund	4
1350	Mary Grogan Park Loan Payable	458,000	Parks CFF	5
6120	Water Fund Ref. Certificates of Participation - 1997	1,782,093	Water	19
6150	Dept. of Water Resources Loan (Del Este)	264,656	Water	13
6220	Wastewater Revenue Bonds - 1993	672,444	Sewer	10
6230	Wastewater Revenue Bonds - 1997	1,874,420	Sewer	19
6270	Wastewater Refunding Revenue Bonds - 1996	1,047,624	Sewer	4
6600	Creekside Golf Course Construction	514,200	Golf	20
7130	XEROX Printer - Information Services	28,006	Inf. & Tech. Svcs	3
7200	Police Fleet Shop Property Purchase Loan Payable	36,127	Fleet Mgmt.	10
		<u><u>\$6,688,548</u></u>		
SPECIAL ASSESSMENTS				
5400	ID 27 - Storm Drains	56,582	ID 27	1
5500	ID 28 - Wastewater	65,901	ID 28	3
5600	ID 29 - Sisk Road Widening	100,292	ID 29	5
5800	PFD 6 - Street Widening	31,922	PFD 6	4
4000	CFD #1	243,000	CFD #1	20
		<u><u>\$497,697</u></u>		
REDEVELOPMENT AGENCY OF THE CITY OF MODESTO				
9020	Modesto Centre Plaza Construction	\$1,966,300	RDA & General	20
		<u><u>\$1,966,300</u></u>		
MODESTO PUBLIC FINANCING AUTHORITY				
9440	Thurman Field Construction	\$317,751	General	14
9450	Tenth St Place/Police Building - General Fund Share	2,182,143	General	32
9450	Tenth St Place - Redevelopment Agency Share	843,747	RDA	33
		<u><u>\$3,343,641</u></u>		

Note: Debt service requirements are based on debt service schedules provided in bond and lease documents.

(1) "Resident fund" is the fund in which the debt service expenses to be paid to trustees or lessors are budgeted.

(2) "Amount" consists of total cash required to pay debt service related costs during the fiscal year, including trustee administration fees. Actual principal and interest expenses may be higher or lower, due to accruals in enterprise and internal service funds, and capitalized interest held by trustee in the case of Tenth Street Place bonds.

(3) "Funding source" is the fund or funds which provide cash to the "resident fund" for debt service payments. If the funding source is different from the resident fund, an interfund transfer is normally budgeted to move the cash.

(4) "Years remaining" are as of June 30, 2002.

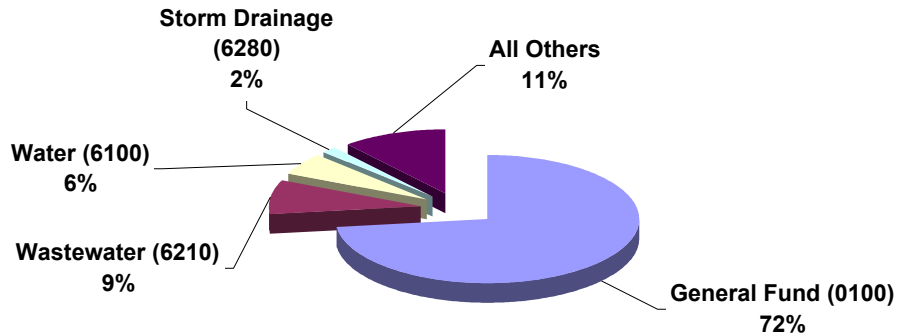
City of Modesto

Position Allocation by Fund

Fund	FY00-01 Actual	FY01-02 Actual	FY02-03 Proposed	FY02-03 Adopted
General Fund (0100)	910.375	947.675	942.425	903.925
Supplemental Law Enforcement Services (0400)	10	9	9	9
CDBG Direct Program (1130)	11	10	10	10
Home Program (1170)	1	1	1	1
Parking (6000)	2	2	2	2
Water (6100)	66	69	69	69
Wastewater (6210)	95	107	107	107
Storm Drainage (6280)	23	23	23	23
Airport Operation (6310)	7	7	6	7
Bus Services (6510)	12.75	14	14	14
Golf (6600)	1	0	0	0
Modesto Centre Plaza Event Services (6700)	6.75	9.75	9.75	9.75
Records and Stores Services (7100/7110)	4	4	4	4
Mail Services (7120)	2	2	2	2
Technology & Information Services (7130)	17.75	23.75	26.75	26.75
Fleet Management (7200)	23	23	22	22
Insurance Administration (7310)	7	6	6	5
Employee Benefits Management (7510)	1	1	1	1
Building Services (7800)	22.5	23	23	23
Total	1,223.125	1,282.175	1,277.925	1,239.425

Note: This table does not include the City Council

FY02-03 Position Allocation by Fund



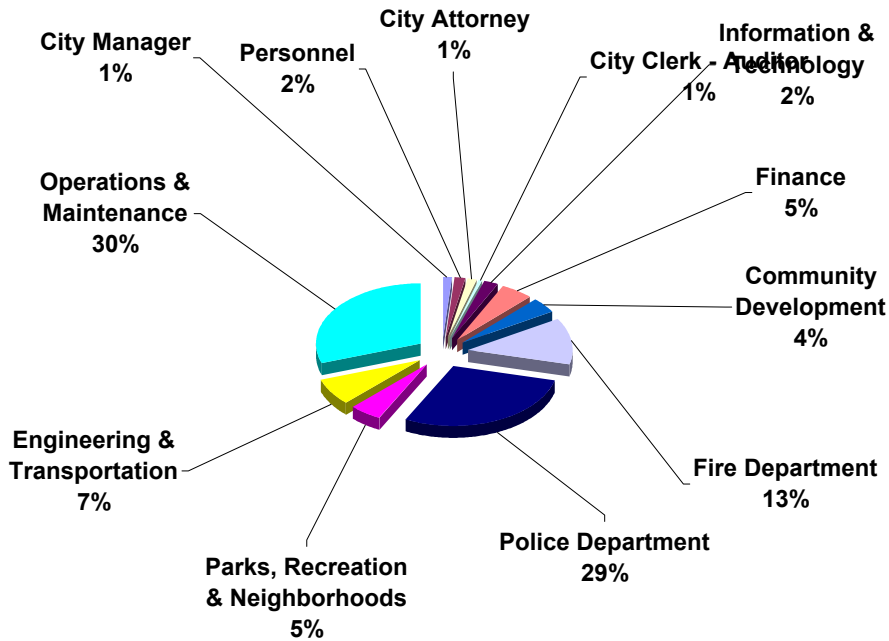
City of Modesto

Position Allocation by Department

Department	FY99-00 Actual	FY00-01 Actual	FY01-02 Actual	FY02-03 Adopted
City Manager	10	12	16	16
Personnel	23.125	26.125	28.125	21.125
City Attorney	15	18	17	17
City Clerk - Auditor	5	7	7	7
Information & Technology	13.75	17.75	23.75	26.75
Finance	57	58	64	65
Community Development	52	53	58	51
Fire Department	156	156	161	155
Police Department	358	366	369	355
Parks, Recreation & Neighborhoods	55.75	52	62.5	62.25
Engineering & Transportation	78.9	89.75	91.8	88.80
Operations & Maintenance	348.5	367.5	384	374.5
Total	1,173.025	1,223.125	1,282.175	1,239.425

Note: This table does not include the City Council

FY02-03 Position Allocation by Department



Fiscal Year 2003 Employee Compensation Package

The Personnel Department staffed a cross-departmental committee, which recently completed a citywide Clerical Classification Study. The study resulted in a number of updated classifications and salary ranges. This study was the first since 1988 to review the entire ladder of administrative support positions. The committee's recommendations were ultimately reviewed and negotiated with the Modesto City Employees Association. Final recommendations went to the City Council in May 2002, for approval of seven new job classifications with their corresponding salary ranges. Salary adjustments were made and the 2003 fiscal year budget has been revised to reflect these changes.

On an annual basis, the City Council authorizes salary and benefit changes for approximately 245 unrepresented Management and Confidential employees. Changes for FY03 included a 4% across-the-board salary increase, coupled with slightly greater increases for sworn Police and Fire managers. This benefits package also included introduction of a 401(a) Deferred Compensation plan, effective in January 2003, for Executives and sworn Managers.

In September 2002, the City formally recognized a new employee group, the Modesto Confidential and Management Association, as the exclusive representative of a new bargaining unit. This unit includes approximately 200 employees who were previously unrepresented. The City entered into labor negotiations with this Association in October 2002.

The FY03 budget also reflects additional salary increases and increases in the City's contribution to employees' health premiums, which were previously negotiated or authorized as part of multi-year packages.

In the area of retirement funding, the City's implementation of the 3% @ 50 retirement benefit for sworn Police and Fire employees coupled with poor investment earnings in the retirement system, will shortly begin impacting the City's contribution rate. PERS (Public Employees' Retirement System) indicates that we can expect a 2% - 4% rate increase in the City's Safety Plan for FY04 and significantly greater rate increases for FY05. The PERS Miscellaneous Plan (covering all non-sworn employees) currently has sufficient excess funds to forestall a rate increase in FY04 and possibly in FY05, assuming no change in the benefit formula.

General Fund

General Revenue Assumptions

Revenue assumptions take into consideration a variety of factors. Estimates of population growth, local and regional economic growth, inflation, historical revenue patterns, and factors specific to individual revenue sources are considered. The section below discusses the major economic indicators that impact revenues and expenditure forecasts at the local level. The assumptions are tailored around each major category of revenue sources.

Sales tax, business license tax, and other local sources are related to the local economy.

Major revenue growth is estimated for FY 2003 at 4.9%.

Overall revenue growth is estimated at 3.3%.

Economic Indicators

Consumer Price Index

The Consumer Price Index (CPI) is a measurement of the

relative cost of goods and services purchased by the consumers. CPI is considered the measurement of inflation that affects both revenue and expenditures. For example, during periods of high inflation, the cost for personnel, goods and services increases, resulting in sales and property tax revenue increases. The national CPI has been relatively stable during the past six years. In 2000, the CPI in Modesto grew by 3.7%. In 2002, the CPI was about 1.8%.

Taxable Sales

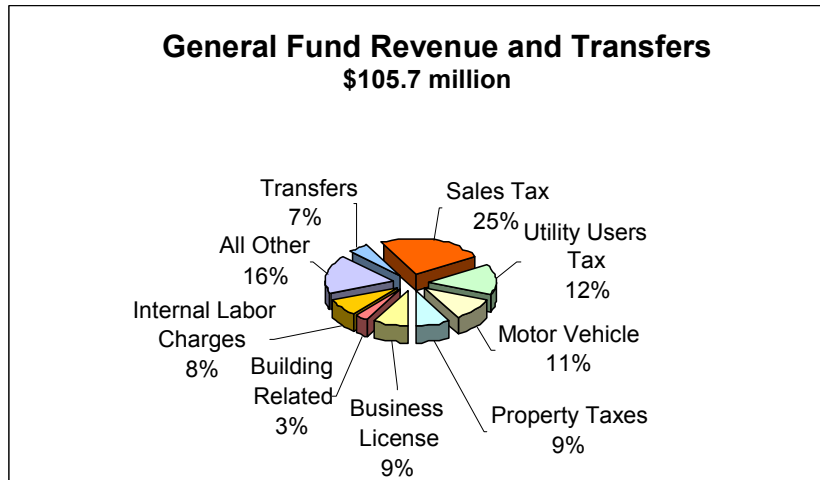
Taxable sales is a measure of the total retail sales in Stanislaus County. This indicator has a direct connection with the City's retail sales tax revenue, since 1% of total sales tax collected is redistributed to the City from the State Board of Equalization, with County share of 5%. Taxable sales growth has ranged from 11% to 5.7% during the last couple of years. In 2003, projected slowdown in the GDP growth rate will be a factor contributing to a slower sales tax growth rate. Weakening stock market activity will also impact taxable sales growth.

Building Permit Valuations

One of the major components of growth in Stanislaus County is building activity. This is measured by the sum of all residential and non-residential permit activity and their associated construction valuation. In 2002, total building permit valuation in the City was \$341,991.327. The projected valuation for fiscal year 2003 is \$350 million.

State Economics

During 2000, California's economy grew by \$121 million and the Gross State Product growth rate was estimated at 9.9%. In 2001, the job growth rate was estimated at 1.4% and the unemployment rate was 5.3%. A portion of the City's economy is linked to the health of the State. Fluctuations in recurring revenues may not connect entirely with State economic trends; however, the City's revenue is certainly affected by what the State does with their budget.



General Fund

Sales Tax

Sales Tax represents the General Fund's largest and most important revenue source. Sales tax revenue can be used for any general purpose. The California State Board of Equalization administers revenues from Sales Taxes. Sales Taxes are collected at the point of sale, and then forwarded to the State agency. The City receives sales tax revenue estimates on a monthly basis with quarterly adjustments for actual receipts. It is not tied to a specific use, and Council has discretion on its allocation. The Sales Tax rate in Stanislaus County is 7.125% on each dollar of taxable sales. The basic State sales tax rate is 7.00%. In 1995, citizens approved an additional one-eighth cent to support the County Library. This additional tax was again approved in June 1999. Of the total 7.125% tax charged in Modesto, 0.95% goes to the City of Modesto for discretionary purposes, and the County receives 0.05% by agreement.

Major Revenues	FY 2003 Budget	% of Total	FY 2003 Assumptions	Long-range Assumptions
Sales Tax	26.5	25%	6.8%	6.0%
Utility Users Tax	12.7	12%	3.5%	3.5%
Motor Vehicle	11.6	11%	8.2%	7.0%
Property Taxes	9.3	9%	3.1%	4.9%
Business License	9	9%	6.6%	6.7%
Construction Related	3	3%	7.2%	3.5%
Internal Labor Charges	8.5	8%	8.6%	3.3%
ALL Other	17.4	16%	-8.3%	2.7%
Total Revenue	98	93%	3.3%	4.9%
Transfers	7.6	7%		
All Sources Total	105.6	100%		

A five-year average for Sales Tax from 1996 to 2001 shows an increase of 6.8%. The estimate increase for 2002 over 2001 is also 6.8%. For FY 2003, we are also estimating Sales Tax at 6.8%. FY 2002's budget assumption was estimated at 7%.

For the long-term, we are raising last year's assumption of 4.5% growth rate (real growth of 3.0% and population growth of 1.5%) to an optimistic 6.0% (real growth of 3.5% and population growth of 2.5%). In the past we have been conservative in our long-range projections in this area. Our long-term Sales Tax growth assumption is estimated at 6.0%. The City of Modesto's economy has held steady during the energy crisis and downturn of the economy.

Utility Users Tax

Utility Users Tax is the General Fund's second largest revenue source. The City's Utility Users Tax is imposed on the consumption of utility services including gas, electric, water, Cable TV and telephones. It is a 6% tax rate with an annual cap of \$1,500 per connection. This General Fund revenue can be used for any general purpose. This \$12.7 million revenue source represents 13% of General Fund revenue. During the energy crisis in FY 2001, the Utility Users Tax (UUT) revenue increased substantially (\$14.4 million). In FY 2002, \$760,000 was allocated for road maintenance from this revenue source. In FY 2002, we have seen the energy crisis and high prices drop, which returned the revenues to normal levels of about \$12.3 million. The FY 2003 budget reflects this revenue reduction to \$12.7 million for a 3.5% increase.

General Fund

In forecasting terms, the revenue growth is based on the projection of real growth in the number of consumers, the average consumption per customer and the growth or decline in utility rates. PG&E price increases made a significant contribution to the estimated UUT revenue growth. Modesto Irrigation District (MID) also increased their rates by 9.5% in January of 2001 and an increase of 5.5% in 2002. We project that the Utility Users tax will grow 3.5% in Fiscal Year 2003. The five-year growth average with the energy spike was 7.5%. The four-year average without the spike was 3.5%. Our long-term assumption is also a 3.5% growth rate and no additional money for roads is planned.

Motor Vehicle License Fees

Revenue from Motor Vehicle License Fees, the General Fund's third largest revenue source, is projected at \$11.6 million for Fiscal Year 2003. The Motor Vehicle License Fee is collected as a percentage of a vehicle's market value, and paid annually to the Department of Motor Vehicles at registration and renewal. The fee is imposed by the State "in lieu" of local property taxes on the vehicle. These fees are apportioned to cities (18.75%) and counties (81.25%) on a statewide per capita basis. This revenue source is virtually independent of the Modesto local economy. In this case, growth in local auto sales would not produce increased motor vehicle license fee revenue. Two factors influence the City's share of Motor Vehicle License Fees: the City's population growth (2.57%) relative to all other California cities, and the overall growth or decline in the number and value of motor vehicles on a statewide basis. Statewide growth continues to be healthy. The five-year growth average is 8.2%. The FY 2002 budget assumption set growth at a 9% increase. Our FY 2003 assumption is 8.2% with an optimistic long-term assumption of 7.0%

Business License Taxes

Business License Taxes have two components: annual registration and mill tax. The tax is imposed on entities conducting business within the City of Modesto. The cost of registration varies based on the type of business. The basic rate is one mill (\$.001) per dollar of retail gross receipts, and two mill (\$.002) per dollar rate on service businesses. Business License Taxes follow the same basic trends as Sales Tax. We are projecting a 6.6% growth in FY 2003, and the long-term projection is 6.7%. The five-year average is 9.4% for the mill tax and 2.9% for registrations.

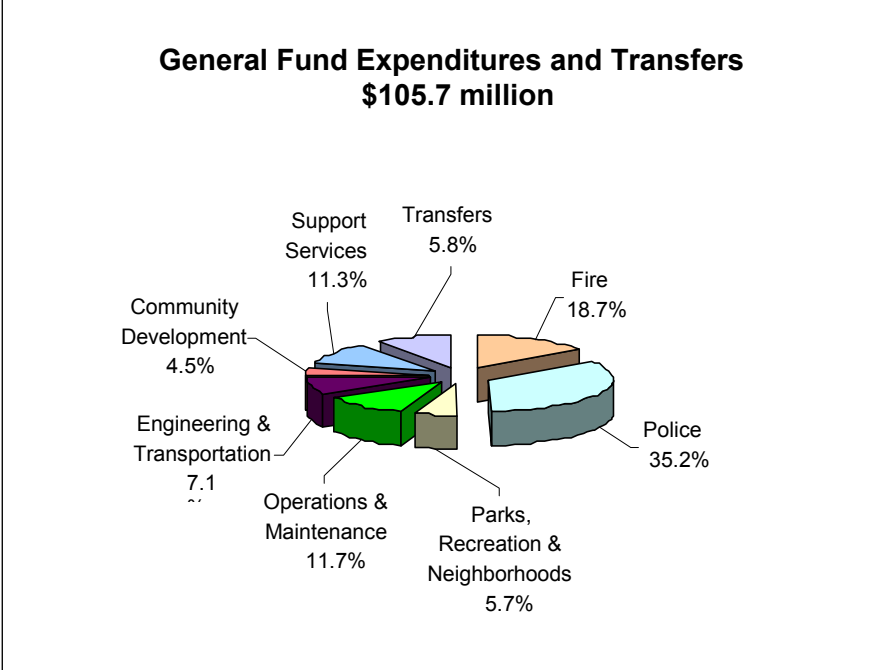
Property Tax

The Property Tax is levied on real property and personal property. Real property includes land and permanently attached improvements such as buildings. The value of the property is based on a determination made by the County Assessor. The property tax rate is limited to 1% of assessed value plus any rates imposed to fund indebtedness approved by the voters. The assessed value can increase by as much as 2% for inflation and market value upon sale of the property. Recent growth trends show signs of increased activity in the housing market due to increased home construction activity within the City. This category includes current year secured and unsecured property taxes, supplemental roll, in-lieu property taxes, and property transfer tax. Our FY 2003 estimate is 3.1%, but we estimate an optimistic 4.9 for our long-range assumption. The five-year average is 2.9% with a FY 2002 over FY 2001 at 8.8% for property tax –secured.

General Fund

Appropriations

Public Safety (Police and Fire) represents the largest portion of General Fund appropriation. The chart below shows General Fund appropriations by Department and transfers.



General Fund

Major Sources & Uses (\$000)

	Actual (1) FY 1998-99	Actual (1) FY 1999-00	Actual (1) FY 2000-01	Adopted Budget (2) FY 2001-02	Estimated Budget (2) FY 2001-02	Adopted Budget (2) FY 2002-03
Revenues:						
Major Revenue Sources						
Sales Tax	19,168	20,881	23,252	24,577	24,833	26,522
Utility Users Tax	11,494	11,629	14,361	13,662	12,303	12,734
Motor Vehicle	8,042	9,024	9,942	10,925	10,705	11,583
Property Taxes	7,044	7,912	8,163	8,313	8,970	9,250
Business License	6,672	6,771	7,992	7,797	8,457	9,018
Transient Occupancy	1,821	1,838	2,148	2,259	2,193	2,292
Franchise Fees	2,214	2,428	2,497	2,858	2,996	3,126
Investment Income	854	1,379	1,662	1,318	1,291	646
Indirect Cost Recovery	3,073	2,446	2,495	2,660	2,660	2,827
Building Related	2,134	2,403	3,398	3,207	2,792	3,005
Fire and Police Charges	589	1,296	1,346	1,281	1,281	1,555
Recreation Fees	648	663	630	667	567	627
Parking and City Fines	698	554	550	562	575	537
Licenses and Permits	127	123	183	182	182	136
Police Grants	1,184	408	370	173	173	403
Other	2,905	3,386	7,365	5,424	7,061	5,283
State Local Law Enforcement Grant	22	598				
Sub-Total	68,689	73,739	86,354	85,865	87,039	89,544
Interfund Labor Charges (3)				7,841	7,841	8,599
Total Revenue	68,689	73,739	86,354	93,706	94,880	98,143
Expenditures:						
Department Expenditures						
City Council	212	213	205	245	239	234
City Manager	1,257	1,171	1,424	1,556	1,600	1,915
Personnel	795	831	905	1,112	1,095	1,231
City Attorney	748	790	871	1,708	1,672	1,767
City Clerk	356	642	353	744	800	550
Finance	3,016	2,823	3,258	5,378	5,230	5,650
Community Development	4,105	4,235	4,178	4,594	4,674	4,753
Fire	14,790	14,299	15,053	16,161	16,513	19,792
Police	31,681	31,613	33,334	35,339	34,934	37,204
Parks, Recreation & Neighborhoods	3,804	3,948	4,425	5,801	6,257	6,068
Engineering & Transportation	2,658	3,036	3,749	7,639	8,026	7,491
Operations & Maintenance	8,177	8,813	9,729	12,276	12,233	12,378
Non-Departmental/Other	1,038	861	11	1,243	609	535
Total Expenditures	72,637	73,275	77,495	93,796	93,882	99,568
Excess (Deficiency) of Revenues over (under) Expenditures	(3,948)	464	8,859	(90)	998	(1,425)
Other Financing Sources (Uses):						
Operating Transfer Ins	7,194	5,330	4,426	4,755	4,755	7,618
Operating Transfer Outs	(2,422)	(2,546)	(6,041)	(9,973)	(13,391)	(6,084)

Sale of Assets		5,494				
Total Other Financing Sources						
(Uses)	4,772	8,278	(1,615)	(5,218)	(8,636)	1,534

- (1) Audited Financial Statements
- (2) General Fund Proforma
- (3) Budget/Accounting Change

Community Profile

MODESTO • CALIFORNIA

A City of Water, Wealth, Contentment, Health

Meet our City Council

Most California cities are governed in one of two ways: the council-manager or mayor-council system. Modesto's charter provided for the council-manager form of government in which the voters elect the city council to serve as the policy-making board of the city. The council, in turn, appoints a city manager to administer these policies.

The Modesto City Council consists of seven members, including the mayor, elected at large on a nonpartisan basis for four year terms. Their terms of office expire in alternate odd numbered years, with a maximum of four council seats up for election at any one time.

The city council serves as the legislative body, enacting ordinances, orders and resolutions necessary for governing Modesto as outlined in the City Charter and deemed important by the public. In addition to their representation of the citizens of Modesto and their vote at city council meetings, council members are appointed to various sub-committees and given other assignments by the mayor during their terms in office.

The Modesto City Council meets at 5:15pm on the first, second, third and fourth Tuesdays of each month. Meetings are not held on the fifth Tuesday, unless a special meeting is called by City Council.



The Modesto City Council from left to right: Councilmember Tim Fisher, Councilmember Janice Keating, Councilmember Bruce Frohman, Mayor Carmen Sabatino, Councilmember Will O'Bryant, Councilmember Denny Jackman and Vice-Mayor Bill Conrad.

A City of Progress

From its earliest days, Modesto has been a community dedicated to growth, progress and the quality of community life. Proud of its vibrant citizenry, great traditions, educational opportunities, and multicultural lifestyles, Modesto has twice—in 1954 and again in 1972—been named an All-American City, a distinction given by the National Municipal League to recognize citizen action in community affairs, along with elected officials, to make their city a better place to live.

By 1910, Modesto's population was estimated at 4,500. City fathers referred to the young community as the “most metropolitan and classy of its size in California.” Emphasis was placed on education and cultural amenities—schools, theaters and music received priority treatment. The local media boasted of the academic achievements of the city's students, and of the first-rate theatrical productions and entertainers.

Today, nearly 128 years since its establishment, Modesto has reached a population of nearly 194,000 and is a city filled with young, growing families with increasingly diverse backgrounds.

The City of Modesto maintains and operates three golf courses and over 70 parks—360 acres of developed and partially developed parks. Additionally, the city shares with the City of Ceres and Stanislaus County the Tuolumne River Regional Park, an area consisting of 120 acres of developed and 350 acres of undeveloped land.

There is still an emphasis on education, music programs continue to flourish here, and the community's theater arts and dance groups are kept busy with active performance schedules. The city's own performing opera company, Townsend Opera Players, presents a full season each year. Modesto also has its own tribute to the city's history and art with the McHenry Museum and the McHenry Mansion, a preserved residence from the past, which are operated by the city.



Great traditions are still alive and well in Modesto. Six weeks during June and July, Modesto residents are treated to Thursday Night Concerts in the Park at Mancini Bowl, featuring Mo-Band (Modesto Band), a band earlier recognized as the Modesto Brass Band. And, every year there is as much spirit to the Fourth of July Parade as there was for the first one back in 1874.

Today agribusiness remains an important element in Modesto's economic mix, but attracting new business—from retail to manufacturing to the services industry—and keeping up with the demands of future technology and innovation are vital to the growth of Modesto—a well-established community filled with civic pride and grand plans for the future.

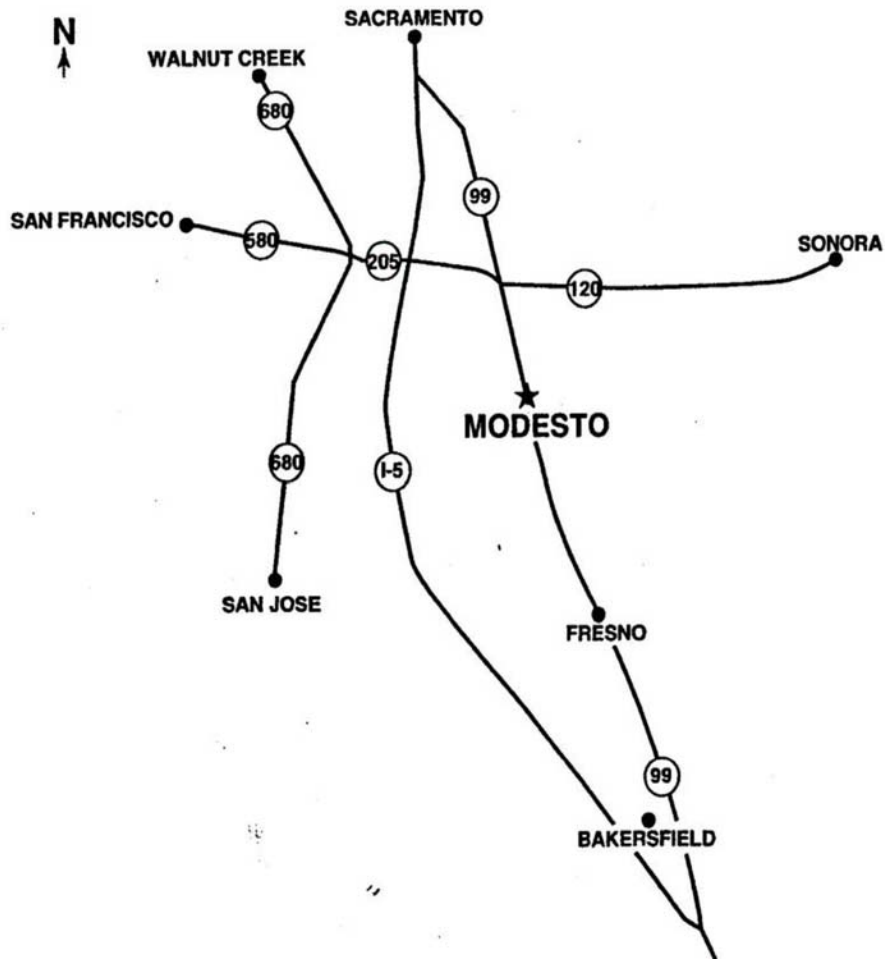
In the Heart of the Central Valley

Location

The City of Modesto is a dynamic city located in California's San Joaquin Valley. Just a two-hour drive from San Francisco, the Sierra Nevada, and the Pacific Coast, Modesto is in the heart of California.

The City lies 77 miles south of Sacramento, 75 miles east of San Jose and the Silicon Valley, 91 miles southeast of San Francisco, and north 316 miles of Los Angeles. Modesto is the County seat of Stanislaus County and it's largest city.

To the West is the Diablo Mountain range and to the east are the foothills of the Sierra Nevada. Three major rivers flow through the area: Tuolumne, Stanislaus, and San Joaquin. Dry summers and mild winters are the norm, with a moderate overall climate.



Modesto History

NAMING THE TOWN

The city's name, according to popular legend, came from the word "modest" which described Mr. William C. Ralston, founder and late President of the Bank of California. It was because Ralston declined to have the new railroad town named after him that his modesty was noted, and thus the town's name was coined. "Modesto" is simply the Spanish word for modest.

THE ARCH

Modesto's arch, located across "I" Street intersecting with Ninth, also has a story behind its name.

In 1911, "I" Street was the main gateway to the little City of Modesto. Sol P. Elias, who later became mayor, presented the City Council with a petition on behalf of the Modesto Business Men's Association to allow the building of this "ornamental and electric arch." At the same time, a contest was held in hopes of finding a slogan and seal for the city. The winning slogan, submitted by James Hanscom, was "Nobody's Got Modesto's Goat". Elias and the Modesto Business Men's Association were outraged over the judges' choice and lobbied for S. R. Harbaugh's runner-up suggestion, "Water Wealth Contentment Health", which won out and was placed on the arch. It still exists today. The height of the arch from the center is 25 feet. Its width is 75 feet and it has 668 lights.



1920 Photo of the Arch

In 2001, the Arch remains the icon of Modesto



Our Vision and *Strategic Plan*

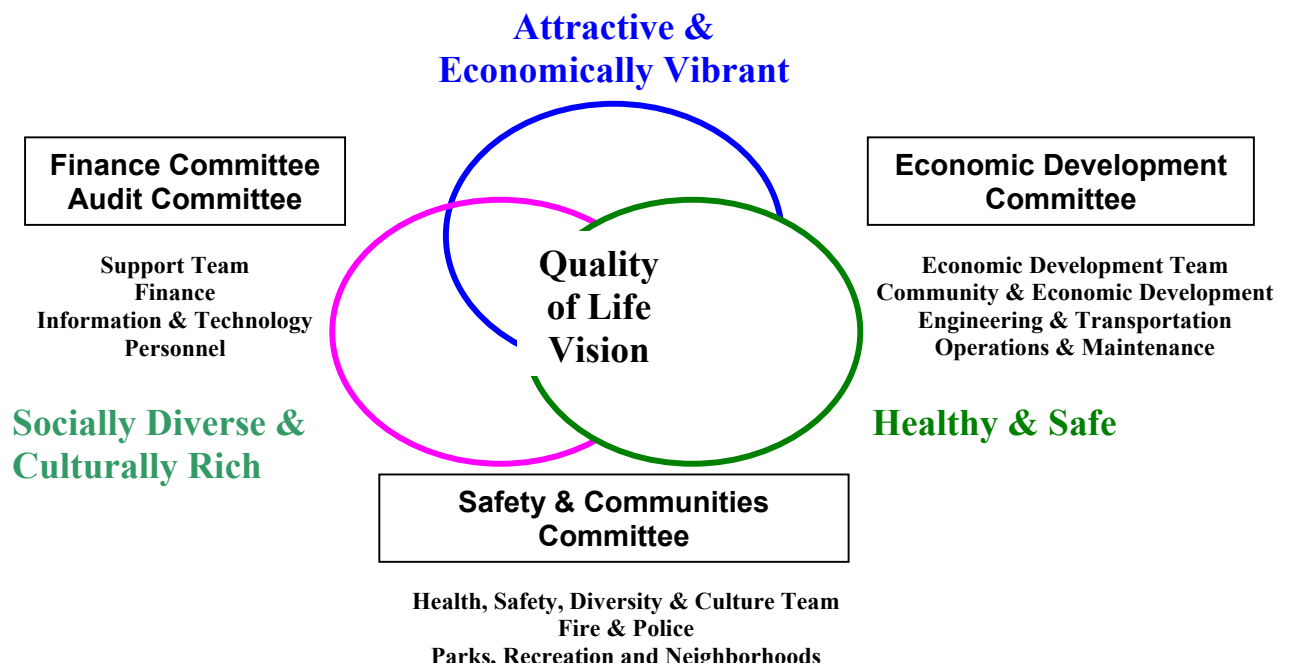
In October 2001, Council adopted a vision and *Strategic Plan* to serve as our roadmap for the future. The Vision:

Modesto is a healthy, safe, attractive, economically vibrant, socially diverse and culturally rich city with a strong sense of identity and pride -- a community engaged in the practice of citizenship with governance based on the principle of stewardship.

The *Strategic Plan* sets fifty Council goals, which work in concert to accomplish our Vision. Our action-oriented *Strategic Plan* strives to achieve these Council goals through implementation of more than 460 individual action items. Each of the Plan's action items includes a specific project manager and definitive timelines.

Strategic Plan progress is tracked via an inter-departmental database. The database facilitates *Strategic Plan* implementation and offers a variety of reporting and query options, including Quarterly Progress Reports to Council.

To further enhance our success in reaching the Vision, we have established inter-departmental teams (or business clusters) to focus on the component parts of the Plan and Vision. Council has also realigned the Council Committee system to reflect the City's Vision. The diagram below depicts the relationships between the Business Clusters, City Departments, Council Committees and Vision.



City Services

The City of Modesto provides a wide range of services to the community. The city operates its own water and sewer plant, police and fire departments, takes care of over 100,000 trees and over 70 park sites (approximately 360 acres of developed and undeveloped), has three golf courses, a Class A baseball field, operates a public transportation system and manages a full-service convention center. These services are provided by 11 city departments and approximately 1,100 city employees.



TENTH STREET PLACE: THE FOUNDATION FOR COLLABORATION

One of the greatest challenges faced by the city over past years has been the revitalization of downtown. In 1999, that challenge was met with the culmination of a long-planned downtown project that includes a seven-story joint City-County Public Administration Center, 18-screen cinema, and 44,000 square feet of retail space. Tenth Street Place is an example of how private and public partnerships can revitalize a community. The project partners are the City of Modesto, the County of Stanislaus, the Modesto Redevelopment Agency, and Civic Partners Modesto, a private development firm building and managing the retail/restaurant and cinema. The \$73 million project is breathing new life into a downtown area that has struggled to survive after years of decline. In addition to the retail/restaurant, cinema, and Public Administration Center the project adds more than 700 parking spaces and a plaza that can act as a public meeting and gathering place.



AIRPORT

On September 14, 1910, Modesto made headlines in the national news for its enterprise and foresight in establishing one of the first (if not the very first) municipally owned airports. Since then, Modesto's only airport progressed into an auxiliary airport turned over to the military in conjunction with the base at Stockton. After World War II, Modesto's airport history moved from preparatory work to 25 future years of development. Originally, the airport occupied land, which constitutes one of the three present golf courses, Modesto Municipal.

In 1946, United Airlines constructed a passenger terminal and began offering daily service to the community residents. United advised city officials in 1953 that they planned on using Convairs for passenger service, and the aircraft would require a 5000-foot runway. To fund the new runway construction, the City of Modesto and Stanislaus County formed a Joint Powers Authority, which still exists today, after which the airport's name was changed to Modesto City-County Airport. An extension of 1000 feet of runway was constructed in the 1960's to accommodate Boeing 737's. After, Modesto's residents enjoyed daily B-737's service until the deregulation of the airlines in 1978. Scheduled service today is provided by United Express Airlines using the 30 passenger Brasilia aircraft.

Modesto City-County Airport provides more to the community than just a plane ride to San Francisco International Airport. After arriving in San Francisco on a United Express flight, an air traveler can make a connection to any destination in the United States or many international points. In 2001, there were more than 89,800 aircraft take-offs and landings by commercial, government, and private aircraft. During the year, there were 3,082 United Express arrivals and departures, and 43,574 passengers who took advantage of the airline service between Modesto and San Francisco.



The airport is also vital to the city's economic, emergency, and medical programs. It is estimated that annually the airport generates many millions of dollars in economic stimulus to the community. This is accomplished through the direct payroll of employees working at Modesto Airport, dollars spent in the community by arriving visitors, and the number of times a dollar turns over in the community before it is spent somewhere else. The Modesto City/County Airport is utilized by the Stanislaus County Sheriff's Department as a base for several aircraft used in search and rescue operations, and by medical teams involved in transporting accident victims or seriously ill persons to medical facilities in the event of an emergency.

Corporate aviation has grown rapidly at Modesto Airport during the last few years. The growth in corporate aviation has resulted in the construction of large corporate hangars that are used by modern corporate jet aircraft. In 2001, the appraised value of aircraft using Modesto City-County Airport rose by approximately \$90.0 million dollars, which generated over \$900,000 dollars in additional aircraft tax revenue for the community.

In 1998, the City of Modesto committed to an active effort to market the airport and increase passenger service by adding direct service to Los Angeles International Airport. The City efforts were well underway in 2001, but have been slowed due to the events of September 11th. Future plans are to continue the efforts to market the airport for additional airline service, attract more corporate aircraft, and complete the Master Plan that is now underway.

RECREATION

Modesto's recreation program and parks system is recognized regionally and statewide. Recreation programs include youth, adult and senior activities, three municipal golf courses, sports fields, and a baseball/community events stadium. The city offered basketball, soccer and softball league play to over 300 teams. Tennis tournaments and track meets attracted over 1,075 participants.



The city continued to provide services to all neighborhood park recreational programs and to many community events, such as the International Festival, Juneteenth, the Celebration of Lights, Cinco de Mayo, and the Fourth of July Parade, Picnic and Fireworks.

The city's Park Partners Program pairs interested service clubs, neighborhood organizations and involved citizens with renovation and improvement projects in the city's parks. Playgrounds have been renovated and constructed, soccer goals have been installed, trees, shrubs and flowers have been planted, and trails have been improved through the cooperation gained in this program.

MODESTO CENTRE PLAZA

The Modesto Centre Plaza is a highly successful municipal convention center with 43,000 square feet of space that supports both community and visitor meeting and convention needs. The Centre Plaza has successfully served the citizens of Modesto over fourteen years, offering the community a place to hold concerts, meetings, conventions, tradeshows and banquets. Recent infrastructure improvements include the installation of high speed Internet and renovation of the 16,000 square foot Harvest Hall. The Centre Plaza hosts over 600 events a year and welcomes over 240,000 attendees to those events. Working closely with local hotels, the Chamber of Commerce and the Convention & Visitors Bureau, the Modesto Centre Plaza helps to attract visitors to our community to enjoy all the Modesto has to offer.



JOHN THURMAN FIELD

It was the bottom of the ninth, the bases were loaded and the City Council delivered the game winning hit on December 16, 1997 with approval to renovate John Thurman Field, the city's 42 year old baseball stadium. It became a first-of-its-kind accomplishment when the field and stadium were completely renovated within 140 days. The renovation was approved to keep baseball alive and active in Modesto and to meet new minor league baseball standards. The stadium opened on schedule to a sell-out crowd. Staff is continually working to expand programs and activities offered at John Thurman Field. Although the Modesto A's are the major tenant during the baseball season, the field is also geared



for concerts, ethnic festivals, and other community events.

RECYCLING AND COMPOSTING

Since 1972 recycling has been an essential part of life in Modesto. The two-can system offers residents an expanded recycling program, as more residents are able to help meet state requirements to cut our waste in half. Modesto pioneered recycling in 1972. You can get information on city programs from the Solid Waste Management Office, 1010 Tenth Street, Suite 4100, Modesto, CA 95354 (209) 577-5494. We offer the following:



- Bulky Item Pick-up Program
 - Food Composting Program
 - Rechargeable Battery Recycling Program
 - Community Recycling Bins
 - Curbside Yard Waste Collection
 - FREE curbside oil recycling and replacement jugs
 - Information on Used Oil Certified Collection Centers
 - FREE household hazardous waste drop-off
 - Household Hazardous Waste Hotline — 525-4123
 - FREE backyard composting workshops
 - Information on worm composting
- Telephone book recycling roundups
 - Holiday tree recycling
 - Information on drop-off and buy-back center
 - Waste Reduction and Recycling Workshops for businesses
 - Low-interest loans and technical assistance for recycling businesses
 - Participation in the Citizen's Advisory Committee on Recycling
 - Earth Day in the park and other community events
 - Information for school curriculums, materials, books and supplies

MODESTO AMTRAK STATION

Citizens of Modesto and the surrounding communities reap the many benefits of the Modesto Amtrak Station located at the corner of East Briggsmore Avenue and Held Drive. The station features a 3,000 square-foot waiting area and ticket office complete with baggage claim, restrooms and bicycle lockers, a 700-foot lighted platform, and parking for 150 automobiles.

The Amtrak San Joaquin Corridor features trains from such cities as Bakersfield, Hanford, Fresno, Merced, Stockton, Martinez, Emeryville and Vallejo. With connections, travelers can reach Yosemite, Napa, San Francisco and Los Angeles.



Additionally, the City of Modesto provides transit service to and from the station. Modesto Area Express (MAX) Bus Route 34 originates at the Downtown Transportation Center providing for excellent connections with both MAX and Stanislaus Regional Transit buses. Monday through Friday, Route 34 operates hourly and serves seven to eight of Amtrak's 10 scheduled stops. On Saturday, it serves six trains.



POLICE

The Modesto Police Department is charged with maintaining law and order, and protecting life and property. The Department's activities include prevention and detection of criminal activity, apprehension of criminal offenders, recovery of property; prevention of juvenile delinquency, enforcement of laws, participation in court proceedings, protection of constitutional guarantees, assisting those who cannot care for themselves or who are in danger of physical harm, prevention of traffic accidents and the regulation of traffic flow throughout the city, and animal control within the city limits.



The Year 2000 brought the completion of the new 40,000 square foot Gerald McKinsey Police Administration Facility at 600 Tenth Street. The facility was built to accommodate the Chief of Police and his staff, the Support Division and the Investigative Services Division.

The old police building at 601 Eleventh Street is being remodeled into a Field Operations Division headquarters and is scheduled to be finished in late 2002.

FIRE

The mission of the Modesto Fire Department is to provide efficient and effective fire and life safety protection to the community through control of hostile fire, fire prevention services, emergency medical services, emergency preparedness, and mitigation of hazardous materials incidents. This commitment is intended to safeguard the general economy and welfare of Modesto, and is provided through the availability of personnel and equipment 24 hours per day, 365 days per year. The department currently staffs 10 fire stations, which are strategically located throughout the city. We are now preparing to build a new Fire Station to serve new development in the Northern section of the City. It is intended to specifically serve Pelendale-Synder, Carver Bangs, Kiernan Business Park and other existing new development in that area. It will be the eleventh Fire Station in the City. Fire Station 11 will be located on Carver Road and Pelendale Avenue, and is expected to open in January 2004.



FY2002-2003

APPROPRIATION LIMIT CALCULATION

Article XIII B of the State Constitution (Proposition 4 as amended by Proposition 111) limits the taxing authority of the City. The Appropriation Limit is the maximum taxing authority of the City

The remaining capacity is the amount of additional taxing authority that the City has without exceeding the limit set by Article XIII B. The City is within its taxing authority; therefore the 2002-03 Operating and Capital Improvement Budget for the City of Modesto is in compliance with Government Codes 12463, 29089, 7902.7, and 37200.

FY2001-2002 Appropriation Limit	\$213,669,499
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Adjustment Factors

Per Capita Personal Income Change	9.87%
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Population Change (Modesto)	2.56%
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Per Capita converted to a ratio	1.0987
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Population converted to a ratio	1.0256
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Calculation of factor for FY2001-2002	1.1268
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Adjustment	\$27,093,292
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FY2002-2003 Appropriation Limit	\$240,762,791
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