

**City of Modesto, California**  
**Abandoned Vehicle Abatement Program**  
**Annual Financial Report**  
*For the Year Ended June 30, 2025*  
*with Independent Auditor's Report*



**Abandoned Vehicle Abatement Program  
City of Modesto, California  
Table of Contents**

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	<u><b>PAGE</b></u>
<b>Independent Auditor’s Report</b>	<b>1</b>
<b>Financial Statements</b>	
Statement of Revenues and Costs – Cash Basis	5
Notes to Financial Statement	6
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> and the AVA Program Handbook</b>	<b>8</b>



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## **Independent Auditor's Report**

**Honorable Members of the City Council  
City of Modesto, California**

### **Report on the Audit of the Financial Statement**

#### ***Opinion***

We have audited the statement of revenues and costs – cash basis of the Abandoned Vehicle Abatement Program (the Program) of the City of Modesto, California (the City), for the year ended June 30, 2025, and the related notes to the financial statement.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the revenues and costs of the Program for the year ended June 30, 2025, in accordance with the cash basis of accounting described in Note 2.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and certain provisions of the Abandoned Vehicle Abatement (AVA) Program Handbook, issued by the California Highway Patrol. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report.



We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter – Basis of Accounting***

As discussed in Note 2, the financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The Program intends to present the cash-basis statement of revenues and costs of the Program. It does not purport to, and does not, present fairly the financial position of the City as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

***Responsibilities of Management for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.



### ***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and certain provisions of the AVA Program Handbook will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and certain provisions of the AVA Program Handbook, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.



- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Reporting Required by *Government Auditing Standards* and AVA Program Handbook**

In accordance with *Government Auditing Standards* and certain provisions of the AVA Program Handbook, we have also issued our report dated November 12, 2025, on our consideration of the City's internal control over the Program's financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over the Program's financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Program's financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and certain provisions of the AVA Program Handbook in considering the City's internal control over the Program's financial reporting and compliance.

*Vasquez & Company LLP*

**Glendale, California**

**November 12, 2025**

**City of Modesto, California**  
**Abandoned Vehicle Abatement Program**  
**Statement of Revenues and Costs – Cash Basis**  
**Year Ended June 30, 2025**

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Revenues received	
Charges for services	\$5,518
Registration fees	184,239
	<hr/>
Total revenues received	189,757
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Costs disbursed	
Personnel	132,035
Services and supplies	43,345
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Total costs disbursed	175,380
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Excess of revenues received over costs disbursed	14,377
Surplus, beginning of year	665,418
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Surplus, end of year	<u><u>\$679,795</u></u>

*See notes to financial statement.*

**City of Modesto, California**  
**Abandoned Vehicle Abatement Program**  
**Notes to Financial Statement**  
**Year ended June 30, 2025**

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**NOTE 1      GENERAL PROGRAM DESCRIPTION**

The Abandoned Vehicle Abatement Program (the Program) is a statewide program administered by the California Highway Patrol (CHP). The City of Modesto, California (the City) administers and operates the local vehicle abatement program pursuant to Section 22710 of the Vehicle Code, Modesto Municipal City Code Section 3-2.1002 et seq., and the Stanislaus Council of Governments (StanCOG) Abandoned Vehicle Program and Plan. Section 9250.7 of the Vehicle Code establishes the funding source for the abatement of abandoned vehicles by a county-based Service Authority (the Authority), pursuant to the provisions of Section 22710 of the Vehicle Code. The Vehicle Code imposes a service fee of one dollar (\$1) on vehicles registered to an owner with an address in the County of Stanislaus that established the Authority. This fee is paid to the Department of Motor Vehicles (DMV) at the time of registration or renewal of registration. The DMV, after deducting its administrative costs, at least quarterly transmits the net amount collected to the State Controller's Office (SCO) for deposit in the Abandoned Vehicle Trust Fund. All money in the fund is continuously appropriated to the SCO for allocation to an Authority that has an approved Program pursuant to Section 22710 of the Vehicle Code, and for payment of the administrative costs of the SCO. The Authority established StanCOG pursuant to Section 22710 of the Vehicle Code to distribute Program funds to participating entities based on the allocations determined in the Vehicle Abatement Services Agreement.

**City of Modesto, California**  
**Abandoned Vehicle Abatement Program**  
**Notes to Financial Statement**  
**Year ended June 30, 2024**

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The financial statement is prepared on the method of accounting prescribed by the CHP and the Abandoned Vehicle Abatement (AVA) Program Handbook. The financial statement presents the information requested by the CHP and, therefore, does not purport to reflect the results of operations in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The receipts and costs of the Program are included in the General Fund of the City's basic financial statements. The Statement of Revenues and Costs of the Program does not purport to, and does not present fairly the financial position of the City, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with U.S. GAAP.

**Basis of Accounting**

The financial statement for the Program is prepared on the cash basis of accounting, in which revenue is recognized when received and costs are recognized as disbursed and claimed in accordance with the AVA Program Handbook.

**NOTE 3      SUBSEQUENT EVENTS**

The City has evaluated events or transactions subsequent to June 30, 2025, to assess the need for potential recognition or disclosure in the financial statement. Such events were evaluated through November 12, 2025, the date the financial statement was available to be issued, and determined that no subsequent events required recognition or disclosure in the accompanying financial statement.



**Independent Auditor’s Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*  
and the AVA Program Handbook**

**Honorable Members of the City Council  
City of Modesto, California**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and certain provisions of the Abandoned Vehicle Abatement (AVA) Program Handbook, issued by the California Highway Patrol, the statement of revenues and costs – cash basis of the City of Modesto, California, (the City), Abandoned Vehicle Abatement Program (the Program) for the year ended June 30, 2025, and the related notes to the financial statement, and have issued our report thereon dated November 12, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the City’s internal control over the Program’s financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Program’s financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.



A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Program's financial statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Program's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Program's financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the AVA Program Handbook.



### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the AVA Program Handbook in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Vasquez & Company LLP*

**Glendale, California**

**November 12, 2025**



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