

CITY OF
MODESTO, CALIFORNIA



Surface Water Treatment Plant . . . new in 1995

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

ON THE COVER

WORKING AS PARTNERS, THE CITY OF MODESTO, MODESTO IRRIGATION DISTRICT AND DEL ESTE WATER COMPANY CONSTRUCTED THE SURFACE WATER TREATMENT PLANT AHEAD OF SCHEDULE AND SUBSTANTIALLY UNDER ITS \$100 MILLION BUDGET. THIS PROJECT WILL PROVIDE MODESTO AREA RESIDENTS WITH A NEW AND RELIABLE SOURCE OF QUALITY DRINKING WATER FOR YEARS TO COME.

CITY OF
Modesto, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 1995

Prepared by
Finance Department

CITY OF MODESTO
 June 30, 1995
TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>PAGE</u>
Transmittal Letter	III - IX
Certificate of Achievement for Excellence in Financial Reporting	X
Structure of City Government	XI
 FINANCIAL SECTION	
Independent Auditor's Report	3
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	6 - 9
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	10 - 11
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General, Special Revenue, and Capital Projects Fund Types ...	12 - 13
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	14
Combined Statement of Cash Flows - All Proprietary Fund Types	15 - 16
Notes to General Purpose Financial Statements	18 - 42
Additional Information:	
Combining and Individual Fund and Account Group Statements and Schedules	
General Fund:	
Comparative Balance Sheets	46
Schedule of Expenditures by Department, Compared to Budget (GAAP Basis)	47
Special Revenue Funds:	
Combining Balance Sheet	50 - 51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	52 - 53
Local Transportation Special Revenue Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	54
Traffic Safety Special Revenue Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	55
Special Gas Tax Street Improvement Special Revenue Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	56
Downtown Improvement District Special Revenue Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	57

Housing and Community Development Special Revenue Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	58
In Lieu Parking Special Revenue Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	59
Strategic Planning and Development Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	60
Capital Projects Funds:	
Combining Balance Sheet	62 - 63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	64 - 65
Special Fund for Capital Outlays Capital Projects Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	66
Capital Facility Fees Capital Projects Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	67
Parks Capital Projects Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	68
Parks and Recreation Facilities Capital Projects Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	69
State Parks and Recreation Capital Projects Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	70
McHenry Mansion Restoration Capital Projects Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	71
Redevelopment Agency Capital Projects Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	72
Capital Improvement Projects Capital Projects Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	73
Improvement Districts Capital Projects Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	74
Drainage Areas Capital Projects Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	75
Debt Service Funds:	
Combining Balance Sheet	78 - 79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	80 - 81
Enterprise Funds:	
Combining Balance Sheet	84 - 87
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	88 - 89
Combining Statement of Cash Flows	90 - 92

Internal Service Funds:

Combining Balance Sheet 94 - 95
Combining Statement of Revenues, Expenses and Changes in Retained Earnings 96 - 97
Combining Statement of Cash Flows 98 - 100

Agency Funds:

Combining Statement of Changes in Assets and Liabilities 102

General Fixed Assets:

Schedule of General Fixed Assets by Function and Activity 104
Schedule of Changes in General Fixed Asset by Function 105
Schedule of General Fixed Assets by Source 105

STATISTICAL SECTION

General Governmental Expenditures by Function - Last Ten Fiscal Years 110
General Revenues by Source - Last Ten Fiscal Years 111
Property Tax Levies and Collections - Last Ten Fiscal Years 112
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years 113
Property Tax Rates - All Overlapping Governments - Last Ten Fiscal Years 114
Special Assessment Billings and Collections - Last Ten Fiscal Years 115
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita -
Last Ten Fiscal Years 116
Computation of Legal Debt Margin 117
Computation of Direct and Overlapping Debt 118
Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures -
Last Ten Fiscal Years 119
Continuing Disclosure Requirements Information 120
Revenue Bond Coverage - Wastewater Treatment Facility Refunding Revenue Bonds,
Series 1987 and 1993 121
Property Value, Construction and Bank Deposits - Last Ten Fiscal Years 122
Principal Payers of Property Tax 123
Schedule of Insurance Policies in Force 124
Salaries and Surety Bonds of Principal Officials 125
Demographic and Miscellaneous Statistical Data 126 - 128

City of Modesto

Introduction



CITY of MODESTO

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[TDD (209) 526-9211 Hearing and Speech Impaired only]

November 15, 1995

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

The Comprehensive Annual Financial Report of the City of Modesto for the fiscal year ended June 30, 1995, prepared by the Finance Department, is hereby submitted. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentations, including all disclosures, rests with the City. We believe the data are accurate in all material respects and fairly represent the financial position and results of operations of the City as measured by the financial activity of its various funds and account groups. All disclosures necessary to enable the reader to understand the City's financial affairs have been included.

The comprehensive annual financial report has three sections: introductory, financial, and statistical. The introductory section consists of this transmittal letter, an organization chart, and the Certificate of Achievement for Excellence in Financial Reporting presented by the Government Finance Officers Association for the City's June 30, 1994 report, the eleventh consecutive year in which the City has been so recognized. The financial section includes the general purpose financial statements, the combining and individual fund and account group statements and schedules, and the independent auditor's report on the financial statements and schedules. The notes to the general purpose financial statements explain the basis of accounting used, define the various fund types and account groups, and provide required disclosure information. The statistical section includes selected demographic data, financial trends, and the fiscal capacity of the City, and is generally presented for more than one year. For the first time, this section includes a page of "Continuing Disclosure Requirements Information" on bonds issued after July 3, 1995. Under recent amendments to Securities and Exchange Commission Rule 15 (c) 2-12, the City must report this information annually beginning in 1996, but is doing so this year as an indication of its commitment to disclose fully all relevant information as soon as possible.

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

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

Local Economy and Outlook

Modesto is the retail, service and financial center of Stanislaus County. About 250 major industrial plants are located in the Modesto area, including some of the largest food and beverage processing facilities in the United States. Manufacturing accounts for about one-fifth of the County's wage and salary workers. The County has over 800,000 acres of farmland and ranks in the top 10 counties nationwide in sales of agricultural products. In recent years, the service and retail sectors have experienced steady growth, leading the way to a more diversified local economy.

During 1994-95, the area economy was hampered by a winter of unusually bad weather, and experienced a slight slowdown in growth. The State Employment Development Department indicated that the Modesto area's unemployment rate was relatively unchanged between June 1994 and June 1995.

The economic recovery of the Central Valley as a whole has been less robust than anticipated. The region has followed some of the major statewide trends, including continued weakness in the real estate market and construction industry. For the City itself, increased competition from surrounding communities for retail sales has led to a flattening of City sales tax revenue, the largest source of General Fund revenue, and historically a rapidly growing source. To encourage and facilitate private investment in the City, a new Community Development Department was created in Fall 1994 to coordinate municipal activities that affect such investments; this includes a more efficient "one stop" development process.

Major Initiatives

During 1995, the City completed negotiations for the purchase of the Del Este Water Company. On July 7, 1995, the purchase was completed using proceeds from the 1992 Water Certificates of Participation. Del Este supplied water for domestic and industrial purposes to 13,000 customers in the City and 6,300 customers in eight small neighboring communities. Del Este's assets include 85 wells and 375 miles of pipeline. The City is exploring opportunities to sell those assets that serve areas outside the City limits.

In May, the surface water treatment plant on the Tuolumne River, built and operated by the Modesto Irrigation District under a treatment and delivery agreement with the City and Del Este Water Company, began commercial operation. The initial plant capacity is approximately 30 million gallons of treated surface water per day, assuring the City a secure supply of safe drinking water and a reduction in reliance on groundwater.

The City and Redevelopment Agency are proceeding with plans for the Plaza project, a mixed-use office, retail and entertainment complex for downtown Modesto. Adjacent to the convention center and hotel, the project will include administrative offices for Modesto City Schools and the County Office of Education, as well as a new City Hall scheduled for completion in 1997. The existing City Hall building will be renovated and expanded to serve as a new headquarters for the Police Department.

Work on the Urban Area General Plan update continued throughout 1994-95 and the document was adopted in August 1995. The General Plan is intended to guide the physical development of the City's community for the next 30 years, to the year 2025. An important guiding force in the adopted General Plan is economic development sufficient to provide jobs to match population growth.

Financial Information

The City's accounting system has been developed and maintained with due consideration given to the adequacy of internal controls. These controls are designed to provide reasonable, but not absolute, assurance that assets are adequately safeguarded from waste, fraud and inefficient use. The system produces financial records which allow for the preparation of financial statements in conformity with generally

accepted accounting principles. The concept of reasonable assurance recognizes that the cost of a control should not exceed its benefits. The evaluation of costs and benefits requires estimates and judgments by management.

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

General Government Functions

Revenues for general governmental functions, as recorded in the general, special revenue, capital projects, and debt service funds, totaled \$67,174,928 for the year ended June 30, 1995, a decrease of 0.6 percent from the prior year. The revenues from various sources and the increase or decrease from the prior year are summarized in the following table:

<u>Revenue Source</u>	<u>Year ended June 30, 1995</u>		<u>Increase/(Decrease) From Year ended June 30, 1994</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$43,281,214	64.4%	\$ (796,770)	(1.8)%
Licenses and permits	216,368	.3	(71,228)	(25.1)
Intergovernmental	16,120,967	24.0	941,191	6.2
Charges for services	3,120,396	4.6	(407,148)	(11.5)
Special assessments levied	128,176	.2	(192,824)	(60.1)
Interest and rent	2,555,227	3.8	(270,676)	(9.6)
Fines and forfeits	780,576	1.2	186,302	31.3
Miscellaneous	972,004	1.5	190,153	24.3
	<u>\$67,174,928</u>	<u>100.0%</u>	<u>(\$421,000)</u>	

Sales and use, utility users, general property, and other taxes produced 64.4 percent of general revenues, compared with 65.2 percent in fiscal year 1994. Total tax revenues decreased, primarily due to sales and business license tax collections for the last quarter that were substantially lower than anticipated. Lower building activity was the primary cause for the reduction in revenue from licenses and permits. The major components of the increase in intergovernmental revenue were the federal crime prevention grant, Proposition 172 public safety funds, and a one time catch-up payment of the AB939 Waste to Energy allocation. Collection of developer impact fees declined along with the level of residential building activity, which accounted for the reduction in charges for services. Special assessments revenue is now being reported as deferred revenue when it is levied and will be recognized as revenue in the year it is received, causing a one-time drop in this revenue source for 1995. The decline in interest and rent was due to a budget change to recompute and allocate fully to proprietary funds interest earnings that previously accrued to governmental funds. Increased parking fine revenue was the chief contributor to the growth in the fines and forfeits revenue category. Miscellaneous revenue increased 24.3 percent due to higher SB90 mandated cost recoveries and environmental report cost reimbursements.

Total expenditures for general governmental purposes, as recorded in the governmental fund types, were \$74,146,108, a decrease of 1.6 percent from the prior year. Increases or decreases in levels of expenditures for major functions of the City from the preceding year were:

Function	Year Ended June 30, 1995		Increase/(Decrease) From Year ended June 30, 1994	
	Amount	Percent of Total	Amount	Percent
General government	\$8,869,195	12.0%	\$ 934,341	13.9%
Highways and streets	7,894,106	10.6	1,097,261	1.4
Public works	3,066,056	4.1	694,133	19.4
Parks and recreation	9,172,517	12.4	(696,479)	(7.1)
Public safety	37,028,679	49.9	1,562,361	4.4
Capital expenditures	3,903,872	5.3	(4,816,289)	(55.2)
Debt service	4,211,683	5.7	22,200	0.5
	<u>\$74,146,108</u>	<u>100.0%</u>	<u>(\$1,202,472)</u>	

General government costs increased by 13.9 percent in large part due to the transfer of previous public works functions to the new Community Development Department. Highways and streets expenditures increased primarily due to street improvement projects undertaken in the Special Gas Tax Street Improvement Special Revenue Fund. The increase of 19.4 percent in public works expenditures was due to new low-income and senior housing projects in the Housing and Community Development Special Revenue Fund. The building services function was established as an Internal Service Fund during 1995, which reduced parks and recreation expenditures. Nineteen new police officers were added to the Police Department, paid for in part by the federal crime prevention grant and Proposition 172 public safety funds. Capital expenditures decreased by 55.2% primarily because certain large projects were completed in the prior year, with corresponding expenditure reductions in 1995.

Fund Balances

Fund balances in the major governmental funds were maintained at positive levels.

General Fixed Assets

Net capital changes during the year amounted to \$(1,376,651) in the general fixed assets account group, primarily due to a shift in categorization of City Hall as a fixed asset from this account group to a new Building Services Internal Service Fund. Construction in progress at year end was valued at \$2,130,214. Net capitalized asset increases for the year were as follows:

Land	\$1,382,265
Buildings	(3,494,202)
Improvements other than buildings	(9,616)
Furnishings and equipment	738,840
Equipment pool	6,062
	<u>(\$1,376,651)</u>

Proprietary Fund Operations

Current year proprietary operations (airport, bus service, sewer, storm drain, water, parking, golf, community center, and the internal service funds) resulted in an increase of \$13,526,591 to retained earnings.

The following summary compares proprietary fund operations for the fiscal years ended June 30, 1994 and 1995:

	<u>Year Ended June 30</u>		<u>Increase (Decrease)</u>
	<u>1995</u>	<u>1994</u>	
Total operating revenues	<u>\$72,255,300</u>	<u>\$67,241,219</u>	<u>\$5,014,081</u>
Total operating expenses	<u>64,486,085</u>	<u>63,521,621</u>	<u>964,464</u>
Operating income	<u>7,769,215</u>	<u>3,719,598</u>	<u>4,049,617</u>
Nonoperating revenue/expense	<u>6,354,075</u>	<u>3,628,599</u>	<u>2,725,476</u>
Net operating transfers (out)	<u>(5,622,052)</u>	<u>(3,216,240)</u>	<u>(2,405,812)</u>
Net income	<u>8,501,238</u>	<u>4,131,957</u>	<u>4,369,281</u>
Add: Depreciation that reduces contributed capital	<u>5,025,353</u>	<u>4,720,450</u>	<u>304,903</u>
Net increase in retained earnings	<u>\$13,526,591</u>	<u>\$8,852,407</u>	<u>\$4,674,184</u>

The operating revenue increase was due to greater utility consumption; a late-1994 increase of 30 percent in water rates, with full-year effect on 1995 total revenue; a 5 percent increase in sewer rates; increased benefit rates charged to departments to continue reducing the unfunded liability for compensated absences in the Employee Benefits Management Fund; and the advent of the Building Services Internal Service Fund. Operating expenses rose primarily because of the new Building Services Fund, and increases in Enterprise Funds due to severe winter flooding and a new composting program—offset partially by a one-time credit that reduced PERS expense. The nonoperating revenue increase was caused by the recognition of a litigation settlement in the Water Enterprise Fund, as well as by the budget change for interest allocation to the Enterprise Funds. Net operating transfers out increased primarily because the proprietary funds experienced substantial growth of indirect cost reimbursement to other funds, and the Water and Sewer Enterprise Funds began paying to the General Fund a nominal return on investment in the net fixed asset base, in accordance with a budget change.

Debt Administration

On June 30, 1995, \$2.5 million of special assessment debt with government commitment and \$39.2 million of certificates of participation were outstanding in the General Long-Term Debt Account Group. Obligations under capital leases totaled \$0.9 million, and a loan payable to the Yosemite Community College District in the amount of \$0.8 million were also outstanding. Enterprise fund debt consisted of \$16.4 million of sewer revenue bonds and \$23.8 million of water system improvement certificates of participation.

Cash Management

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

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

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

Cash temporarily idle during the past year was invested primarily in certificates of deposit, U.S. Treasury securities, federal agency issues, and the State of California Local Agency Investment Fund. The rates of interest earned ranged from 3.6 to 8.4 percent and the amount of interest earned was \$4,245,945. Investments held on June 30, 1995 had maturities ranging from one day to five years, with the majority available with a one day notice from the Local Agency Investment Fund.

Risk Management

The City is self-insured against liability and workers' compensation claims. As protection against catastrophic loss, the City is a member of the Authority for California Cities Excess Liability (ACCEL). Members fund a pool to finance large settlements. During 1995, the City continued its proactive liability risk management role through careful monitoring of losses, working closely with ACCEL's third party claims administrator, and designing and implementing programs to minimize risks and reduce losses. In addition, the City's risk management organization manages workers' compensation issues by monitoring work conditions and organizing safety training programs to reduce employee exposure to hazards.

OTHER INFORMATION

Independent Audit

The City of Modesto City Charter and Municipal Code require that a complete financial statement and report on the finances of the City be submitted to the City Council at the end of each fiscal year. The Charter also requires an annual audit of the books of account, financial records and transactions of all City departments by an independent certified public accountant selected by the City Council. The accounting firm of Macias & Company was selected to perform the City's annual financial audits for a period of five years. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. In addition to meeting the City Charter audit requirements, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-128. The auditor's reports related specifically to the Single Audit will be presented separately at a later date.

Awards

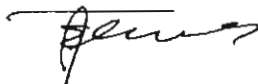
For the eleventh consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Modesto for its comprehensive annual financial report for the fiscal year ended June 30, 1994. The City also

received the Outstanding Award for Financial Reporting from the California Society of Municipal Finance Officers (CSMFO) for the same report. To receive this recognition, the City must publish an easily readable and efficiently organized report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. Both awards are valid for a period of one year only. Staff believes that the current comprehensive annual financial report continues to meet the requirements of both programs, and it will be submitted to the GFOA and CSMFO to determine its eligibility.

Acknowledgments

The Comprehensive Annual Financial Report is the result of the cooperative work of many people. We would like to extend our thanks to them for their hard work and, in particular, commend the Finance Department staff responsible for preparation of the report.

Respectfully submitted,



J. Edward Tewes
City Manager



Kevin Riper
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Modesto,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1994

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



President

Executive Director



City Council

Richard A. Lang, Mayor

Kenni Friedman	Frank T. Muratore
David Cogdill	Richard G. Patterson
Janine McClanahan	Stan Dobbs

Voters Elect

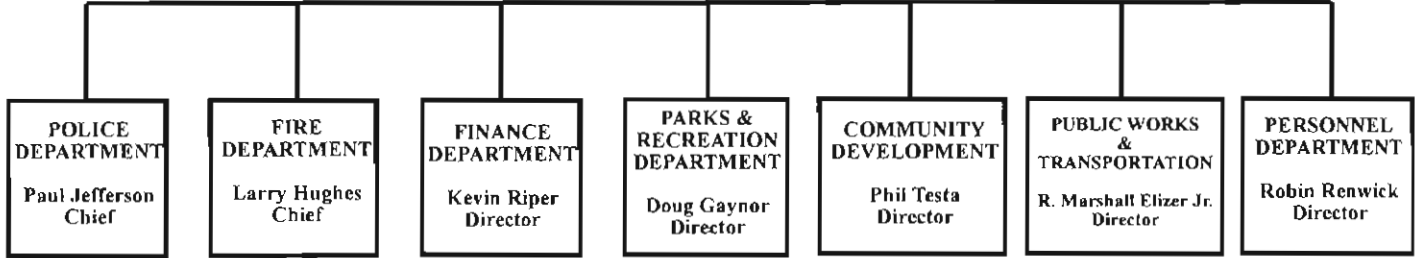
Council Appoints

CITY ATTORNEY
Mike Milich

CITY MANAGER
J. Edward Tewes

CITY CLERK & AUDITOR
Norrine Coyle

City Manager Appoints



Advisory Boards, Commissions, & Committees

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Affirmative Action Commission Airport Advisory Committee Board of Building Appeals Board of Zoning Adjustment Citizens Housing & Community Development Committee Citizens Advisory Committee on Recycling Community Qualities Forum Culture Commission Disabled Access Appeals Board Downtown Improvement District Advisory Board Economic Development Loan Committee Greater Modesto Community Foundation | <ul style="list-style-type: none"> Golf Courses Committee Human Relations Commission International Friendship Committee Modesto Youth Commission Landmark Preservation Commission Local Cable Programming Committee Planning Commission Redevelopment Advisory Commission Rehabilitation Loan Committee Tuolumne River Regional Park Committee |
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City of Modesto Financial Section

FINANCIAL SECTION



MACIAS & COMPANY

Certified Public
Accountants

Partners:
Kenneth A. Macias
Ernest J. Gini

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City Council
City of Modesto
Modesto, California

Independent Auditor's Report

We have audited the accompanying general-purpose financial statements of the City of Modesto, California (City), as of and for the year ended June 30, 1995. These general-purpose financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Modesto, California, as of June 30, 1995, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 21, 1995, on our consideration of the City's internal control structure and a report dated September 21, 1995, on its compliance with laws and regulations.

As discussed in Note IV-J to the general-purpose financial statements, the City changed its method of accounting for taxpayer assessed revenues during the year ended June 30, 1995.

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

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

Macias & Company
Certified Public Accountants

Sacramento, California
September 21, 1995

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GENERAL PURPOSE FINANCIAL STATEMENTS

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

CITY OF MODESTO
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1995
(With comparative totals for June 30, 1994)

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
ASSETS AND OTHER DEBITS				
Cash and cash equivalents (Note III-A)	\$ 4,172,308	\$ 3,742,939	\$ 13,349,489	\$ 1,320,005
Cash and cash equivalents with fiscal agent (Note III-A)		732,856		3,951,220
Receivables:				
Accounts	1,713,946	29,005		
Taxes	2,461,627		2,113	8,864
Special assessments				2,330,764
Notes (Note III-I)	148,425	6,478,667		
Due from governments	328,648	760,548	161,143	
Due from other funds (Note III-E)	191,000			
Inventories				
Prepaid expenses/expenditures	109,837	41,169		
Restricted assets - cash and cash equivalents (Note III-A)				
Advances to other funds (Note III-E)	966,334		100,000	
Loans to other funds (Note III-E)	6,443,500	74,050	1,000,000	
Unamortized costs of issuance				
General fixed assets (Note III-B)				
Proprietary funds - land, buildings, and equipment, net of depreciation (Note III-B)				
Amount available for debt service				
Amount to be provided for payment of long-term debt				
Total assets and other debits	\$ 16,535,625	\$ 11,859,234	\$ 14,612,745	\$ 7,610,853

See notes to general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Debt	1995	1994
\$ 26,682,526	\$ 18,016,427				\$ 67,283,694	\$ 61,596,050
16,975,135					21,659,211	27,161,788
4,005,150	774,969				6,523,070	5,714,432
					2,472,604	260,471
	76,117				2,330,764	2,567,978
1,609,897					6,703,209	6,030,873
					2,860,236	3,835,348
	295,853				191,000	422,055
10,313					295,853	264,073
3,818,406		\$ 40,319,213			161,319	160,230
					44,137,619	39,520,462
810,002					1,066,334	841,253
			\$ 52,186,450		7,517,550	7,517,550
					810,002	850,267
					52,186,450	54,735,714
176,901,990	9,620,366				186,522,356	179,524,666
				\$ 5,277,602	5,277,602	5,708,120
				38,052,422	38,052,422	39,010,221
<u>\$ 230,813,419</u>	<u>\$ 28,783,732</u>	<u>\$ 40,319,213</u>	<u>\$ 52,186,450</u>	<u>\$ 43,330,024</u>	<u>\$ 446,051,295</u>	<u>\$ 435,721,551</u>

(Continued)

CITY OF MODESTO
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
June 30, 1995
(With comparative totals for June 30, 1994)

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable and accrued expenses	\$ 2,261,418	\$ 198,696	\$ 493,590	\$ 2,407
Approved loans payable (Note III-J)		187,254		
Matured bonds and interest payable				80
Tax and revenue anticipation note payable				
Interest payable				
Due to other funds (Note III-E)		57,000		
Current portion - compensated absences (Note I-C 6)				
Current portion - claims liability (Note IV-A)				
Current portion - long-term debt (Notes III-C and III-D)				
Deferred revenues	3,626	1,156,403		2,330,764
Payable from restricted assets:				
Refundable deposits				
Deferred compensation (Note IV-E)				
Advances from other funds (Note III-E)			372,353	
Loans from other funds (Note III-E)			7,517,550	
Special assessment debt with government commitment (Note III-C)				
Revenue bonds payable (Note III-C)				
Loans payable (Note III-C)				
Obligations under capital leases (Note III-C)				
Certificates of participation (Note III-C)				
Compensated absences (Note I-C 6)				
Claims liability (Note IV-A)				
Total liabilities	<u>2,265,044</u>	<u>1,599,353</u>	<u>8,383,493</u>	<u>2,333,251</u>
Equity and other credits:				
Contributed capital (Note III-F)				
Investment in general fixed assets				
Retained earnings-unreserved				
Fund balances: (Note III-G)				
Reserved	8,325,605	6,992,917	3,196,444	
Unreserved/designated:				
For carryover projects		1,774,471	3,318,657	
For pending projects		1,492,493	7,108,377	
For debt service				5,277,602
For subsequent year expenditures	2,239,807			
For operating contingencies	3,705,169			
Unreserved/undesignated			(7,394,226)	
Total equity and other credits	<u>14,270,581</u>	<u>10,259,881</u>	<u>6,229,252</u>	<u>5,277,602</u>
Total liabilities, equity and other credits	<u>\$ 16,535,625</u>	<u>\$ 11,859,234</u>	<u>\$ 14,612,745</u>	<u>\$ 7,610,853</u>

See notes to general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Debt	1995	1994
\$ 1,478,607	\$ 455,547				\$ 4,890,265	\$ 4,947,081
					187,254	151,859
					80	80
						5,000,000
553,888					553,888	719,160
134,000					191,000	422,055
	4,295,424				4,295,424	4,188,548
	3,440,200				3,440,200	5,107,794
1,060,000	8,372				1,068,372	948,372
3,486,922					6,977,715	6,501,622
279,490		\$ 2,579,274			2,858,764	2,087,875
		37,739,939			37,739,939	33,355,501
230,981	463,000				1,066,334	841,253
					7,517,550	7,517,550
				\$ 2,495,000	2,495,000	3,004,525
16,424,651					16,424,651	17,128,135
				819,215	819,215	841,690
	4,186			850,809	854,995	1,229,684
23,798,760				39,165,000	62,963,760	63,771,458
	7,409,973				7,409,973	6,761,623
	5,739,700				5,739,700	3,405,196
<u>47,447,299</u>	<u>21,816,402</u>	<u>40,319,213</u>		<u>43,330,024</u>	<u>167,494,079</u>	<u>167,931,061</u>
115,621,734	5,490,687				121,112,421	121,864,421
			\$ 52,186,450		52,186,450	54,735,714
67,744,386	1,476,643				69,221,029	55,694,438
					18,514,966	16,441,117
					5,093,128	7,343,086
					8,600,870	9,267,872
					5,277,602	5,708,120
					2,239,807	
					3,705,169	4,257,512
					(7,394,226)	(7,521,790)
<u>183,366,120</u>	<u>6,967,330</u>		<u>52,186,450</u>		<u>278,557,216</u>	<u>267,790,490</u>
\$ <u>230,813,419</u>	\$ <u>28,783,732</u>	\$ <u>40,319,213</u>	\$ <u>52,186,450</u>	\$ <u>43,330,024</u>	\$ <u>446,051,295</u>	\$ <u>435,721,551</u>

CITY OF MODESTO
ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	General	Special Revenue
REVENUES:		
Taxes	\$ 41,057,891	\$ 777,259
Licenses and permits	216,368	
Intergovernmental	9,025,715	6,965,205
Charges for services	2,029,769	62,015
Special assessments levied	22,858	
Interest and rent	1,274,213	365,904
Fines and forfeits	661,377	119,199
Miscellaneous	443,112	16,934
Total revenues	54,731,303	8,306,516
EXPENDITURES:		
Current:		
General government	8,513,985	355,210
Highways and streets	3,850,149	4,043,957
Public works	1,000,464	2,065,592
Parks and recreation	9,172,517	
Public safety	37,028,679	
Capital outlay		
Debt service:		
Principal retirement	329,660	
Interest	265,589	
Costs of issuance		
Other		
Total expenditures	60,161,043	6,464,759
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,429,740)	1,841,757
OTHER FINANCING SOURCES (USES):		
Operating transfers in (Note III-H)	8,260,985	834,585
Operating transfers out (Note III-H)	(2,936,321)	(3,350,432)
Proceeds of capital lease transactions	155,752	
Proceeds of loans payable		
TOTAL OTHER FINANCING SOURCES (USES)	5,480,416	(2,515,847)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	50,676	(674,090)
FUND BALANCES, July 1 as restated	14,462,332	10,933,971
Residual equity transfers out (Note III-H)	(242,427)	
FUND BALANCES, June 30	\$ 14,270,581	\$ 10,259,881

See notes to general purpose financial statements.

Capital Projects	Debt Service	Totals (Memorandum Only)	
		1995	1994
\$ 549,246	\$ 896,818	\$ 43,281,214	\$ 44,077,984
		216,368	287,596
94,948	35,099	16,120,967	15,179,776
1,028,612		3,120,396	3,527,544
553	104,765	128,176	321,000
536,560	378,550	2,555,227	2,825,903
		780,576	594,274
511,958		972,004	781,851
<u>2,721,877</u>	<u>1,415,232</u>	<u>67,174,928</u>	<u>67,595,928</u>
		8,869,195	7,934,854
		7,894,106	6,796,845
		3,066,056	2,371,923
		9,172,517	9,868,996
		37,028,679	35,466,318
3,903,872		3,903,872	8,720,161
		1,542,437	1,809,399
213,251	999,526	2,640,337	2,335,065
30,737	2,344,011		7,500
	28,909	28,909	37,519
<u>4,147,860</u>	<u>3,372,446</u>	<u>74,146,108</u>	<u>75,348,580</u>
<u>(1,425,983)</u>	<u>(1,957,214)</u>	<u>(6,971,180)</u>	<u>(7,752,652)</u>
1,454,765	1,526,696	12,077,031	9,141,378
(168,226)		(6,454,979)	(5,925,138)
		155,752	268,856
			79,409
<u>1,286,539</u>	<u>1,526,696</u>	<u>5,777,804</u>	<u>3,564,505</u>
(139,444)	(430,518)	(1,193,376)	(4,188,147)
6,538,015	5,708,120	37,642,438	39,691,348
(169,319)		(411,746)	(7,284)
<u>\$ 6,229,252</u>	<u>\$ 5,277,602</u>	<u>\$ 36,037,316</u>	<u>\$ 35,495,917</u>

CITY OF MODESTO
GENERAL, SPECIAL REVENUE, AND CAPITAL PROJECTS FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Taxes	\$ 42,138,343	\$ 41,057,891	\$ (1,080,452)
Licenses and permits	261,645	216,368	(45,277)
Intergovernmental	8,550,114	9,025,715	475,601
Charges for services	2,267,385	2,029,769	(237,616)
Special assessments levied	33,377	22,858	(10,519)
Interest and rent	1,165,196	1,274,213	109,017
Fines and forfeits	605,234	661,377	56,143
Miscellaneous	397,980	443,112	45,132
Total revenues	<u>55,419,274</u>	<u>54,731,303</u>	<u>(687,971)</u>
EXPENDITURES:			
Current:			
General government	9,226,847	8,513,985	712,862
Highways and streets	4,509,111	3,850,149	658,962
Public works	1,235,760	1,000,464	235,296
Parks and recreation	9,557,078	9,172,517	384,561
Public safety	37,943,202	37,028,679	914,523
Capital outlay			
Debt service:			
Principal retirement	334,831	329,660	5,171
Interest	268,310	265,589	2,721
Total expenditures	<u>63,075,139</u>	<u>60,161,043</u>	<u>2,914,096</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,655,865)</u>	<u>(5,429,740)</u>	<u>2,226,125</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	8,260,985	8,260,985	
Operating transfers out	(3,190,913)	(2,936,321)	254,592
Proceeds of capital lease transactions	155,752	155,752	
Proceeds of loans payable			
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,225,824</u>	<u>5,480,416</u>	<u>254,592</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(2,430,041)</u>	<u>50,676</u>	<u>2,480,717</u>
FUND BALANCES, July 1, as restated	14,462,332	14,462,332	
Residual equity transfers out	<u>(242,427)</u>	<u>(242,427)</u>	
FUND BALANCES, June 30	<u>\$ 11,789,864</u>	<u>\$ 14,270,581</u>	<u>\$ 2,480,717</u>

See notes to general purpose financial statements.

Special Revenue Fund Types			Capital Projects Fund Types		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,006,920	\$ 777,259	\$ (229,661)	\$ 564,324	\$ 549,246	\$ (15,078)
16,456,743	6,965,205	(9,491,538)	1,014,324	94,948	(919,376)
174,000	62,015	(111,985)	1,425,660	1,028,612	(397,048)
100,000		(100,000)		553	553
237,080	365,904	128,824	586,547	536,560	(49,987)
100,000	119,199	19,199			
	16,934	16,934	511,923	511,958	35
<u>18,074,743</u>	<u>8,306,516</u>	<u>(9,768,227)</u>	<u>4,102,778</u>	<u>2,721,877</u>	<u>(1,380,901)</u>
489,839	355,210	134,629			
14,045,976	4,043,957	10,002,019			
3,742,770	2,065,592	1,677,178			
			11,672,470	3,903,872	7,768,598
			213,252	213,251	1
			30,740	30,737	3
<u>18,278,585</u>	<u>6,464,759</u>	<u>11,813,826</u>	<u>11,916,462</u>	<u>4,147,860</u>	<u>7,768,602</u>
(203,842)	1,841,757	2,045,599	(7,813,684)	(1,425,983)	6,387,701
1,719,730	834,585	(885,145)	2,497,748	1,454,765	(1,042,983)
(4,574,745)	(3,350,432)	1,224,313	(892,728)	(168,226)	724,502
<u>(2,855,015)</u>	<u>(2,515,847)</u>	<u>339,168</u>	<u>1,605,020</u>	<u>1,286,539</u>	<u>(318,481)</u>
(3,058,857)	(674,090)	2,384,767	(6,208,664)	(139,444)	6,069,220
10,933,971	10,933,971		6,538,015	6,538,015	
			(169,319)	(169,319)	
<u>\$ 7,875,114</u>	<u>\$ 10,259,881</u>	<u>\$ 2,384,767</u>	<u>\$ 160,032</u>	<u>\$ 6,229,252</u>	<u>\$ 6,069,220</u>

CITY OF MODESTO
ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	Enterprise	Internal Service	Totals (Memorandum Only)	
			1995	1994
OPERATING REVENUES:				
Charges for services	\$ 40,972,186	\$ 26,318,063	\$ 67,290,249	\$ 62,211,539
Sales		5,990,889	5,990,889	6,015,613
Cost of sales		(1,025,838)	(1,025,838)	(985,933)
Total operating revenues	<u>40,972,186</u>	<u>31,283,114</u>	<u>72,255,300</u>	<u>67,241,219</u>
OPERATING EXPENSES:				
Salaries and wages	6,078,153	1,775,467	7,853,620	7,062,574
Contractual services	5,213,035	73,327	5,286,362	5,026,588
Utilities	2,854,113	522,883	3,376,996	2,987,029
Maintenance and supplies	4,236,965	1,468,215	5,705,180	5,356,079
Water purchases	6,519,842		6,519,842	6,711,502
Insurance	142,847	3,284,876	3,427,723	3,691,045
Claims expense		5,117,522	5,117,522	5,835,803
Employee benefits	2,097,566	14,244,676	16,342,242	18,020,415
Administration services	3,237,246	444,884	3,682,130	2,275,379
Other	208,740	47,438	256,178	200,226
Depreciation	5,614,378	1,303,912	6,918,290	6,354,981
Total operating expenses	<u>36,202,885</u>	<u>28,283,200</u>	<u>64,486,085</u>	<u>63,521,621</u>
OPERATING INCOME	<u>4,769,301</u>	<u>2,999,914</u>	<u>7,769,215</u>	<u>3,719,598</u>
NONOPERATING REVENUES (EXPENSES):				
Operating grants	1,634,944		1,634,944	1,671,898
Loss on disposition of fixed assets	(189,483)	(22,003)	(211,486)	(218,344)
Taxes	2,330,589		2,330,589	2,401,645
Interest income	1,373,311	624,576	1,997,887	380,793
Rental income	309,890		309,890	211,985
Interest expense	(711,043)		(711,043)	(740,295)
Litigation settlement	1,082,377		1,082,377	
Amortization of bond discount	(38,818)		(38,818)	(38,818)
Amortization of costs of issuance	(40,265)		(40,265)	(40,265)
Total nonoperating revenues (expenses)	<u>5,751,502</u>	<u>602,573</u>	<u>6,354,075</u>	<u>3,628,599</u>
INCOME BEFORE OPERATING TRANSFERS	<u>10,520,803</u>	<u>3,602,487</u>	<u>14,123,290</u>	<u>7,348,197</u>
Operating transfers in (Note III-H)	608,366	86,854	695,220	1,148,345
Operating transfers out (Note III-H)	(5,833,766)	(483,506)	(6,317,272)	(4,364,585)
Total operating transfers in (out)	<u>(5,225,400)</u>	<u>(396,652)</u>	<u>(5,622,052)</u>	<u>(3,216,240)</u>
NET INCOME	<u>5,295,403</u>	<u>3,205,835</u>	<u>8,501,238</u>	<u>4,131,957</u>
Depreciation charged to contributed capital	<u>4,664,331</u>	<u>361,022</u>	<u>5,025,353</u>	<u>4,720,450</u>
Increase in retained earnings	9,959,734	3,566,857	13,526,591	8,852,407
RETAINED EARNINGS, July 1	<u>57,784,652</u>	<u>(2,090,214)</u>	<u>55,694,438</u>	<u>46,842,031</u>
RETAINED EARNINGS, June 30	<u>\$ 67,744,386</u>	<u>\$ 1,476,643</u>	<u>\$ 69,221,029</u>	<u>\$ 55,694,438</u>

See notes to general purpose financial statements.

CITY OF MODESTO
ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF CASH FLOWS
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	Enterprise	Internal Service	Totals (Memorandum Only)	
			1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ 4,769,301	\$ 2,999,914	\$ 7,769,215	\$ 3,719,598
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	5,614,378	1,303,912	6,918,290	6,354,981
Rental income	309,890		309,890	211,985
Litigation settlement	1,082,377		1,082,377	
Change in assets and liabilities:				
(Increase) in accounts receivable	(187,511)	(99,823)	(287,334)	(585,956)
(Increase) in notes receivable		(26,861)	(26,861)	(50,565)
Decrease in due from governments	5,387		5,387	
(Increase) decrease in due from other funds	118,574	20,481	139,055	(20,481)
(Increase) decrease in inventories		(31,780)	(31,780)	98,247
(Increase) decrease in prepaid expenses	187		187	(10,500)
Increase (decrease) in accounts payable and accrued expenses	214,784	102,926	317,710	(719,810)
Increase (decrease) in due to other funds	(227,555)		(227,555)	56,981
Increase in deferred revenue	27,477		27,477	
Increase in compensated absences		755,226	755,226	747,072
Increase in claims liability		666,910	666,910	1,689,693
Increase (decrease) in refundable deposits	(39,106)		(39,106)	12,547
Total adjustments	6,918,882	2,690,991	9,609,873	7,784,194
Net cash provided by operating activities	11,688,183	5,690,905	17,379,088	11,503,792
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating grants received	1,567,632		1,567,632	2,260,927
Taxes received	1,880,970		1,880,970	3,030,332
Taxes paid	(109,624)		(109,624)	(107,613)
Operating transfers in	608,366	86,854	695,220	1,148,345
Operating transfers out	(5,833,766)	(483,506)	(6,317,272)	(4,364,585)
New advances from other funds	130,981	27,000	157,981	
Advances and loans from other funds repaid	(41,330)		(41,330)	(497,155)
Repayments of advances and loans to other funds received	41,330		41,330	408,155
Net cash provided (used) by noncapital financing activities	(1,755,441)	(369,652)	(2,125,093)	1,878,406
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of fixed assets	(10,228,745)	(1,100,530)	(11,329,275)	(15,197,174)
Proceeds from sale of fixed assets		101,682	101,682	318,227
Principal repayments	(940,000)	(8,372)	(948,372)	(751,288)
Interest paid	(2,601,455)		(2,601,455)	(2,942,190)
Capital grants received	1,179,390		1,179,390	2,680,972
Residual equity transfers in	188,065	319,369	507,434	7,284
Residual equity transfers out	(95,688)		(95,688)	
Connection fees for capital purposes	540,410		540,410	1,028,985
Sale of revenue bonds				8,555,000
Costs of issuance paid				(220,047)
Net cash provided (used) by capital and related financing activities	\$ (11,958,023)	\$ (687,851)	\$ (12,645,874)	\$ (6,520,231)

(Continued)

See notes to general purpose financial statements.

**CITY OF MODESTO
ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)**

	Enterprise	Internal Service	Totals (Memorandum Only)	
			1995	1994
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	\$ 2,489,724	\$ 624,576	\$ 3,114,300	\$ 1,189,790
Net increase in cash and cash equivalents	464,443	5,257,978	5,722,421	8,051,757
CASH AND CASH EQUIVALENTS, JULY 1	47,011,624	12,758,449	59,770,073	51,718,316
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 47,476,067	\$ 18,016,427	\$ 65,492,494	\$ 59,770,073

**CITY OF MODESTO
ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF CASH FLOWS
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES
Year ended June 30, 1995**

	Enterprise	Internal Service
Fixed asset additions accrued at year end	\$ 53,226	
Fixed assets transferred from other funds and General Fixed Assets	30,773	\$ 2,451,300
Capitalized interest expense on long-term debt accrued at year end	553,888	
Capitalized interest revenue accrued at year end	53,008	
Operating grants accrued at year end	515,727	
Capital grants accrued at year end	85,084	

**NOTES TO
GENERAL PURPOSE FINANCIAL STATEMENTS**

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

CITY OF MODESTO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1995

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

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

These financial statements present the financial status of the City of Modesto and its component units. The component units discussed in the following paragraphs are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

1. The Redevelopment Agency of the City of Modesto was established by the City as a separate legal entity in accordance with state law. The purpose of the Agency is to encourage new investment and reinvestment within legally designated redevelopment areas in partnership with property owners.

2. The Modesto Public Financing Authority was established as a separate legal entity whose sole purpose is to provide financing for various City capital projects.

3. The Modesto Municipal Sewer District is a separate legal entity formed under the Municipal Sewer and Water Facilities Law of 1911. The purpose of the District is to provide financing for needed sewerage facilities in the Modesto urban area.

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

The joint ventures and jointly governed organization described in Note IV - F are not considered part of the reporting entity because the City does not have primary responsibility for their operations.

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

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

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

Governmental Funds

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources

(other than grants for major capital projects) that are legally restricted to expenditures for specific purposes.

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

Account Groups

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

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

Basis of Accounting

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance the expenditures of the current period (susceptible to accrual). Major revenue sources susceptible to accrual include substantially all property taxes, taxpayer-assessed taxes (such as sales and use, utility users, business license, transient occupancy, and gas taxes), interest, special assessments levied, state and federal grants and charges for current services. Revenues from licenses, permits, fines and forfeits are recorded as received. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Unbilled utility service receivables are recorded at year-end, using actual amounts billed in July for June services.

Measurement Focus

All governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund

balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

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

C. ASSETS, LIABILITIES AND EQUITY

1. Cash and Cash Equivalents

Cash and investments (including restricted assets) held in the City's investment pool are reported as cash and cash equivalents on the combined balance sheet because funds can spend cash at any time without prior notice or penalty. All investments with fiscal agents are also considered cash equivalents because they are highly liquid. Investments are stated at cost except for investments in the Deferred Compensation Agency Fund, which are reported at market value.

2. Restricted Assets - Cash and Cash Equivalents

Proceeds of the Wastewater Revenue Bonds, Series 1993, which are held by the City and are set aside for construction purposes, are classified as restricted assets - cash and cash equivalents on the balance sheet because their use is limited by bond covenants.

3. Receivables and Payables

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

All property taxes are collected and allocated by the County of Stanislaus to the various taxing entities. Property taxes are determined annually as of March 1 and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The City participates in the County "Teeter Plan" method of property tax distribution. Under the Teeter Plan, the County remits property taxes to the City based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year. Property tax is recognized when it is available and measurable. The City considers property tax as available if it is received within 60 days after year end.

Revenue from taxpayer-assessed taxes (sales and use, business license, transient occupancy, utility users, gas, and franchise fees) are accrued in the governmental funds when they are both measurable and available, as required by Governmental Accounting Standards Board Statement 22. The City considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur. Historically, the majority of these charges are paid within 31 days of the fiscal year end; therefore, revenue from taxpayer-assessed taxes is accrued if it is received by July 31.

Grants, entitlements or shared revenues are recorded as receivables and revenues in the General, Special Revenue and Capital Projects Funds when they are received or susceptible to accrual. Grants awarded for Proprietary Fund operating purposes are recorded as receivables and nonoperating revenues when they are earned

and are measurable. Grants awarded to Proprietary Funds which are restricted to the acquisition or construction of capital assets are recorded as contributed capital when earned. The total amount due from governments for grants, entitlements, and shared receivables and revenues at June 30, 1995 is \$2,860,236.

Utility service receivables are reported net of \$179,667 allowance for doubtful collections as of June 30, 1995.

4. Inventories

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

5. Land, Buildings and Equipment

Land, buildings and equipment owned by Enterprise and Internal Service Funds are stated at historical cost where available and at estimated historical cost when original cost is not available. Depreciation is recorded using the straight line method over the estimated useful lives of the assets, which are 75 years for pipelines, 30 years for buildings, 20 years for improvements, 12 years for buses, and 10 years for furnishings and equipment. Operating expenses include depreciation on all depreciable fixed assets. Depreciation recognized on assets acquired or constructed through external resources restricted to capital acquisition is closed to contributed capital.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest capitalized is determined by offsetting interest expense incurred from the date of the borrowing until completion of the project against interest earned on invested proceeds over the same period. \$776,023 of net interest expense on tax-exempt debt was capitalized in the Enterprise Funds during the fiscal year ended June 30, 1995.

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

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

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

6. Compensated Absences

All earned vacation, holiday, and compensating time, and a portion of accumulated sick leave payable upon termination or retirement, are accrued in the Employee Benefits Management Fund as compensated absences. Estimated sick leave termination payments have been calculated using the Governmental Accounting Standards Board Statement 16 vesting method. Under this method, a liability is accrued for a portion of the sick leave balances of all employees who are currently eligible to receive a payment for sick leave upon termination, as well as amounts set aside to pay future health care premiums. As of June 30, 1995, the total estimated liability for all compensated absences, including sick leave, is \$11,705,397. The current portion of \$4,295,424 is funded by charges to all operating funds. The estimated long-term portion is \$7,409,973.

7. Fund Equity

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

Enterprise and Internal Service Funds record the following as contributed capital: cash transfers of equity from

other funds, grants awarded for the acquisition of land, buildings and equipment, capital assets contributed from other funds, sewer and water connection fees and contributions from developers.

D. OTHER SIGNIFICANT ACCOUNTING POLICIES

1. Employee Benefits

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

2. Interfund Transactions

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

3. Memorandum Only - Total Columns

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

4. Comparative Data

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at specially scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is legally adopted through passage of an ordinance.

4. The City Manager is authorized to transfer funds within departmental budgets between major object classifications and between capital projects in the same fund. The City Council must authorize transfers between funds, between departments, and from the designated fund balances for specific purposes.

5. Formal budgetary accounting is employed as a management tool for all funds, except the Agency Funds which do not have revenues or expenditures. Annual budgets are legally adopted and amended as required for the General, Special Revenue, Capital Projects, Enterprise and Internal Service Funds. All budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP), and budgetary comparisons for the governmental funds are presented on this basis in this report. A debt service payment schedule for the Debt Service Funds is also approved as part of the budget process.

6. Budget amounts are reflected after all applicable amendments and revisions.

7. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called "department". A "department" for legal appropriation purposes may be a single organization (e.g., City Attorney), or an entire department having multiple organizations (e.g., Parks and Recreation), or an entire fund (e.g., Special Fund for Capital Outlays). All departments and funds completed the year within their legally authorized expenditures. Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded to reserve the applicable appropriations, is employed in the General, Special Revenue and Capital Projects Funds.

Encumbrances outstanding at year end are reported as reservations of fund balance since they do not constitute expenditures or liabilities. The City does, however, honor the contracts represented by year-end encumbrances and the subsequent year's appropriations provide authority to complete these transactions. Unencumbered budget appropriations lapse at the end of the fiscal year.

B. DEFICIT FUND EQUITY

The Redevelopment Agency Capital Projects Fund deficit of \$6,671,118 originated because the operations of this fund have been financed through loans from the General Fund, Housing and Community Development Fund, and Special Fund for Capital Outlays. The Redevelopment Agency is obligated to repay these loans from future tax increment and operating revenue.

The Airport Enterprise Fund has a deficit retained earnings of \$235,594 at June 30, 1995, as a result of fund expenses and transfers out exceeding operating revenues and transfers in. To eliminate this deficit, management is continuing to pursue greater operating revenue, additional operating grants, more rental income, and reduced expenses.

The Central Services Internal Service Fund shows deficit retained earnings of \$171,346. The deficit is being reduced as additional revenue-generating opportunities are pursued and expenses are restrained. For example, the City discontinued its printing operation, which was shown to be more expensive than private sector printing services.

The Insurance Internal Service Fund deficit of \$818,009 is due to an independent actuarial valuation, which resulted in higher actuarial estimates for general liability and workers' compensation incurred but not reported claims. To eliminate this deficit, the City plans to increase the rates charged to the operating funds, as appropriate.

The Employee Benefits Management Internal Service Fund retained earnings deficit of \$5,636,327 exists because the total compensated absences balance previously reported in the General Long-Term Debt Account Group was included in this fund at its inception, and has not yet been fully funded. The City is reducing this deficit over time by increasing the benefit rates charged to the operating funds.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is used by all funds. The City also maintains "cash and cash equivalents with fiscal agent" which represent monies held by fiscal agents for payment of various City debt and capital projects costs. The fiscal agents invest these monies in investments authorized by the City. The assets of the Agency Funds, certain deposits held in trust in other funds, and proceeds of the Wastewater Revenue Bonds, Series 1993 held by the City under the bond indenture for construction purposes are displayed on the balance sheet as "restricted assets - cash and cash equivalents".

Each fund type's portion of the City's cash and investment pool is displayed on the combined balance sheet as "cash and cash equivalents". Each fund earns interest on average monthly cash balances held by the funds throughout the year.

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

Cash and cash equivalents	\$67,283,694
Cash and cash equivalents with fiscal agent	21,659,211
Restricted assets - cash and cash equivalents	<u>44,137,619</u>
Total cash and investments	<u>\$133,080,524</u>

Deposits

All deposits are entirely insured and/or collateralized. At year-end, the reconciled book balance of the City's deposits was \$2,328,659 and the bank balance was \$5,477,026. Of the bank balance, \$959,354 was covered by federal depository insurance or collateral held by the City's agent in the City's name and \$4,517,672 was covered by collateral held in the pledging bank's trust department in the City's name.

Investments

Statutes authorize the City to invest in obligations of U.S. Government agencies and in U.S. Government securities, certificates of deposit, bankers' acceptances, mutual funds, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and Local Agency Investment Fund demand deposits. Investments are stated at cost, except for investments in the deferred compensation agency fund which are reported at market value. The City's investment in the Local Agency Investment Fund (LAIF) is \$19,219,337. The total amount invested by all public agencies in LAIF is \$26,998,556,366, managed by the State Treasurer. Of that amount, 95.7 percent is invested in non-derivative financial products, and 4.3 percent in derivative financial products.

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

	<u>Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>One</u>	<u>Two</u>	<u>Three</u>		
Investments:					
Repurchase agreements		\$1,977,050		\$ 1,977,050	\$ 1,977,050
U.S. Government securities	\$ 6,479,521	1,852,961		8,332,482	8,252,091
U.S. Government agencies	<u>46,426,244</u>			<u>46,426,244</u>	<u>46,636,481</u>
Total investments	<u>\$52,905,765</u>	<u>\$3,830,011</u>		<u>56,735,776</u>	<u>56,865,622</u>
Deposits				2,328,659	2,328,659
Mutual funds				16,969,258	16,969,258
Pooled investments:					
Local Agency Investment Fund				19,219,337	19,219,337
Other pooled investments				87,555	87,555
Deferred compensation				<u>37,739,939</u>	<u>37,739,939</u>
Total cash and investments				<u>\$133,080,524</u>	<u>\$133,210,370</u>

B. LAND, BUILDINGS AND EQUIPMENT

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

	<u>Balance July 1, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 1995</u>
Land	\$11,761,926	\$ 436,126	\$ 474,895	\$1,421,034	\$13,144,191
Buildings	11,115,077	325,000	3,819,202		7,620,875
Improvements other than buildings	17,371,703	176,297	1,056,652	870,739	17,362,087
Furnishings and equipment	11,085,135	1,271,045	532,205		11,823,975
Equipment pool	99,046	10,847	4,785		105,108
Construction in progress	<u>3,302,827</u>	<u>1,119,160</u>		<u>(2,291,773)</u>	<u>2,130,214</u>
	<u>\$54,735,714</u>	<u>\$3,338,475</u>	<u>\$5,887,739</u>		<u>\$52,186,450</u>

The City has entered into contracts for the construction or renovation of various facilities as follows:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Remaining Commitment under Contract</u>
Police Department:			
New structure	\$ 775,801	\$ 728,247	
Parks:			
Land	727,474	160,436	
New structure	503,999	297,572	\$ 90,759
Improvements	<u>849,743</u>	<u>943,959</u>	<u>116,890</u>
	<u>\$2,857,017</u>	<u>\$2,130,214</u>	<u>\$207,649</u>

Land, buildings, equipment, and other fixed assets of Proprietary Fund types at June 30, 1995 include:

	<u>Enterprise</u>	<u>Internal Service</u>
Land	\$ 22,837,491	\$ 653,856
Buildings	50,000,923	4,514,269
Improvements other than buildings	72,650,993	3,643,940
Equipment pool		11,653,403
Furnishings and equipment	2,331,666	661,075
Buses	4,690,747	
Pipelines	61,461,017	
Construction in progress	<u>9,670,030</u>	<u>124,353</u>
	\$223,642,867	\$ 21,250,896
Less accumulated depreciation	<u>(46,740,877)</u>	<u>(11,630,530)</u>
	<u>\$176,901,990</u>	<u>\$ 9,620,366</u>

C. LONG-TERM DEBT

Loan Payable

Loan payable to Yosemite Community College District, dated July 1992, as reimbursement for Regional Fire Training Center construction costs in lieu of future operating lease payments; interest at 8%; annual installments of \$89,810, including interest, through January 2012. \$ 819,215

Special Assessment Debt with Government Commitment

1915 Act Special Assessment Bonds; interest rates range from 5.75% to 10.75%, maturities range through 2005. \$ 2,495,000

The general credit of the City is obligated only to the extent that liens foreclosed against properties involved in the special assessment districts are insufficient to retire outstanding bonds.

Certificates of Participation - General Long-Term Debt

1993 Refunding Certificates of Participation (Community Center Project); serial certificates with annual maturities on November 1, in amounts from \$95,000 to \$1,040,000; interest rates from 3.50% - 5.6%; term certificates at 5.6% in the amount of \$4,740,000 due November 1, 2014, and in the amount of \$12,235,000 at 5.0% due November 1, 2023. \$26,975,000

1993 Refunding Certificates of Participation (Golf Course Project); serial certificates with annual maturities on November 1, in amounts from \$130,000 to \$235,000; interest rates from 3.5% to 5.5%; term certificates at 5.6% in the amount of \$1,390,000 due November 1, 2014, and in the amount of \$3,585,000 at 5.0% due November 1, 2023. 7,730,000

1989 Certificates of Participation (Airport Improvement Projects); annual maturities on December 1, in amounts from \$150,000 to \$195,000; interest rates from 7.0% to 7.4%; final payment December 1, 1999. 860,000

1986 Certificates of Participation (Capital Improvement Projects); serial certificates with annual maturities on July 1, in amounts from \$110,000 to \$125,000; interest rates from 6.2% to 6.5%; term certificates at 7% in the amount of \$1,140,000 maturing July 1, 2004, and in the amount of \$2,110,000 at 7.25% maturing July 1, 2011. 3,600,000
\$39,165,000

Sewer Revenue Bonds

Wastewater Treatment Facility Refunding Revenue Bonds, Series 1987; interest rates from 6.6% to 8.0% payable semi-annually on May 1 and November 1, in amounts from \$455,000 to \$595,000, final payment of \$6,515,000 due November 1, 2007; payable solely from the net revenues of the sewer enterprise; bonds maturing on or after November 1, 1997 are subject to call. \$ 9,130,000

Wastewater Revenue Bonds, Series 1993; interest rates from 3.1% to 5.1% payable semi-annually on May 1 and November 1; principal amounts from \$275,000 to \$660,000, final payment on November 1, 2013; payable solely from the net revenues of the sewer enterprise; bonds maturing on or after November 1, 2004 subject to call. \$ 8,355,000

Less current portion - 1987 Bonds	\$455,000	
- 1993 Bonds	<u>275,000</u>	(730,000)
Less unamortized bond discount - 1987 Bonds		<u>(330,349)</u>
		<u>\$16,424,651</u>

(continued)

LONG-TERM DEBT (continued):

Certificates of Participation - Water Fund

1992 Certificates of Participation (Water System Improvement Project); serial certificates with annual maturities on October 1, in amounts from \$330,000 to \$700,000; interest rates from 5.5% to 6.0%; term certificates at 6.25% in the amount of \$18,040,000 due October 1, 2022.	\$24,465,000
Less current portion	(330,000)
Less unamortized bond discount	<u>(336,240)</u>
	<u>\$23,798,760</u>

The following is a summary of changes in the general long-term debt account group for the fiscal year ended June 30, 1995:

	<u>June 1, 1994</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 1995</u>
Loan payable	\$ 841,690		\$ 22,475	\$ 819,215
Special assessment debt	3,004,525		509,525	2,495,000
Obligations under capital leases	1,217,126	\$ 155,752	522,069	850,809
Certificates of participation	<u>39,655,000</u>	<u> </u>	<u>490,000</u>	<u>39,165,000</u>
	<u>\$44,718,341</u>	<u>\$ 155,752</u>	<u>\$ 1,544,069</u>	<u>\$ 43,330,024</u>

Debt service requirements of long-term debt are summarized as follows (see Note III D for capital leases):

Principal Maturities

Year Ending June 30	Loan Payable	Special Assessment Debt	GLTDAG Certificates of Participation	Sewer Revenue Bonds	Water Certificates of Participation	Interest	Total Debt Service
1996	\$ 24,273	\$ 180,000	\$ 560,000	\$ 730,000	\$ 330,000	\$ 4,879,295	\$ 6,703,568
1997	26,215	235,000	635,000	770,000	350,000	4,777,278	6,793,493
1998	28,312	265,000	620,000	815,000	375,000	4,656,518	6,759,830
1999	30,577	295,000	740,000	860,000	400,000	4,522,942	6,848,519
2000	33,023	265,000	830,000	915,000	425,000	4,377,468	6,845,491
Later years	<u>676,815</u>	<u>1,255,000</u>	<u>35,780,000</u>	<u>13,395,000</u>	<u>22,585,000</u>	<u>50,624,424</u>	<u>124,316,239</u>
	\$819,215	\$2,495,000	\$39,165,000	\$17,485,000	\$24,465,000	\$73,837,925	\$158,267,140
Less current portion				(730,000)	(330,000)		(1,060,000)
Less un- amortized bond discount				<u>(330,349)</u>	<u>(336,240)</u>		<u>(666,589)</u>
	<u>\$819,215</u>	<u>\$2,495,000</u>	<u>\$39,165,000</u>	<u>\$16,424,651</u>	<u>\$23,798,760</u>	<u>\$73,837,925</u>	<u>\$156,540,551</u>

D. LEASES

The City leases fire trucks, computer equipment and copiers under capital lease agreements. The related liabilities are included in obligations under capital leases in the general long-term debt account group. The following is a schedule of the future minimum lease payments on capital leases as of June 30, 1995:

Year ending	
<u>June 30</u>	
1996	\$477,365
1997	283,932
1998	87,979
1999	31,549
2000	31,549
Later years	<u>21,576</u>
Total	933,950
Less interest	<u>(83,141)</u>
Present value of net minimum lease payments	<u>\$850,809</u>

Assets subject to the above capital leases valued at \$2,592,248 have been recorded in the general fixed assets account group. Rental expenses incurred under operating leases are not material.

Leases - Internal Service Fund

The City leases copiers under an interest-free lease/purchase agreement. The value of these copiers, net of \$3,373 accumulated depreciation, is \$21,743, and is recorded in the Central Services Internal Service Fund. The following is a schedule of the future minimum lease payments on this capital lease as of June 30, 1995:

Year ending	
<u>June 30</u>	
1996	\$ 8,372
1997	<u>4,186</u>
Total minimum lease payments	12,558
Less current portion	<u>(8,372)</u>
Long-term portion of capital lease	<u>\$ 4,186</u>

E. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances as of June 30, 1995 consist of the following:

Due from/due to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Housing and Community Development	\$ 57,000
	Golf	<u>134,000</u>
Total		<u>\$191,000</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Facilities Fees	\$ 372,353
	Golf	130,981
Special Fund for Capital Outlays	Central Services	463,000
	Airport	<u>100,000</u>
Total		<u>\$1,066,334</u>

Loans to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Redevelopment Agency Capital Projects	\$6,443,500
Housing and Community Development	Redevelopment Agency Capital Projects	74,050
Special Fund for Capital Outlays	Redevelopment Agency Capital Projects	<u>1,000,000</u>
Total		<u>\$7,517,550</u>

F. CONTRIBUTED CAPITAL

The following schedule shows changes in contributed capital during the fiscal year ended June 30, 1995:

Enterprise Funds

	<u>Parking</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Airport</u>	<u>Bus</u>	<u>Golf</u>	<u>Community Center</u>	<u>Total</u>
Balance									
June 30, 1994	<u>\$1,358,591</u>	<u>\$13,709,177</u>	<u>\$58,107,427</u>	<u>\$150,923</u>	<u>\$6,398,594</u>	<u>\$8,461,132</u>	<u>\$6,070,387</u>	<u>\$24,527,150</u>	<u>\$118,783,381</u>
Additions:									
Capital grants					320,436	563,580			884,016
Equity transfers			157,969	2,400	27,696				188,065
Fixed asset donations		5,227	7,768	12,107		1,570	4,101		30,773
Connection fees		<u>229,207</u>	<u>311,203</u>						<u>540,410</u>
		<u>234,434</u>	<u>476,940</u>	<u>14,507</u>	<u>348,132</u>	<u>565,150</u>	<u>4,101</u>		<u>1,643,264</u>
Deductions:									
Equity transfers				(78,688)		(17,000)			(95,688)
Depreciation	(83,069)	(593,961)	(2,343,532)	(25,818)	(286,464)	(308,994)	(274,903)	(747,590)	(4,664,331)
Reduction in capital grant			(44,892)						(44,892)
	<u>(83,069)</u>	<u>(593,961)</u>	<u>(2,388,424)</u>	<u>(104,506)</u>	<u>(286,464)</u>	<u>(325,994)</u>	<u>(274,903)</u>	<u>(747,590)</u>	<u>(4,804,911)</u>
Balance									
June 30, 1995	<u>\$1,275,522</u>	<u>\$13,349,650</u>	<u>\$56,195,943</u>	<u>\$ 60,924</u>	<u>\$6,460,262</u>	<u>\$8,700,288</u>	<u>\$5,799,585</u>	<u>\$23,779,560</u>	<u>\$115,621,734</u>

Internal Service Funds

	<u>Fleet Management</u>	<u>Central Services</u>	<u>Insurance</u>	<u>Building Services</u>	<u>Total</u>
Balance					
June 30, 1994	<u>\$3,069,115</u>	<u>\$11,925</u>			<u>\$3,081,040</u>
Additions:					
Equity transfers	319,369				319,369
Fixed asset donations	<u>141,210</u>	<u>38,859</u>	<u>\$ 920</u>	<u>\$2,270,311</u>	<u>2,451,300</u>
	<u>460,579</u>	<u>38,859</u>	<u>920</u>	<u>2,270,311</u>	<u>2,770,669</u>
Deductions:					
Depreciation	<u>(276,122)</u>			<u>(84,900)</u>	<u>(361,022)</u>
Balance					
June 30, 1995	<u>\$3,253,572</u>	<u>\$ 50,784</u>	<u>\$ 920</u>	<u>\$2,185,411</u>	<u>\$5,490,687</u>

G. RESERVES AND DESIGNATIONS OF FUND BALANCES

The City's reserves and designations at June 30, 1995 are summarized on the following page, followed by descriptions of each reserve and designation.

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>
<u>Reserves:</u>				
Encumbrances	\$ 654,419	\$ 586,285	\$ 1,596,591	
Interfund loans	6,443,500	74,050	1,000,000	
Petty cash	3,090			
Loan programs	148,425	6,291,413		
Prepaid expenditures	109,837	41,169		
Interfund advances	966,334		100,000	
Redevelopment Agency set-aside requirement			<u>499,853</u>	
Total reserves	<u>\$8,325,605</u>	<u>\$6,992,917</u>	<u>\$ 3,196,444</u>	
<u>Designations:</u>				
Carryover projects		\$1,774,471	\$ 3,318,657	
Pending projects		1,492,493	7,108,377	
Debt service				\$5,277,602
Subsequent year expenditures	\$2,239,807			
Operating contingencies	<u>3,705,169</u>			
Total designations	<u>\$5,944,976</u>	<u>\$3,266,964</u>	<u>\$10,427,034</u>	<u>\$5,277,602</u>

1. Reserve for encumbrances - Amounts reserved for encumbrances represent the total of outstanding purchase orders and contracts which are scheduled for reappropriation in the next fiscal year.
2. Reserve for interfund loans - The City reserves an amount in each fund which has made loans to other funds.
3. Reserve for petty cash - An amount equal to the City's petty cash account is reserved in the General Fund because it is available only for petty cash purposes.
4. Reserve for loan programs - Amounts equal to the outstanding housing program and small business notes receivable are reserved in the Housing and Community Development Fund and the General Fund.
5. Reserve for prepaid expenditures - An amount equal to prepaid expenditures has been reserved to indicate that such assets do not represent available expendable financial resources.
6. Reserve for interfund advances - The City reserves an amount in each fund equal to the advances to other funds.
7. Reserve for Redevelopment Agency set-aside requirement - The portion of fund balance relating to State required low-to-moderate income housing set-aside, has been reserved in the Redevelopment Agency Capital Projects Fund.
8. Designation for carryover projects - Designations for carryover projects represent capital projects appropriated in the current fiscal year which have not been completed and are to be carried forward to the following year.
9. Designation for pending projects - Designations for pending projects are established to fund projects approved but not yet appropriated.
10. Designation for debt service - The total fund balances of the debt service funds are designated for future debt service requirements
11. Designation for subsequent year expenditures - An amount equal to taxpayer-assessed taxes accrued but not received as of June 30, 1995 has been designated for subsequent year expenditures.
12. Designation for operating contingencies - The remainder of the unreserved fund balance of the General Fund at June 30, 1995 has been designated for operating contingencies.

H. INTERFUND TRANSFERS

The following is a schedule of interfund transfers. Residual equity transfers to proprietary funds represent capital contributions.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Operating transfers:		
General Fund	\$ 8,260,985	\$ 2,936,321
Special Revenue Funds:		
Local Transportation		643,261
Traffic Safety		100,000
Special Gas Tax Street Improvements	336,548	2,402,536
Downtown Improvement District		3,407
Housing and Community Development	492	201,228
Strategic Planning	497,545	
Capital Projects Funds:		
Special Fund for Capital Outlays	1,084,653	
Capital Facility Fees		95,874
Parks	76,390	
Parks and Recreation Facilities		29,122
State Parks and Recreation	2,923	33,230
Redevelopment Agency	290,799	10,000
Debt Service Funds:		
Redevelopment Agency	254,835	
Capital Improvement Projects	342,987	
Public Financing Authority	928,874	
Enterprise Funds:		
Parking	59	54,665
Water	2,049	1,578,318
Sewer	7,786	2,561,991
Storm Drain	9,310	266,086
Airport	390	242,893
Bus	632	252,630
Golf	1,417	877,183
Community Center	586,723	
Internal Service Funds:		
Fleet Management	1,450	289,187
Central Services	84,335	
Insurance		194,319
Employee Benefits Management	45	
Building Services	1,024	
Total operating transfers	<u>\$12,772,251</u>	<u>\$12,772,251</u> <i>(continued)</i>

INTERFUND TRANSFERS (CONTINUED):

Residual equity transfers:

General Fund \$ 242,427

Capital Projects Funds:

 Special Fund for Capital Outlays 27,696

 Capital Facility Fees 139,223

 Drainage Areas 2,400

Residual equity transfers closed to
contributed capital (Note III F):

Enterprise Funds:

 Sewer \$ 157,969

 Storm Drain 2,400 78,688

 Airport 27,696

 Bus 17,000

Internal Service Funds:

 Fleet Management 319,369

Total residual equity transfers 507,434 507,434

Total interfund transfers \$13,279,685 \$13,279,685

I. NOTES RECEIVABLE

The notes receivable in the Housing and Community Development Special Revenue Fund of \$6,478,667, net of \$66,948 allowance for doubtful accounts, consist of loans made for low income housing rehabilitation, property improvement and small business origination. The loans are collateralized by deeds of trust on the improved properties, are generally interest free with the exception of a small number of direct loans bearing annual interest at 3 or 5 percent and, with a few exceptions, require no repayment of principal until the loans reach maturity.

The General Fund notes receivable of \$148,425 consist of small business loans. These notes were determined to be ineligible for federal grant funds; therefore, the General Fund purchased them from the Housing and Community Development Special Revenue Fund.

Loans to employees for computer acquisition make up the \$76,117 notes receivable balance in the Employee Benefits Management Fund. The maximum loan period is 3 years, with payment deducted directly from pay checks.

J. LOANS PAYABLE

The loans payable in the Housing and Community Development Special Revenue Fund of \$187,254 consist of amounts being held for rehabilitation of properties using funds provided by federal grants. The liabilities are expected to be liquidated within one year.

IV. OTHER INFORMATION

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters. The City maintains the Insurance Internal Service Fund to account for and finance its risks of loss. Under this program, the City is self-insured for the following risks up to the maximum amount per claim as follows: workers' compensation \$400,000; liability \$1,000,000; employee disability \$123,000; health care \$100,000; dental care \$1,200. The City purchases commercial insurance for property loss, as well as for claims in excess of the preceding coverage amounts.

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

All operating funds participate in the program and make payments to the Insurance Fund based on historical cost and/or actuarial estimates of the amounts needed to pay prior and current year claims, and to allow accrual of estimated incurred but not reported claims. Insurance premiums to commercial insurers are also processed through the Insurance Fund. The total actuarially determined claims liability at June 30, 1995 is \$9,179,900, consisting of \$6,310,000 workers' compensation, \$2,320,000 general liability, \$334,400 health, \$145,300 dental, \$43,300 disability, and \$26,900 vision claims. The current portion of the total claims liability is estimated to be \$3,440,200 and the balance of \$5,739,700 is reported as a long-term liability on the balance sheet. These claim estimates are based on the requirements of Governmental Accounting Standards Board Statement 10, and include estimated claims incurred but not yet reported as of June 30, 1995. Changes in the Insurance Fund claims liability during the fiscal years ended June 30, 1994 and June 30, 1995 were:

	Claims Liability July 1	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Balance June 30
1993-94	\$6,823,297	\$5,835,803	(\$4,146,110)	\$8,512,990
1994-95	8,512,990	5,117,522	(4,450,612)	9,179,900

B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

	<u>Parking</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Airport</u>	<u>Bus</u>	<u>Golf</u>	<u>Community Center</u>	<u>Total</u>
Operating revenues	\$ 354,646	\$15,536,538	\$16,274,351	\$4,602,807	\$ 472,767	\$1,124,964	\$1,917,570	\$ 688,543	\$40,972,186
Depreciation	83,069	843,119	2,973,308	79,196	286,963	308,994	292,139	747,590	5,614,378
Operating income (loss)	100,602	3,340,765	4,951,590	1,780,803	(311,092)	(4,114,282)	188,871	(1,167,956)	4,769,301
Operating grants						1,634,944			1,634,944
Tax revenues					64,260	2,375,953			2,440,213
Net operating transfers in (out)	(54,606)	(1,576,269)	(2,554,205)	(256,776)	(242,503)	(251,998)	(875,766)	586,723	(5,225,400)
Net income (loss)	2,822	3,209,184	2,294,897	1,708,054	(416,543)	(245,484)	(673,801)	(583,726)	5,295,403
Current capital contributions		234,434	476,940	14,507	348,132	565,150	4,101		1,643,264
Property, plant and equipment: Net changes	(92,069)	5,766,165	2,743,306	940,541	431,334	468,200	116,368	14,118	10,387,963
Net working capital	664,922	24,785,661	13,181,599	3,607,410	151,236	258,124	(153,447)	74,099	42,569,604
Total assets	3,540,335	62,616,427	109,013,806	6,207,061	6,363,316	12,399,717	6,755,724	23,917,033	230,813,419
Bonds and other long-term liabilities		23,798,760	16,424,651						40,223,411
Total equity	3,538,662	37,239,549	91,063,172	6,099,321	6,224,668	8,858,203	6,455,917	23,886,628	183,366,120

C. PRIOR-YEAR DEFEASANCE OF DEBT

Certificates of Participation

In 1991, the Redevelopment Agency of the City of Modesto issued refunding Community Center Certificates of Participation to refund 1987 certificates. In 1993, the 1991 certificates were also defeased, when the Modesto Public Financing Authority issued refunding certificates. The proceeds of both issues were used to purchase U. S. government securities, which were deposited in irrevocable trusts to provide for all future debt service requirements of the 1987 and 1991 Certificates of Participation. As of June 30, 1995, certificates of participation in the amount of \$43,095,000 are considered defeased, and are not included in the general long-term debt account group.

In 1993, the Modesto Public Financing Authority issued refunding Golf Course Project Certificates of Participation in order to defease 1990 certificates. The proceeds were placed in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, as of June 30, 1995, the \$6,120,000 liability for the defeased certificates is excluded from the general long-term debt account group.

D. COMMITMENTS AND CONTINGENCIES

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

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

E. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. All salaried employees may defer a portion of their gross compensation under this plan. The City matches up to 2% of the deferral, with the matching rate dependent on length of service and employee group. Part-time employees are required to defer 3.75 percent of their wages, with the City contributing a like amount. This program for part-time employees is in lieu of mandatory social security contributions. Deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is very unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The deferred compensation liability as of June 30, 1995 was \$37,739,939, which represents the market value of the total assets of the plan.

F. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Tuolumne River Regional Park

The City participates with Stanislaus County and the City of Ceres in the operation and development of the Tuolumne River Regional Park (TRRP). The governing body consists of 2 members from the County Board of Supervisors, 2 members from the Modesto City Council, and 1 member from the Ceres City Council. The TRRP board prepares the annual budget, which must be approved by both cities' councils and the board of supervisors. Each participant has an equity interest in the fixed assets of TRRP based on the percentage of cumulative contribution paid. The City's contribution to TRRP was \$64,890 for the fiscal year ended June 30, 1995. As of June 30, 1995, the City's equity interest of 30% in fixed assets was \$757,914, and is reported in the General Fixed Assets Account Group. Financial statements for TRRP are prepared by the City of Modesto Finance Department.

Stanislaus Drug Enforcement Agency

Stanislaus County and the cities of Modesto, Oakdale, Ceres, Patterson, Turlock, Riverbank and Newman are the participants in the Stanislaus Drug Enforcement Agency (SDEA). The purpose of the SDEA is to maintain a specially trained police unit to assist each of the participating agencies in the enforcement of drug control laws, and to study, plan, and set priorities for effective enforcement of such laws throughout Stanislaus County. The governing board consists of the sheriff of Stanislaus County and the chief of police of each participating city. All participants contribute to the funding of the SDEA budgeted expenditures, based on population and assessed property value. The City's contribution to the SDEA for the fiscal year ended June 30, 1995 was \$511,901. The City's equity interest of 56% in the fixed assets of the SDEA was \$663,230 as of June 30, 1995. This amount is reported in the General Fixed Assets Account Group. The City also has an interest in the financial assets of the

SDEA due to a pass through grant. The receivable amount of \$17,034 is reported as part of due from governments in the General Fund. Financial statements of the SDEA are available at the Modesto Police Department.

Stanislaus Waste-to-Energy Financing Agency

The City participates with Stanislaus County in the Stanislaus Waste-to-Energy Financing Agency (Agency). The Agency was created to provide financing for a facility which generates power from solid waste. The costs of operating the Agency, if any, are shared equally by the participants. The governing body consists of 2 members each from the County Board of Supervisors and the Modesto City Council. Stanislaus County Treasurer's office prepares the Agency's financial statement.

Regional Fire Training Center

The City has entered into an agreement with the Yosemite Community College District (YCCD) and Stanislaus County for the use and management of the regional fire training center at Modesto Junior College. The executive board consists of the YCCD chancellor, the president of Modesto Junior College, the city manager of the City of Modesto, and the chief executive officer of Stanislaus County. The YCCD is responsible for accounting and for monitoring the center's budget. All three entities share in the operating costs. Initial construction costs are being paid by the YCCD from borrowed funds, with the City and County reimbursing a portion of these costs in exchange for future use of the center. City payments for construction costs, plus interest, were \$89,810 during the fiscal year ended June 30, 1995. The remaining portion of these costs is \$819,215, and is reported in the general long-term debt account group as a loan payable. Title to the constructed asset will remain with the YCCD.

G. TREATMENT AND DELIVERY AGREEMENT

In 1992, the City entered into a treatment and delivery agreement with the Modesto Irrigation District (MID) and the Del Este Water Company (Del Este). Under the agreement, MID built and operates a surface water treatment plant on the Tuolumne River for the purpose of providing a long-term source of domestic treated water for the City and Del Este. MID is the sole owner of the project, and has all management and operations responsibility. In exchange for the treated water, the City and Del Este have agreed to pay: all debt service on bonds issued by MID for the construction of the project; a raw water charge as set forth in the agreement; project operation, administration, and maintenance costs; and insurance on the project. Gross revenues of the City's Water Fund are irrevocably pledged for the punctual payment of the MID debt service and all obligations of the City under any parity debt. Current parity debt consists of the 1992 Water System Improvement Project Certificates of Participation (Note III C). The minimum annual amount payable to MID, consisting of the City's portion of debt service only, is \$5,419,690. The treatment plant completed all tests and began commercial operations on May 15, 1995, at which time the City and Del Este began paying for raw water and operations. The total amount paid to MID during the fiscal year ended June 30, 1995 was \$6,519,842, and is reported as "water purchases" on the Enterprise Funds Statement of Revenues, Expenses and Changes in Retained Earnings.

H. POST- RETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described below in Note IV I, the City provides health care benefits to employees who retire from the City, under contractual agreements with all employee groups. All full-time employees are eligible to set aside 80 to 90 percent of accumulated sick leave upon retirement, to be used for payment of future healthcare premiums to a choice of 4 insurance plans. The City has no obligation to pay premiums for retirees with no accumulated sick leave. The liability for current retirees' future premiums is \$2,587,167 as of June 30, 1995. The current portion of \$290,816 is fully funded. The long-term portion of \$2,296,351 is partially funded, with the balance being funded over time by charges to the City's operating funds. The current and long-term portions are reported in the Employee Benefits Management Fund as part of the compensated absences liability balances.

The City also incurs post-retirement health care costs due to claims by retirees who elect the City's self-insured health plan. These expenses are recognized as retirees file claims. During the fiscal year ended June 30, 1995, expenses of \$482,520 were recognized in the Insurance Internal Service Fund for post-retirement health care.

These benefit costs decrease at age 65 when retirees become eligible for Medicare, and the City becomes the supplemental provider. As of June 30, 1995, 76 retirees were participating in the self-insured plan.

I. DEFINED BENEFIT PENSION PLAN

Description

The City contributes to the Public Employees' Retirement System of the State of California (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities in California. The City's payroll for employees covered by PERS for the year ended June 30, 1995 was \$43,579,568. The total payroll for all City employees was \$46,165,028.

All full-time employees are eligible to participate in PERS. Benefits vest after 5 years of service. Safety (fire and police) employees who retire at or after age 50 are entitled to an annual retirement benefit payable monthly for life in an amount equal to 2 percent of their average salary during the highest-paid 3-year period of employment. All other covered employees may retire at age 60, with an annual benefit payable monthly for life equal to 2 percent of their average salary during the highest-paid 1-year or 3-year period, depending on hire date. PERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance.

As of June 30, 1995 the City pays most of the employee contribution, which totals 9 percent for safety and 7 percent for miscellaneous employees, in accordance with contractual agreements. The City is also required to contribute all remaining amounts necessary to fund the benefits for its members, using the actuarial basis adopted by the PERS Board of Administration.

Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of PERS on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to PERS.

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1994. The significant actuarial assumptions used in the 1994 valuation to compute the pension benefit obligation were an assumed rate of return on investment assets of 8.5%, annual payroll increases of 4.5% attributable to inflation, merit or seniority increases that vary by length of service, and no postretirement benefit increases.

The net assets available for benefits exceeded the pension benefit obligation applicable to City employees by \$31,049,287 at June 30, 1994, as shown in the table on the following page.

Pension Benefit Obligation:	
Retirees and beneficiaries currently receiving benefits, and terminated employees not yet receiving benefits	\$ 69,924,047
Current Employees:	
Accumulated employee contributions including allocated investment earnings	45,044,104
Employer-financed vested	44,805,807
Employer-financed nonvested	<u>1,400,360</u>
Total pension benefit obligation	161,174,318
Actuarial value of assets (Market value=\$191,646,934)	<u>192,223,605</u>
Unfunded (net assets in excess of) pension benefit obligation	<u><u>\$(31,049,287)</u></u>

Changes in actuarial assumptions resulted in a change in the pension benefit obligation from last year of \$(5,442,898).

Actuarially Determined Contribution Requirements and Contribution Made

PERS uses Entry Age Normal Actuarial Cost Method which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued.

According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. The amortization period of the unfunded actuarial liability ends on June 30, 2011.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation, as previously described.

The City's total contribution rates for 1994-95, based on an actuarial valuation performed as of June 30, 1993, were 21.454 percent of current safety payroll and 13.733 percent of current miscellaneous payroll. The total contribution of \$7,401,139 consisted of (a) \$7,574,540 normal cost (21.849 percent of current safety payroll and 14.133 percent of current miscellaneous payroll), and (b) \$(173,401) amortization of the unfunded actuarial accrued liability ((.395) percent of current safety payroll and (.4) percent of current miscellaneous payroll). The City's required contributions were \$3,983,685 (12.849 percent of current safety payroll and 7.133 percent of current miscellaneous payroll). The City's actual required payments were reduced by \$2,678,588 because the actuarial valuation indicated that the City's account had a surplus asset balance. Employee contributions were \$3,417,454 (9.00 percent of current safety payroll and 7.00 percent of current miscellaneous payroll) of which \$3,244,384 were paid by the City on behalf of its employees, and \$173,070 were paid by employees on their own behalf.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. System-wide ten-year trend information is not yet available.

For the three years ended 1993, 1994, and 1995, the City's employer contribution rates to the system were, respectively, 13.873, 15.540, and 12.454 percent of covered payroll for safety employees and 7.595, 6.864, and 6.733 percent of covered payroll for miscellaneous employees. Information on net assets available for benefits as valued for PERS balance sheet purposes, pension benefit obligation, net assets available for benefits as a percentage of pension benefit obligation, pension benefit obligation, and unfunded pension benefit obligation as a percentage of annual covered payroll is available for eight years only and is presented in the following table. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation. Until ten years of data are available, as many years as are available will be presented.

**City of Modesto
Required Supplementary Information
Analysis of Funding Progress - PERS**

Fiscal Year	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1/2)	(4) Unfunded (Net Assets in Excess of) Pension Benefit Obligation (2-1)	(5) Annual Covered Payroll	(6) Unfunded (Net Assets in Excess of) Pension Benefit Obligation as a Percentage of Covered Payroll (4/5)
1987	\$ 74,169,072	\$ 81,078,555	91.5%	\$6,909,483	\$24,507,798	28.2%
1988	85,526,433	90,013,550	95.0	4,487,117	26,271,251	17.1
1989	99,171,897	103,966,853	95.4	4,794,956	30,055,363	16.0
1990	112,503,399	120,210,076	93.6	7,706,677	33,782,844	22.8
1991	125,729,565	131,438,917	95.7	5,709,352	38,949,503	14.7
1992	141,153,224	148,576,030	95.0	7,422,806	42,683,728	17.4
1993	156,936,994	154,055,281	101.9	(2,881,713)	40,477,234	(7.1)
1994	192,223,605	161,174,318	119.3	(31,049,287)	43,579,568	(71.2)

J. CHANGE IN ACCOUNTING POLICY

General Fund

The City implemented Governmental Accounting Standards Board Statement 22, "Accounting for Taxpayer-Assessed Tax Revenues in Governmental Funds", during the fiscal year ended June 30, 1995. The fund balance of the General Fund as of July 1, 1994 has been restated for this change in accounting, as follows:

Fund balance, July 1, 1994, as originally reported	\$12,315,811
Prior period adjustment	<u>2,146,521</u>
Fund balance, July 1, 1994, as restated	<u>\$14,462,332</u>

The effect of the accounting change on the excess of revenues over expenditures for the fiscal year ended June 30, 1995 was an increase of \$93,286.

K. SUBSEQUENT EVENTS

On July 6, 1995, the City issued \$3,000,000 in Tax and Revenue Anticipation Notes bearing interest at a stated rate of 4.75% and an effective rate of 4.05%. The notes are due on June 30, 1996.

On July 7, 1995, the City acquired substantially all the assets and liabilities of the Del Este Water Company and commenced water delivery to approximately 19,300 Del Este residential and commercial customers in the greater Modesto area. A summary of the assets and liabilities acquired is presented on the following page.

	<u>Dollars (In millions)</u>
Assets:	
Current assets	\$ 2.8
Property, plant and equipment	19.7
Liabilities:	
Current liabilities	(1.2)
Long-term debt	(7.5)
Long-term debt - subsequently retired	<u>(4.3)</u>
Total cash paid at settlement	<u><u>\$ 9.5</u></u>

Assets acquired consist primarily of water treatment facilities, distribution pipelines, and water wells. Long-term liabilities assumed include a \$3.9 million note payable to the State Department of Water Resources. This note carries a 3.2% annual interest rate with semi-annual payments of \$132,350 beginning in April, 1996 and extending through 2015. Long-term liabilities assumed also include non-interest bearing advances of \$3.6 million received from various developers in conjunction with certain capital improvements. These advances are payable over forty years from the date of advance. Annual payments will average \$185,000 during the next five years. Additional notes payable to the Pacific Mutual Life Insurance Company in the amount of \$4.3 million were settled by the City subsequent to acquisition.

The City has also assumed Del Este Water Company's interest in the Treatment and Delivery Agreement with the Modesto Irrigation District (MID) described in Note IV-G above. The Del Este Water Company share of minimum annual costs payable to MID under this agreement is \$1.8 million.

**City of Modesto
Additional Information**



GENERAL FUND

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

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

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

**CITY OF MODESTO
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 1995 and 1994**

	1995	1994
ASSETS		
Cash and cash equivalents	\$ 4,172,308	\$ 10,527,976
Receivables:		
Accounts	1,713,946	1,166,313
Taxes	2,461,627	243,459
Notes	148,425	150,783
Due from governments	328,648	75,296
Due from other funds	191,000	283,000
Prepaid expenditures	109,837	107,942
Advances to other funds	966,334	741,253
Loans to other funds	6,443,500	6,443,500
	<u>6,443,500</u>	<u>6,443,500</u>
Total assets	\$ <u>16,535,625</u>	\$ <u>19,739,522</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,261,418	\$ 2,265,720
Tax and revenue anticipation note payable		5,000,000
Interest payable		155,556
Deferred revenues	3,626	2,435
Total liabilities	<u>2,265,044</u>	<u>7,423,711</u>
Fund balances:		
Reserved:		
For encumbrances	654,419	611,731
For interfund loans	6,443,500	6,443,500
For petty cash	3,090	3,090
For loan programs	148,425	150,783
For prepaid expenditures	109,837	107,942
For interfund advances	966,334	741,253
Unreserved:		
Designated:		
For subsequent year expenditures	2,239,807	
For operating contingencies	3,705,169	4,257,512
Total fund balances	<u>14,270,581</u>	<u>12,315,811</u>
Total liabilities and fund balances	\$ <u>16,535,625</u>	\$ <u>19,739,522</u>

**CITY OF MODESTO
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT, COMPARED TO BUDGET, (GAAP BASIS)
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)**

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
General government:				
City council	\$ 189,436	\$ 188,848	\$ 588	\$ 151,170
Personnel/training	694,068	681,218	12,850	650,135
City manager	992,144	783,197	208,947	882,485
City attorney	725,351	593,639	131,712	522,856
City clerk/auditor	262,505	261,546	959	374,062
Finance	3,066,357	2,860,715	205,642	2,841,865
Community development	3,296,986	3,144,822	152,164	2,627,498
Total general government	<u>9,226,847</u>	<u>8,513,985</u>	<u>712,862</u>	<u>7,850,071</u>
Highways and streets:				
Parking and traffic - administration	1,114,843	956,980	157,863	729,215
Public works and transportation:				
Electrical division	1,564,124	1,463,505	100,619	1,596,763
Streets division	1,830,144	1,429,664	400,480	1,946,860
Total highways and streets	<u>4,509,111</u>	<u>3,850,149</u>	<u>658,962</u>	<u>4,272,838</u>
Public works:				
Engineering design	151,831	46,593	105,238	340,648
Construction administration/permits	250,825	136,001	114,824	71,117
Engineering administration	77,518	90,466	(12,948)	61,182
Administration	755,586	727,404	28,182	583,681
Total public works	<u>1,235,760</u>	<u>1,000,464</u>	<u>235,296</u>	<u>1,056,628</u>
Parks and recreation:				
Administration	680,694	659,243	21,451	546,423
Service division	3,779,031	3,582,590	196,441	3,648,953
Tree maintenance	2,110,393	2,033,805	76,588	2,034,321
Culture	1,185,722	1,163,631	22,091	909,234
Recreation division	1,338,835	1,273,127	65,708	1,092,269
Facilities	462,403	460,121	2,282	171,013
Building services				1,466,783
Total parks and recreation	<u>9,557,078</u>	<u>9,172,517</u>	<u>384,561</u>	<u>9,868,996</u>
Public safety:				
Fire protection	13,788,399	13,316,568	471,831	13,135,567
Police protection	24,154,803	23,712,111	442,692	22,330,751
Total public safety	<u>37,943,202</u>	<u>37,028,679</u>	<u>914,523</u>	<u>35,466,318</u>
Total expenditures by department	<u>62,471,998</u>	<u>59,565,794</u>	<u>2,906,204</u>	<u>58,514,851</u>
Debt service:				
Principal retirement	334,831	329,660	5,171	313,657
Interest	268,310	265,589	2,721	269,826
Total debt service	<u>603,141</u>	<u>595,249</u>	<u>7,892</u>	<u>583,483</u>
Total general fund	<u>\$ 63,075,139</u>	<u>\$ 60,161,043</u>	<u>\$ 2,914,096</u>	<u>\$ 59,098,334</u>

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SPECIAL REVENUE FUNDS

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

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

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

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

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

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

IN LIEU PARKING FUND - In lieu of furnishing parking spaces, commercial establishments may pay a fee for space normally required. In the past, revenues from this source were accounted for in this fund. They are now being accounted for in the Parking Enterprise fund and are used to develop and maintain parking facilities.

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

**CITY OF MODESTO
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 1995
(With comparative totals for June 30, 1994)**

	<u>Local Transportation</u>	<u>Traffic Safety</u>	<u>Special Gas Tax Street Improvement</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,008,310	\$ 26,399	\$ 2,180,659
Cash and cash equivalents with fiscal agent			21,821
Receivables:			
Accounts			
Notes			
Due from governments	148,425		337,716
Prepaid expenditures			
Loans to other funds			
Total assets	<u>\$ 1,156,735</u>	<u>\$ 26,399</u>	<u>\$ 2,540,196</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ 332		\$ 138,825
Approved loans payable			
Due to other funds			
Deferred revenue	1,156,403		
Total liabilities	<u>1,156,735</u>		<u>138,825</u>
Fund balances:			
Reserved:			
For encumbrances			383,238
For interfund loans			
For loan programs			
For prepaid expenditures			
Unreserved:			
Designated:			
For carryover projects			1,142,429
For pending projects		\$ 26,399	875,704
Total fund balances		<u>26,399</u>	<u>2,401,371</u>
Total liabilities and fund balances	<u>\$ 1,156,735</u>	<u>\$ 26,399</u>	<u>\$ 2,540,196</u>

Downtown Improvement District	Housing and Community Development	In Lieu Parking	Strategic Planning and Development	Totals	
				1995	1994
\$ 127,595	\$ 562 711,035	\$ 21,000	\$ 378,414	\$ 3,742,939	\$ 3,575,985
	29,005			732,856	970,089
	6,478,667			29,005	23,535
	274,407			6,478,667	5,830,834
	41,169			760,548	1,179,893
	74,050			41,169	41,788
<u>\$ 127,595</u>	<u>\$ 7,608,895</u>	<u>\$ 21,000</u>	<u>\$ 378,414</u>	<u>\$ 11,859,234</u>	<u>\$ 11,696,174</u>

\$ 492	\$ 56,889 187,254 57,000	\$ 2,158	\$ 198,696	\$ 192,490
			187,254	151,859
			57,000	60,500
			1,156,403	357,354
<u>492</u>	<u>301,143</u>	<u>2,158</u>	<u>1,599,353</u>	<u>762,203</u>

	60,803		142,244	586,285	255,889
	74,050			74,050	74,050
	6,291,413			6,291,413	5,678,975
	41,169			41,169	41,788
	632,042			1,774,471	2,017,628
127,103	208,275	\$ 21,000	234,012	1,492,493	2,865,641
<u>127,103</u>	<u>7,307,752</u>	<u>21,000</u>	<u>376,256</u>	<u>10,259,881</u>	<u>10,933,971</u>
<u>\$ 127,595</u>	<u>\$ 7,608,895</u>	<u>\$ 21,000</u>	<u>\$ 378,414</u>	<u>\$ 11,859,234</u>	<u>\$ 11,696,174</u>

**CITY OF MODESTO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)**

	Local Transportation	Traffic Safety	Special Gas Tax Street Improvement
REVENUES:			
Taxes	\$ 634,777		
Intergovernmental			\$ 4,828,772
Charges for services			62,015
Interest and rent	32,872		128,308
Fines and forfeits		\$ 119,199	
Miscellaneous			
Total revenues	<u>667,649</u>	<u>119,199</u>	<u>5,019,095</u>
EXPENDITURES:			
Current expenditures:			
General government			
Highways and streets	24,388		4,019,569
Public works			
Total expenditures	<u>24,388</u>		<u>4,019,569</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>643,261</u>	<u>119,199</u>	<u>999,526</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in			336,548
Operating transfers out	(643,261)	(100,000)	(2,402,536)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(643,261)</u>	<u>(100,000)</u>	<u>(2,065,988)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		19,199	(1,066,462)
FUND BALANCES, JULY 1		<u>7,200</u>	<u>3,467,833</u>
FUND BALANCES, JUNE 30	<u>\$</u>	<u>\$ 26,399</u>	<u>\$ 2,401,371</u>

	Downtown Improvement District	Housing and Community Development	In Lieu Parking	Strategic Planning and Development	Totals	
					1995	1994
\$	142,482	\$ 2,136,433			\$ 777,259	\$ 899,956
	9,322	176,789		\$ 18,613	6,965,205	6,477,890
		16,843		91	62,015	257,228
	<u>151,804</u>	<u>2,330,065</u>		<u>18,704</u>	<u>365,904</u>	<u>334,834</u>
					119,199	101,960
					16,934	20,162
					<u>8,306,516</u>	<u>8,092,030</u>
				355,210	355,210	84,783
	139,639	1,925,953			4,043,957	2,524,007
	<u>139,639</u>	<u>1,925,953</u>		<u>355,210</u>	<u>2,065,592</u>	<u>1,315,295</u>
					<u>6,464,759</u>	<u>3,924,085</u>
	12,165	404,112		(336,506)	1,841,757	4,167,945
		492		497,545	834,585	571,405
	(3,407)	(201,228)			(3,350,432)	(3,068,085)
	<u>(3,407)</u>	<u>(200,736)</u>		<u>497,545</u>	<u>(2,515,847)</u>	<u>(2,496,680)</u>
	8,758	203,376		161,039	(674,090)	1,671,265
	118,345	7,104,376	\$ 21,000	215,217	10,933,971	9,262,706
\$	<u>127,103</u>	<u>7,307,752</u>	<u>21,000</u>	<u>376,256</u>	<u>10,259,881</u>	<u>10,933,971</u>

CITY OF MODESTO
 LOCAL TRANSPORTATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 Year ended June 30, 1995
 (With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
REVENUES:				
Taxes - sales taxes	\$ 863,740	\$ 634,777	\$ (228,963)	\$ 766,632
Interest and rent - interest	28,783	32,872	4,089	20,787
Total revenues	<u>892,523</u>	<u>667,649</u>	<u>(224,874)</u>	<u>787,419</u>
EXPENDITURES - highways and streets:				
Bike lanes and parking facilities	122,415	24,388	98,027	222,759
Total expenditures	<u>122,415</u>	<u>24,388</u>	<u>98,027</u>	<u>222,759</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>770,108</u>	<u>643,261</u>	<u>(126,847)</u>	<u>564,660</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers out	<u>(1,206,438)</u>	<u>(643,261)</u>	<u>563,177</u>	<u>(564,660)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(436,330)</u>		<u>436,330</u>	
FUND BALANCES, JULY 1				
FUND BALANCES, JUNE 30	<u>\$ (436,330)</u>	<u>\$</u>	<u>\$ 436,330</u>	<u>\$</u>

CITY OF MODESTO
TRAFFIC SAFETY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
REVENUES - fines and forfeits:				
Motor vehicle fines	\$ 100,000	\$ 119,199	\$ 19,199	\$ 101,960
OTHER FINANCING SOURCES (USES):				
Operating transfers out	(100,000)	(100,000)		(100,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		19,199	19,199	1,960
FUND BALANCES, JULY 1	7,200	7,200		5,240
FUND BALANCES, JUNE 30	\$ 7,200	\$ 26,399	\$ 19,199	\$ 7,200

CITY OF MODESTO
SPECIAL GAS TAX STREET IMPROVEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
REVENUES:				
Intergovernmental:				
State grants	\$ 3,252,204	\$ 3,253,383	\$ 1,179	\$ 3,215,293
County grants	81,000	2,743	(78,257)	316,386
Federal grants	8,601,902	1,572,646	(7,029,256)	767,749
Total intergovernmental revenues	<u>11,935,106</u>	<u>4,828,772</u>	<u>(7,106,334)</u>	<u>4,299,428</u>
Charges for services	164,000	62,015	(101,985)	257,228
Special Assessments	100,000		(100,000)	
Interest and rent - interest	142,566	128,308	(14,258)	103,442
Total revenues	<u>12,341,672</u>	<u>5,019,095</u>	<u>(7,322,577)</u>	<u>4,660,098</u>
EXPENDITURES:				
Highway and streets	13,923,561	4,019,569	9,903,992	2,301,248
Total expenditures	<u>13,923,561</u>	<u>4,019,569</u>	<u>9,903,992</u>	<u>2,301,248</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,581,889)</u>	<u>999,526</u>	<u>2,581,415</u>	<u>2,358,850</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	1,221,693	336,548	(885,145)	571,405
Operating transfers out	(2,420,000)	(2,402,536)	17,464	(2,181,400)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,198,307)</u>	<u>(2,065,988)</u>	<u>(867,681)</u>	<u>(1,609,995)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(2,780,196)</u>	<u>(1,066,462)</u>	<u>1,713,734</u>	<u>748,855</u>
FUND BALANCES, JULY 1	3,467,833	3,467,833		2,718,978
FUND BALANCES, JUNE 30	<u>\$ 687,637</u>	<u>\$ 2,401,371</u>	<u>\$ 1,713,734</u>	<u>\$ 3,467,833</u>

CITY OF MODESTO
DOWNTOWN IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
REVENUES:				
Taxes - business license tax	\$ 143,180	\$ 142,482	\$ (698)	\$ 133,324
Interest and rent - interest	9,479	9,322	(157)	4,950
Total revenues	<u>152,659</u>	<u>151,804</u>	<u>(855)</u>	<u>138,274</u>
EXPENDITURES - public works:				
Downtown improvement district administration:				
Professional and contractual services	123,904	119,383	4,521	122,737
Materials and supplies	3,350	3,197	153	3,311
Other	10,600	10,559	41	8,446
Downtown improvements	6,500	6,500		8,132
Total expenditures	<u>144,354</u>	<u>139,639</u>	<u>4,715</u>	<u>142,626</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,305</u>	<u>12,165</u>	<u>3,860</u>	<u>(4,352)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers out	<u>(3,407)</u>	<u>(3,407)</u>		<u>(4,294)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,898	8,758	3,860	(8,646)
FUND BALANCES, JULY 1	<u>118,345</u>	<u>118,345</u>		<u>126,991</u>
FUND BALANCES, JUNE 30	<u>\$ 123,243</u>	<u>\$ 127,103</u>	<u>\$ 3,860</u>	<u>\$ 118,345</u>

CITY OF MODESTO
HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
REVENUES:				
Intergovernmental - federal grants	\$ 4,521,637	\$ 2,136,433	\$ (2,385,204)	\$ 2,178,462
Interest and rent - interest	37,403	176,789	139,386	205,655
Miscellaneous		16,843	16,843	20,162
Total revenues	<u>4,559,040</u>	<u>2,330,065</u>	<u>(2,228,975)</u>	<u>2,404,279</u>
EXPENDITURES - public works:				
Housing program	3,388,231	1,771,949	1,616,282	1,075,872
Removal of architectural barriers	161,382	114,729	46,653	45,757
Miscellaneous improvements	48,803	39,275	9,528	51,040
Total expenditures	<u>3,598,416</u>	<u>1,925,953</u>	<u>1,672,463</u>	<u>1,172,669</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>960,624</u>	<u>404,112</u>	<u>(556,512)</u>	<u>1,231,610</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	492	492		
Operating transfers out	(844,900)	(201,228)	643,672	(217,731)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(844,408)</u>	<u>(200,736)</u>	<u>643,672</u>	<u>(217,731)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>116,216</u>	<u>203,376</u>	<u>87,160</u>	<u>1,013,879</u>
FUND BALANCES, JULY 1	<u>7,104,376</u>	<u>7,104,376</u>		<u>6,090,497</u>
FUND BALANCES, JUNE 30	<u>\$ 7,220,592</u>	<u>\$ 7,307,752</u>	<u>\$ 87,160</u>	<u>\$ 7,104,376</u>

CITY OF MODESTO
IN LIEU PARKING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
FUND BALANCES, JULY 1	\$ 21,000	\$ 21,000		\$ 21,000
FUND BALANCES, JUNE 30	\$ 21,000	\$ 21,000		\$ 21,000

CITY OF MODESTO
STRATEGIC PLANNING AND DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
REVENUES:				
Charges for services	\$ 10,000		\$ (10,000)	
Interest and rent - interest	18,849	\$ 18,613	(236)	
Miscellaneous		91	91	
Total revenues	<u>28,849</u>	<u>18,704</u>	<u>(10,145)</u>	
EXPENDITURES - general government:				
Professional and contractual services	488,819	354,702	134,117	\$ 83,176
Materials and supplies	1,020	508	512	1,607
Total expenditures	<u>489,839</u>	<u>355,210</u>	<u>134,629</u>	<u>84,783</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(460,990)</u>	<u>(336,506)</u>	<u>124,484</u>	<u>(84,783)</u>
OTHER FINANCING SOURCES:				
Operating transfers in	<u>497,545</u>	<u>497,545</u>		
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	36,555	161,039	124,484	(84,783)
FUND BALANCES, JULY 1	<u>215,217</u>	<u>215,217</u>		<u>300,000</u>
FUND BALANCES, JUNE 30	<u>\$ 251,772</u>	<u>\$ 376,256</u>	<u>\$ 124,484</u>	<u>\$ 215,217</u>

CAPITAL PROJECTS FUNDS

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

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

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

PARKS FUND - To account for a property tax levied to provide for the development of parks within the City as directed by the City Council.

PARKS AND RECREATION FACILITIES FUND - To account for proceeds from a special tax collected for each dwelling unit constructed. Fund income is used for the planning, acquisition, improvement, and expansion of public parks, playgrounds, and recreation facilities.

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

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

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

CAPITAL IMPROVEMENT PROJECTS FUND - To account for the construction of various capital projects being financed by proceeds of certificates of participation.

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

DRAINAGE AREAS FUND - To account for construction of storm drainage facilities financed from developer fees.

**CITY OF MODESTO
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 1995
(With comparative totals for June 30, 1994)**

	<u>Special Fund for Capital Outlays</u>	<u>Capital Facility Fees</u>	<u>Parks</u>	<u>Parks and Recreation Facilities</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,542,057	\$ 9,254,419	\$ 381,196	\$ 69,943
Receivables:				
Taxes			2,113	
Due from governments		161,143		
Advances to other funds	100,000			
Loans to other funds	1,000,000			
Total assets	<u>\$ 2,642,057</u>	<u>\$ 9,415,562</u>	<u>\$ 383,309</u>	<u>\$ 69,943</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 4,278	\$ 434,112	\$ 30,067	
Advances from other funds		372,353		
Loans from other funds				
Total liabilities	<u>4,278</u>	<u>806,465</u>	<u>30,067</u>	
Fund balances (deficits):				
Reserved:				
For encumbrances	103,915	1,129,501	109,738	\$ 28,561
For interfund loans	1,000,000			
For interfund advances	100,000			
For set-aside requirement				
Unreserved:				
Designated:				
For carryover projects	260,569	2,793,090	202,480	41,382
For pending projects	1,173,295	4,686,506	41,024	
Undesignated				
Total fund balances (deficits)	<u>2,637,779</u>	<u>8,609,097</u>	<u>353,242</u>	<u>69,943</u>
Total liabilities and fund balances	<u>\$ 2,642,057</u>	<u>\$ 9,415,562</u>	<u>\$ 383,309</u>	<u>\$ 69,943</u>

State Parks and Recreation	McHenry Mansion Restoration	Redevelopment Agency	Capital Improvement Projects	Improvement Districts	Drainage Areas	Totals	
						1995	1994
\$ 7,696	\$ 6,865	\$ 866,410	\$ 3,666	\$ 160,372	\$ 1,056,865	\$ 13,349,489	\$ 12,899,078
						2,113	3,723
						161,143	872,152
						100,000	100,000
						1,000,000	1,000,000
<u>\$ 7,696</u>	<u>\$ 6,865</u>	<u>\$ 866,410</u>	<u>\$ 3,666</u>	<u>\$ 160,372</u>	<u>\$ 1,056,865</u>	<u>\$ 14,612,745</u>	<u>\$ 14,874,953</u>
\$ 5,155		\$ 19,978				\$ 493,590	\$ 514,135
						372,353	305,253
		7,517,550				7,517,550	7,517,550
<u>5,155</u>		<u>7,537,528</u>				<u>8,383,493</u>	<u>8,336,938</u>
	\$ 1,621	223,255				1,596,591	907,665
						1,000,000	1,000,000
		499,853				100,000	100,000
						499,853	324,451
	2,536				\$ 18,600	3,318,657	5,325,458
2,541	2,708		\$ 3,666	\$ 160,372	1,038,265	7,108,377	6,402,231
		(7,394,226)				(7,394,226)	(7,521,790)
<u>2,541</u>	<u>6,865</u>	<u>(6,671,118)</u>	<u>3,666</u>	<u>160,372</u>	<u>1,056,865</u>	<u>6,229,252</u>	<u>6,538,015</u>
<u>\$ 7,696</u>	<u>\$ 6,865</u>	<u>\$ 866,410</u>	<u>\$ 3,666</u>	<u>\$ 160,372</u>	<u>\$ 1,056,865</u>	<u>\$ 14,612,745</u>	<u>\$ 14,874,953</u>

**CITY OF MODESTO
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)**

	Special Fund for Capital Outlays	Capital Facility Fees	Parks	Parks and Recreation Facilities
REVENUES:				
Taxes			\$ 244,665	
Intergovernmental		\$ 87,801	7,147	
Charges for services	\$ 13,889	1,009,573		\$ 5,150
Special assessments levied				
Interest and rent	30,133	495,852		
Miscellaneous				35
Total revenues	<u>44,022</u>	<u>1,593,226</u>	<u>251,812</u>	<u>5,185</u>
EXPENDITURES:				
Capital outlay:				
General government	144,230	23,525		
Highways and streets	45,043	1,500,154		
Public works				
Parks and recreation	13,057	940,995	311,794	550
Public safety	9,999	326,905		
Debt service:				
Principal retirement	145,006	68,245		
Interest	18,018	12,719		
Total expenditures	<u>375,353</u>	<u>2,872,543</u>	<u>311,794</u>	<u>550</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(331,331)</u>	<u>(1,279,317)</u>	<u>(59,982)</u>	<u>4,635</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	1,084,653		76,390	
Operating transfers out		(95,874)		(29,122)
Proceeds of capital lease transactions				
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,084,653</u>	<u>(95,874)</u>	<u>76,390</u>	<u>(29,122)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	753,322	(1,375,191)	16,408	(24,487)
FUND BALANCES, July 1	1,912,153	10,123,511	336,834	94,430
Residual equity transfers out	<u>(27,696)</u>	<u>(139,223)</u>		
FUND BALANCES, June 30	<u>\$ 2,637,779</u>	<u>\$ 8,609,097</u>	<u>\$ 353,242</u>	<u>\$ 69,943</u>

State Parks and Recreation	McHenry Mansion Restoration	Redevelopment Agency	Capital Improvement Projects	Improvement Districts	Drainage Areas	Totals	
						1995	1994
		\$ 304,581				\$ 549,246	\$ 522,553
						94,948	998,488
						1,028,612	1,105,591
					\$ 553	553	35,462
\$ 2,076	\$ 438	7,897	\$ 164			536,560	548,933
		511,923				511,958	10,010
<u>2,076</u>	<u>438</u>	<u>824,401</u>	<u>164</u>		<u>553</u>	<u>2,721,877</u>	<u>3,221,037</u>
		583,640				751,395	444,314
				\$ 221		1,545,197	5,134,014
2,123	1,636					221	
						1,270,155	2,799,482
						336,904	342,351
						213,251	326,216
						30,737	54,222
<u>2,123</u>	<u>1,636</u>	<u>583,640</u>		<u>221</u>		<u>4,147,860</u>	<u>9,100,599</u>
(47)	(1,198)	240,761	164	(221)	553	(1,425,983)	(5,879,562)
2,923		290,799				1,454,765	481,592
(33,230)		(10,000)				(168,226)	(716,857)
<u>(30,307)</u>		<u>280,799</u>				<u>1,286,539</u>	<u>268,856</u>
(30,354)	(1,198)	521,560	164	(221)	553	(139,444)	(5,845,971)
32,895	8,063	(7,192,678)	3,502	160,593	1,058,712	6,538,015	12,391,270
					(2,400)	(169,319)	(7,284)
<u>\$ 2,541</u>	<u>\$ 6,865</u>	<u>\$ (6,671,118)</u>	<u>\$ 3,666</u>	<u>\$ 160,372</u>	<u>\$ 1,056,865</u>	<u>\$ 6,229,252</u>	<u>\$ 6,538,015</u>

CITY OF MODESTO
SPECIAL FUND FOR CAPITAL OUTLAYS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
REVENUES:				
Charges for services	\$ 15,000	\$ 13,889	\$ (1,111)	\$ 44,281
Interest and rent - interest	35,227	30,133	(5,094)	49,163
Total revenues	<u>50,227</u>	<u>44,022</u>	<u>(6,205)</u>	<u>93,444</u>
EXPENDITURES:				
Capital outlay:				
General government	160,496	144,230	16,266	13,460
Highways and streets	327,021	45,043	281,978	171,843
Parks and recreation	129,000	13,057	115,943	
Public safety	15,682	9,999	5,683	290,924
Debt service:				
Principal retirement	145,006	145,006		262,968
Interest	18,020	18,018	2	36,506
Total expenditures	<u>795,225</u>	<u>375,353</u>	<u>419,872</u>	<u>775,701</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(744,998)</u>	<u>(331,331)</u>	<u>413,667</u>	<u>(682,257)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	1,233,541	1,084,653	(148,888)	307,592
Operating transfers out	(27,696)		27,696	(572,602)
Proceeds of capital lease transactions				268,856
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,205,845</u>	<u>1,084,653</u>	<u>(121,192)</u>	<u>3,846</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>460,847</u>	<u>753,322</u>	<u>292,475</u>	<u>(678,411)</u>
FUND BALANCES, JULY 1	1,912,153	1,912,153		2,597,848
Residual equity transfers out	(27,696)	(27,696)		(7,284)
FUND BALANCES, JUNE 30	<u>\$ 2,345,304</u>	<u>\$ 2,637,779</u>	<u>\$ 292,475</u>	<u>\$ 1,912,153</u>

CITY OF MODESTO
CAPITAL FACILITY FEES CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
REVENUES:				
Intergovernmental - county grants and apportionments	\$ 1,007,114	\$ 87,801	\$ (919,313)	\$ 991,690
Charges for services	1,400,860	1,009,573	(391,287)	1,052,665
Interest and rent - interest	540,595	495,852	(44,743)	492,693
Total revenues	<u>2,948,569</u>	<u>1,593,226</u>	<u>(1,355,343)</u>	<u>2,537,048</u>
EXPENDITURES:				
Capital outlay:				
General government	139,069	23,525	115,544	179,674
Highways and streets	6,461,581	1,500,154	4,961,427	4,962,171
Parks and recreation	1,880,400	940,995	939,405	2,628,267
Public safety	350,573	326,905	23,668	51,427
Debt service:				
Principal retirement	68,246	68,245	1	63,248
Interest	12,720	12,719	1	17,716
Total expenditures	<u>8,912,589</u>	<u>2,872,543</u>	<u>6,040,046</u>	<u>7,902,503</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,964,020)</u>	<u>(1,279,317)</u>	<u>4,684,703</u>	<u>(5,365,455)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	277,829		(277,829)	
Operating transfers out	(584,926)	(95,874)	489,052	(75,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(307,097)</u>	<u>(95,874)</u>	<u>211,223</u>	<u>(75,000)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(6,271,117)</u>	<u>(1,375,191)</u>	<u>4,895,926</u>	<u>(5,440,455)</u>
FUND BALANCES, JULY 1	<u>10,123,511</u>	<u>10,123,511</u>		<u>15,563,966</u>
Residual equity transfers out	(139,223)	(139,223)		
FUND BALANCES, JUNE 30	<u>\$ 3,713,171</u>	<u>\$ 8,609,097</u>	<u>\$ 4,895,926</u>	<u>\$ 10,123,511</u>

**CITY OF MODESTO
PARKS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)**

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
REVENUES:				
Taxes - property taxes	\$ 249,570	\$ 244,665	\$ (4,905)	\$ 259,339
Intergovernmental - state grants and apportionments	7,210	7,147	(63)	6,798
Total revenues	<u>256,780</u>	<u>251,812</u>	<u>(4,968)</u>	<u>266,137</u>
EXPENDITURES - capital outlay:				
Parks and recreation	912,607	311,794	600,813	158,844
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(655,827)</u>	<u>(59,982)</u>	<u>595,845</u>	<u>107,293</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	328,230	76,390	(251,840)	7,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(327,597)</u>	<u>16,408</u>	<u>344,005</u>	<u>114,293</u>
FUND BALANCES, JULY 1	336,834	336,834		222,541
FUND BALANCES, JUNE 30	<u>\$ 9,237</u>	<u>\$ 353,242</u>	<u>\$ 344,005</u>	<u>\$ 336,834</u>

CITY OF MODESTO
PARKS AND RECREATION FACILITIES CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995			1994
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES:				
Charges for services - park fees	\$ 9,800	\$ 5,150	\$ (4,650)	\$ 8,645
Miscellaneous		35	35	10
Total revenues	<u>9,800</u>	<u>5,185</u>	<u>(4,615)</u>	<u>8,655</u>
EXPENDITURES - capital outlay:				
Parks and recreation	<u>29,638</u>	<u>550</u>	<u>29,088</u>	<u>362</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,838)</u>	<u>4,635</u>	<u>24,473</u>	<u>8,293</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in				2,000
Operating transfers out	<u>(71,000)</u>	<u>(29,122)</u>	<u>41,878</u>	<u>(5,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(71,000)</u>	<u>(29,122)</u>	<u>41,878</u>	<u>(3,000)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(90,838)</u>	<u>(24,487)</u>	<u>66,351</u>	<u>5,293</u>
FUND BALANCES, JULY 1	<u>94,430</u>	<u>94,430</u>		<u>89,137</u>
FUND BALANCES, JUNE 30	<u>\$ 3,592</u>	<u>\$ 69,943</u>	<u>\$ 66,351</u>	<u>\$ 94,430</u>

CITY OF MODESTO
STATE PARKS AND RECREATION CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
REVENUES:				
Intergovernmental:				
State grants				
Interest and rent - interest	\$ 2,100	\$ 2,076	\$ (24)	\$ 466
Total revenues	<u>2,100</u>	<u>2,076</u>	<u>(24)</u>	<u>466</u>
EXPENDITURES - capital outlay:				
Parks and recreation	136,199	2,123	134,076	801
Total expenditures	<u>136,199</u>	<u>2,123</u>	<u>134,076</u>	<u>801</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(134,099)</u>	<u>(47)</u>	<u>134,052</u>	<u>(335)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	137,000	2,923	(134,077)	
Operating transfers out	(33,230)	(33,230)		(4,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>103,770</u>	<u>(30,307)</u>	<u>(134,077)</u>	<u>(4,000)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(30,329)	(30,354)	(25)	(4,335)
FUND BALANCES, JULY 1	<u>32,895</u>	<u>32,895</u>		<u>37,230</u>
FUND BALANCES, JUNE 30	<u>\$ 2,566</u>	<u>\$ 2,541</u>	<u>\$ (25)</u>	<u>\$ 32,895</u>

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CITY OF MODESTO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION
Year ended June 30, 1995

	General Fixed Assets July 1, 1994	Additions	Deductions	General Fixed Assets June 30, 1995
General government	\$ 9,475,113	\$ 1,516,730	\$ 5,705,565	\$ 5,286,278
Public safety	11,948,457	748,492	233,501	12,463,448
Public works	854,279	160,724	268,839	746,164
Highways and streets	242,985	35,040	44,539	233,486
Parks and recreation	28,912,053	2,471,758	56,951	31,326,860
Construction in progress	3,302,827	1,119,160	2,291,773	2,130,214
	<u>\$ 54,735,714</u>	<u>\$ 6,051,904</u>	<u>\$ 8,601,168</u>	<u>\$ 52,186,450</u>
Total changes by function				

CITY OF MODESTO
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
June 30, 1995

GENERAL FIXED ASSETS:

Land	\$ 13,144,191
Buildings	7,620,875
Improvements	17,362,087
Furnishing and equipment	11,823,975
Equipment pool	105,108
Construction in progress	2,130,214
	<u>52,186,450</u>
Total general fixed assets	<u>\$ 52,186,450</u>

INVESTMENT IN GENERAL FIXED ASSETS FROM:

City funding	\$ 38,843,606
State grants	2,480,504
Federal grants	8,635,922
Contributions/donations	2,226,418
	<u>52,186,450</u>
Total investment in general fixed assets	<u>\$ 52,186,450</u>

CITY OF MODESTO
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
June 30, 1995

	Total	Land	Buildings	Improvements Other Than Buildings	Furnishings and Equipment	Equipment Pool
General government:						
City council	\$ 32,519			\$ 11,775	\$ 20,744	
City manager	695,931			40,907	655,024	
City attorney	102,046			3,042	99,004	
City clerk/auditor	37,125			11,676	25,449	
Finance	2,635,112			268,011	2,367,101	
Community development	798,078	\$ 235,418	\$ 39,231	29,724	493,705	
Parking and traffic	985,467	420,038	325,000	7,890	232,539	
Total general government	<u>5,286,278</u>	<u>655,456</u>	<u>364,231</u>	<u>373,025</u>	<u>3,893,566</u>	
Public safety:						
Fire	7,473,532	194,563	2,460,083	491,620	4,327,266	
Police	4,989,916	1,304,982	881,915	330,033	2,367,878	\$ 105,108
Total public safety	<u>12,463,448</u>	<u>1,499,545</u>	<u>3,341,998</u>	<u>821,653</u>	<u>6,695,144</u>	<u>105,108</u>
Public works	746,164			196,483	549,681	
Highways and streets	233,486	82,064		15,107	136,315	
Parks and recreation	31,326,860	10,907,126	3,914,646	15,955,819	549,269	
Total general fixed assets allocated to functions	<u>50,056,236</u>	<u>\$ 13,144,191</u>	<u>\$ 7,620,875</u>	<u>\$ 17,362,087</u>	<u>\$ 11,823,975</u>	<u>\$ 105,108</u>
Construction in progress	2,130,214					
Total general fixed assets	<u>\$ 52,186,450</u>					

GENERAL FIXED ASSETS

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

**CITY OF MODESTO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 1995**

	Balance July 1, 1994	Additions	Deductions	Balance June 30, 1995
<u>REFUNDABLE DEPOSITS</u>				
<u>ASSETS</u>				
Restricted assets - cash deposits	\$ 1,769,278	\$ 3,222,686	\$ 2,412,690	\$ 2,579,274
<u>LIABILITIES</u>				
Refundable deposits	\$ 1,769,278	\$ 3,222,686	\$ 2,412,690	\$ 2,579,274
<u>DEFERRED COMPENSATION</u>				
<u>ASSETS</u>				
Restricted assets - cash and investments	\$ 33,355,501	\$ 6,737,142	\$ 2,352,704	\$ 37,739,939
<u>LIABILITIES</u>				
Deferred compensation	\$ 33,355,501	\$ 6,737,142	\$ 2,352,704	\$ 37,739,939
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Restricted assets - cash and investments	\$ 35,124,779	\$ 9,959,828	\$ 4,765,394	\$ 40,319,213
<u>LIABILITIES</u>				
Payable from restricted assets:				
Refundable deposits	\$ 1,769,278	\$ 3,222,686	\$ 2,412,690	\$ 2,579,274
Deferred compensation	33,355,501	6,737,142	2,352,704	37,739,939
Total liabilities	\$ 35,124,779	\$ 9,959,828	\$ 4,765,394	\$ 40,319,213

AGENCY FUNDS

Agency Funds are established to account for assets held by the City in a trustee capacity.

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

DEFERRED COMPENSATION - To account for the City's deferred compensation plan. All salaried employees may defer a portion of their gross compensation under this plan. The City matches up to 2% of the deferral, with the matching rate dependent on length of service and employee group. Part time employees are required to defer a portion of their wages in lieu of mandatory social security contributions.

**CITY OF MODESTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES
Year ended June 30, 1995**

FLEET MANAGEMENT FUND

Fixed assets transferred from other funds and General Fixed Assets	\$ 141,210
--------------------------------------------------------------------	------------

CENTRAL SERVICES FUND

Fixed assets transferred from other funds and General Fixed Assets	38,859
--------------------------------------------------------------------	--------

INSURANCE FUND

Fixed assets transferred from other funds and General Fixed Assets	920
--------------------------------------------------------------------	-----

BUILDING SERVICES FUND

Fixed assets transferred from other funds and General Fixed Assets	2,270,311
--------------------------------------------------------------------	-----------

Insurance	Employee Benefits Management	Building Services	Totals	
			1995	1994
\$ (363,481)	\$ 2,222,670	\$ (61,776)	\$ 2,999,914	\$ (1,087,349)
6,465	63	84,900	1,303,912	1,193,539
(105,960)	6,128 (26,861)		(99,823) (26,861)	(168,497) (49,256)
50,675	14,408 755,226	16,249	20,481 (31,780) 102,926	(20,481) 11,053 (540,101)
666,910			755,226	747,072
<u>618,090</u>	<u>748,964</u>	<u>101,149</u>	<u>2,690,991</u>	<u>2,863,022</u>
<u>254,609</u>	<u>2,971,634</u>	<u>39,373</u>	<u>5,690,905</u>	<u>1,775,673</u>
(194,319)	45	1,024	86,854 (483,506) 27,000	765,741 (204,284)
<u>(194,319)</u>	<u>45</u>	<u>1,024</u>	<u>(369,652)</u>	<u>569,995</u>
	(1,976)	(7,709)	(1,100,530) 101,682 (8,372) 319,369	(1,346,773) 102,009 (4,186)
	<u>(1,976)</u>	<u>(7,709)</u>	<u>(687,851)</u>	<u>(1,248,950)</u>
<u>419,594</u>	<u>204,982</u>		<u>624,576</u>	<u>371,818</u>
479,884	3,174,685	32,688	5,257,978	1,468,536
7,344,936	2,854,178		12,758,449	11,289,913
\$ <u>7,824,820</u>	\$ <u>6,028,863</u>	\$ <u>32,688</u>	\$ <u>18,016,427</u>	\$ <u>12,758,449</u>

(Continued)

CITY OF MODESTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	Methane Gas Generation	Fleet Management	Central Services
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (64,720)	\$ 1,315,784	\$ (48,563)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	74,253	1,104,486	33,745
Change in assets and liabilities:			
(Increase) decrease in accounts receivable			9
(Increase) in notes receivable			
Decrease in due from other funds		20,481	
(Increase) in inventories			(31,780)
Increase (decrease) in accounts payable and accrued expenses	(48)	23,684	(2,042)
Increase in compensated absences			
Increase in claims liability			
Total adjustments	<u>74,205</u>	<u>1,148,651</u>	<u>(68)</u>
Net cash provided (used) by operating activities	<u>9,485</u>	<u>2,464,435</u>	<u>(48,631)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating transfers in		1,450	84,335
Operating transfers out		(289,187)	
New advances from other funds			27,000
Advances from other funds repaid			
Repayments of advances to other funds received			
Net cash provided (used) by noncapital financing activities		<u>(287,737)</u>	<u>111,335</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of fixed assets		(1,036,811)	(54,034)
Proceeds from sale of fixed assets		101,682	
Principal repayments			(8,372)
Residual equity transfers in		319,369	
Net cash provided (used) by capital and related financing activities		<u>(615,760)</u>	<u>(62,406)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received			
Net increase in cash and cash equivalents	9,485	1,560,938	298
CASH AND CASH EQUIVALENTS, JULY 1		2,559,127	208
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 9,485</u>	<u>\$ 4,120,065</u>	<u>\$ 506</u>

<u>Insurance</u>	<u>Employee Benefits Management</u>	<u>Building Services</u>	<u>Totals</u>	
			<u>1995</u>	<u>1994</u>
\$ 8,679,086	\$ 16,015,870	\$ 1,621,955	\$ 26,318,063	\$ 23,446,552
			5,990,889	6,015,613
			(1,025,838)	(1,165,340)
<u>8,679,086</u>	<u>16,015,870</u>	<u>1,621,955</u>	<u>31,283,114</u>	<u>28,476,232</u>
212,588	43,999	714,829	1,775,467	1,106,205
27,192	9,211	687	73,327	53,279
296		437,815	522,883	95,048
13,375	36,224	212,706	1,468,215	1,253,165
3,259,904	209	4,784	3,284,876	3,571,004
5,117,522			5,117,522	5,835,803
68,265	13,660,471	224,178	14,244,676	16,140,391
318,751	28,143	1,562	444,884	273,885
18,209	14,880	2,270	47,438	41,262
6,465	63	84,900	1,303,912	1,193,539
<u>9,042,567</u>	<u>13,793,200</u>	<u>1,683,731</u>	<u>28,283,200</u>	<u>29,563,581</u>
(363,481)	2,222,670	(61,776)	2,999,914	(1,087,349)
(492)		(1,241)	(22,003)	(59,594)
419,594	204,982		624,576	371,818
<u>419,102</u>	<u>204,982</u>	<u>(1,241)</u>	<u>602,573</u>	<u>312,224</u>
<u>55,621</u>	<u>2,427,652</u>	<u>(63,017)</u>	<u>3,602,487</u>	<u>(775,125)</u>
	45	1,024	86,854	765,741
(194,319)			(483,506)	(204,284)
<u>(194,319)</u>	<u>45</u>	<u>1,024</u>	<u>(396,652)</u>	<u>561,457</u>
(138,698)	2,427,697	(61,993)	3,205,835	(213,668)
		84,900	361,022	274,338
(138,698)	2,427,697	22,907	3,566,857	60,670
<u>(679,311)</u>	<u>(8,064,024)</u>		<u>(2,090,214)</u>	<u>(2,150,884)</u>
\$ <u>(818,009)</u>	\$ <u>(5,636,327)</u>	\$ <u>22,907</u>	\$ <u>1,476,643</u>	\$ <u>(2,090,214)</u>

CITY OF MODESTO
MCHENRY MANSION RESTORATION CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995			1994
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES:				
Interest and rent - interest	\$ 389	\$ 438	\$ 49	
Total revenues	<u>389</u>	<u>438</u>	<u>49</u>	
EXPENDITURES - capital outlay:				
Parks and recreation	<u>5,792</u>	<u>1,636</u>	<u>4,156</u>	\$ <u>11,208</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,403)	(1,198)	4,205	(11,208)
FUND BALANCES, JULY 1	<u>8,063</u>	<u>8,063</u>		<u>19,271</u>
FUND BALANCES, JUNE 30	\$ <u>2,660</u>	\$ <u>6,865</u>	\$ <u>4,205</u>	\$ <u>8,063</u>

CITY OF MODESTO
REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
REVENUES:				
Taxes - property taxes	\$ 314,754	\$ 304,581	\$ (10,173)	\$ 263,214
Interest and rent - interest	8,090	7,897	(193)	4,166
Miscellaneous	511,923	511,923		10,000
Total revenues	<u>834,767</u>	<u>824,401</u>	<u>(10,366)</u>	<u>277,380</u>
EXPENDITURES - capital outlay:				
General government	<u>1,077,005</u>	<u>583,640</u>	<u>493,365</u>	<u>251,180</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(242,238)</u>	<u>240,761</u>	<u>482,999</u>	<u>26,200</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	521,148	290,799	(230,349)	165,000
Operating transfers out	<u>(175,876)</u>	<u>(10,000)</u>	<u>165,876</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>345,272</u>	<u>280,799</u>	<u>(64,473)</u>	<u>165,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	103,034	521,560	418,526	191,200
FUND BALANCES, JULY 1	<u>(7,192,678)</u>	<u>(7,192,678)</u>		<u>(7,383,878)</u>
FUND BALANCES, JUNE 30	<u>\$ (7,089,644)</u>	<u>\$ (6,671,118)</u>	<u>\$ 418,526</u>	<u>\$ (7,192,678)</u>

CITY OF MODESTO
 CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 Year ended June 30, 1995
 (With comparative totals for year ended June 30, 1994)

	1995			1994
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES:				
Interest and rent - interest	\$ 146	\$ 164	\$ 18	\$ 2,445
OTHER FINANCING SOURCES (USES):				
Operating transfers out				(60,255)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	146	164	18	(57,810)
FUND BALANCES, JULY 1	3,502	3,502		61,312
FUND BALANCES, JUNE 30	\$ 3,648	\$ 3,666	\$ 18	\$ 3,502

CITY OF MODESTO
IMPROVEMENT DISTRICTS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
EXPENDITURES:				
Capital outlay:				
Special assessments	\$ 47,407	\$ 221	\$ 47,186	
Public works				
Total expenditures	<u>47,407</u>	<u>221</u>	<u>47,186</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(47,407)	(221)	47,186	
FUND BALANCES, JULY 1	<u>160,593</u>	<u>160,593</u>		\$ 160,593
FUND BALANCES, JUNE 30	<u>\$ 113,186</u>	<u>\$ 160,372</u>	<u>\$ 47,186</u>	<u>\$ 160,593</u>

CITY OF MODESTO
DRAINAGE AREAS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	1995		Variance Favorable (Unfavorable)	1994
	Budget	Actual		Actual
REVENUES:				
Special assessments levied		\$ 553	\$ 553	\$ 35,462
EXCESS OF REVENUES OVER EXPENDITURES		553	553	35,462
FUND BALANCES, JULY 1	\$ 1,058,712	1,058,712		1,023,250
Residual equity transfers out	(2,400)	(2,400)		
FUND BALANCES, JUNE 30	\$ 1,056,312	\$ 1,056,865	\$ 553	\$ 1,058,712

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DEBT SERVICE FUNDS

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

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

CAPITAL IMPROVEMENT PROJECTS DEBT SERVICE FUND - To account for debt service on certificates of participation issued to finance various capital improvement projects.

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

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

**CITY OF MODESTO
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 1995
(With comparative totals for June 30, 1994)**

	Redevelopment Agency	Capital Improvement Projects
<u>ASSETS</u>		
Cash and cash equivalents	\$ 843,162	\$ 584
Cash and cash equivalents with fiscal agent	2,035,700	637,545
Receivables:		
Accounts		
Taxes	8,864	
Special assessments receivable		
 Total assets	 \$ 2,887,726	 \$ 638,129
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses		
Matured bonds and interest payable		
Deferred revenues		
Total liabilities		
Fund balances:		
Unreserved:		
Designated:		
For debt service	\$ 2,887,726	\$ 638,129
 Total liabilities and fund balances	 \$ 2,887,726	 \$ 638,129

Improvement Districts	Public Financing Authority	Totals	
		1995	1994
\$ 476,194	\$ 65	\$ 1,320,005	\$ 1,673,221
308,033	969,942	3,951,220	3,737,099
			20,061
		8,864	13,289
<u>2,330,764</u>		<u>2,330,764</u>	<u>2,567,978</u>
<u>\$ 3,114,991</u>	<u>\$ 970,007</u>	<u>\$ 7,610,853</u>	<u>\$ 8,011,648</u>
\$ 2,407		\$ 2,407	\$ 72
80		80	80
<u>2,330,764</u>		<u>2,330,764</u>	<u>2,303,376</u>
<u>2,333,251</u>		<u>2,333,251</u>	<u>2,303,528</u>
<u>781,740</u>	<u>\$ 970,007</u>	<u>5,277,602</u>	<u>5,708,120</u>
<u>\$ 3,114,991</u>	<u>\$ 970,007</u>	<u>\$ 7,610,853</u>	<u>\$ 8,011,648</u>

**CITY OF MODESTO
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)**

	<u>Redevelopment Agency</u>	<u>Capital Improvement Projects</u>
REVENUES:		
Taxes	\$ 896,818	
Intergovernmental - state	35,099	
Special assessments levied		
Interest and rent	244,044	\$ 22,094
Miscellaneous		
Total revenues	<u>1,175,961</u>	<u>22,094</u>
EXPENDITURES - debt service:		
Principal retirement	40,000	105,000
Interest	1,396,082	258,230
Costs of issuance		
Other	9,544	
Total expenditures	<u>1,445,626</u>	<u>363,230</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(269,665)</u>	<u>(341,136)</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers in	<u>254,835</u>	<u>342,987</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(14,830)	1,851
FUND BALANCES, JULY 1	<u>2,902,556</u>	<u>636,278</u>
FUND BALANCES, JUNE 30	<u>\$ 2,887,726</u>	<u>\$ 638,129</u>

Improvement Districts	Public Financing Authority	Totals	
		1995	1994
		\$ 896,818	\$ 749,498
		35,099	27,096
\$ 104,765		104,765	252,161
67,857	\$ 44,555	378,550	466,433
			296,087
<u>172,622</u>	<u>44,555</u>	<u>1,415,232</u>	<u>1,791,275</u>
509,526	345,000	999,526	1,169,526
227,759	461,940	2,344,011	2,011,017
			7,500
8,945	10,420	28,909	37,519
<u>746,230</u>	<u>817,360</u>	<u>3,372,446</u>	<u>3,225,562</u>
<u>(573,608)</u>	<u>(772,805)</u>	<u>(1,957,214)</u>	<u>(1,434,287)</u>
	928,874	1,526,696	1,387,504
(573,608)	156,069	(430,518)	(46,783)
<u>1,355,348</u>	<u>813,938</u>	<u>5,708,120</u>	<u>5,754,903</u>
\$ <u>781,740</u>	\$ <u>970,007</u>	\$ <u>5,277,602</u>	\$ <u>5,708,120</u>

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ENTERPRISE FUNDS

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

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

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

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

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

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

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

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

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

**CITY OF MODESTO
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
June 30, 1995
(With comparative totals for June 30, 1994)**

<u>ASSETS</u>	<u>Parking</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>
Current assets:				
Cash and cash equivalents	\$ 666,595	\$ 8,942,843	\$ 11,487,793	\$ 3,297,029
Cash and cash equivalents with fiscal agent		15,389,722	1,497,858	
Receivables:				
Accounts		1,782,235	1,691,420	418,121
Due from governments				
Due from other funds				
Prepaid expenses				
Total current assets	<u>666,595</u>	<u>26,114,800</u>	<u>14,677,071</u>	<u>3,715,150</u>
Restricted assets:				
Cash deposits		248,979	30,511	
Revenue bond construction account			3,538,916	
Total restricted assets		<u>248,979</u>	<u>3,569,427</u>	
Other assets:				
Unamortized costs of issuance		454,620	355,382	
Total other assets		<u>454,620</u>	<u>355,382</u>	
Land, buildings and equipment:				
Land	1,613,168	789,048	11,534,879	
Buildings	2,121,462	3,266,744	13,212,604	
Improvements other than buildings	465,315	10,328,698	48,017,376	2,259,288
Furnishings and equipment	15,854	405,487	736,827	81,064
Buses and fareboxes				
Pipelines		22,910,455	38,346,803	203,759
Construction in progress	161	4,744,984	3,605,375	117,243
Accumulated depreciation	(1,342,220)	(6,647,388)	(25,041,938)	(169,443)
Total land, buildings and equipment	<u>2,873,740</u>	<u>35,798,028</u>	<u>90,411,926</u>	<u>2,491,911</u>
Total assets	<u>\$ 3,540,335</u>	<u>\$ 62,616,427</u>	<u>\$ 109,013,806</u>	<u>\$ 6,207,061</u>

Airport	Bus	Golf	Community Center	Totals	
				1995	1994
\$ 130,139	\$ 2,130,354 87,555	\$ 735	\$ 27,038	\$ 26,682,526 16,975,135	\$ 20,161,341 22,454,600
12,980	8,284	14,644	77,466	4,005,150	3,829,377
36,452	1,573,445			1,609,897	1,708,007
10,313				10,313	118,574
<u>189,884</u>	<u>3,799,638</u>	<u>15,379</u>	<u>104,504</u>	<u>49,283,021</u>	<u>48,282,399</u>
				279,490	318,596
				3,538,916	4,077,087
				<u>3,818,406</u>	<u>4,395,683</u>
				810,002	850,267
				<u>810,002</u>	<u>850,267</u>
929,891	2,483,167	275,741	5,211,597	22,837,491	22,914,269
3,480,565	3,959,707	1,102,879	22,856,962	50,000,923	46,092,179
4,866,381	190,319	6,029,695	493,921	72,650,993	64,089,189
255,897	352,306	48,933	435,298	2,331,666	2,158,350
	4,690,747			4,690,747	4,669,847
				61,461,017	56,173,797
451,666	325,631	424,970		9,670,030	17,156,273
(3,810,968)	(3,401,798)	(1,141,873)	(5,185,249)	(46,740,877)	(41,226,372)
<u>6,173,432</u>	<u>8,600,079</u>	<u>6,740,345</u>	<u>23,812,529</u>	<u>176,901,990</u>	<u>172,028,532</u>
\$ <u>6,363,316</u>	\$ <u>12,399,717</u>	\$ <u>6,755,724</u>	\$ <u>23,917,033</u>	\$ <u>230,813,419</u>	\$ <u>225,556,881</u>

(Continued)

**CITY OF MODESTO
ENTERPRISE FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 1995
(With comparative totals for June 30, 1994)**

<u>LIABILITIES AND EQUITY</u>	<u>Parking</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,673	\$ 598,288	\$ 584,958	\$ 107,740
Interest payable		373,374	180,514	
Due to other funds				
Current portion - long-term debt		330,000	730,000	
Deferred revenues		27,477		
Total current liabilities	<u>1,673</u>	<u>1,329,139</u>	<u>1,495,472</u>	<u>107,740</u>
Other liabilities:				
Payable from restricted assets - refundable deposits		248,979	30,511	
Advances from other funds				
Revenue bonds payable			16,424,651	
Certificates of Participation		23,798,760		
Total other liabilities		<u>24,047,739</u>	<u>16,455,162</u>	
Total liabilities	<u>1,673</u>	<u>25,376,878</u>	<u>17,950,634</u>	<u>107,740</u>
Equity:				
Contributed capital	1,275,522	13,349,650	56,195,943	60,924
Retained earnings-unreserved	2,263,140	23,889,899	34,867,229	6,038,397
Total equity	<u>3,538,662</u>	<u>37,239,549</u>	<u>91,063,172</u>	<u>6,099,321</u>
Total liabilities and equity	<u>\$ 3,540,335</u>	<u>\$ 62,616,427</u>	<u>\$ 109,013,806</u>	<u>\$ 6,207,061</u>

Airport	Bus	Golf	Community Center	Totals	
				1995	1994
\$ 38,648	\$ 82,069	\$ 34,826	\$ 30,405	\$ 1,478,607	\$ 1,622,042
		134,000		553,888	563,604
	3,459,445			134,000	361,555
				1,060,000	940,000
<u>38,648</u>	<u>3,541,514</u>	<u>168,826</u>	<u>30,405</u>	<u>3,486,922</u>	<u>3,838,457</u>
				<u>6,713,417</u>	<u>7,325,658</u>
100,000		130,981		279,490	318,597
				230,981	100,000
				16,424,651	17,128,135
<u>100,000</u>		<u>130,981</u>		<u>23,798,760</u>	<u>24,116,458</u>
				<u>40,733,882</u>	<u>41,663,190</u>
<u>138,648</u>	<u>3,541,514</u>	<u>299,807</u>	<u>30,405</u>	<u>47,447,299</u>	<u>48,988,848</u>
6,460,262	8,700,288	5,799,585	23,779,560	115,621,734	118,783,381
(235,594)	157,915	656,332	107,068	67,744,386	57,784,652
<u>6,224,668</u>	<u>8,858,203</u>	<u>6,455,917</u>	<u>23,886,628</u>	<u>183,366,120</u>	<u>176,568,033</u>
\$ <u>6,363,316</u>	\$ <u>12,399,717</u>	\$ <u>6,755,724</u>	\$ <u>23,917,033</u>	\$ <u>230,813,419</u>	\$ <u>225,556,881</u>

**CITY OF MODESTO
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)**

	Parking	Water	Sewer	Storm Drain
OPERATING REVENUES:				
Charges for services	\$ 354,646	\$ 15,536,538	\$ 16,274,351	\$ 4,602,807
OPERATING EXPENSES:				
Salaries and wages	19,955	1,207,463	2,338,472	616,778
Contractual services	11,067	582,443	738,152	245,591
Utilities	17,022	922,942	1,583,629	216
Maintenance and supplies	13,730	703,855	1,732,640	687,760
Water purchases		6,519,842		
Insurance	3,418	10,733	47,805	3,664
Employee benefits	2,404	430,394	823,576	285,903
Administration services	103,276	908,219	1,006,581	892,443
Other	103	66,763	78,598	10,453
Depreciation	83,069	843,119	2,973,308	79,196
Total operating expenses	<u>254,044</u>	<u>12,195,773</u>	<u>11,322,761</u>	<u>2,822,004</u>
OPERATING INCOME (LOSS)	<u>100,602</u>	<u>3,340,765</u>	<u>4,951,590</u>	<u>1,780,803</u>
NONOPERATING REVENUES (EXPENSES)				
Operating grants				
Loss on disposition of fixed assets	(41,779)	(25,914)	(43,923)	(6,995)
Taxes	(1,395)		(108,229)	
Interest income		406,659	762,190	191,022
Rental income		10,500	48,666	
Interest expense			(711,043)	
Litigation settlement		1,082,377		
Amortization of bond discount		(12,302)	(26,516)	
Amortization of costs of issuance		(16,632)	(23,633)	
Total nonoperating revenues (expenses)	<u>(43,174)</u>	<u>1,444,688</u>	<u>(102,488)</u>	<u>184,027</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>57,428</u>	<u>4,785,453</u>	<u>4,849,102</u>	<u>1,964,830</u>
Operating transfers in	59	2,049	7,786	9,310
Operating transfers out	(54,665)	(1,578,318)	(2,561,991)	(266,086)
Total operating transfers in (out)	<u>(54,606)</u>	<u>(1,576,269)</u>	<u>(2,554,205)</u>	<u>(256,776)</u>
NET INCOME (LOSS)	2,822	3,209,184	2,294,897	1,708,054
Depreciation charged to contributed capital	83,069	593,961	2,343,532	25,818
Increase (decrease) in retained earnings	85,891	3,803,145	4,638,429	1,733,872
RETAINED EARNINGS, July 1	<u>2,177,249</u>	<u>20,086,754</u>	<u>30,223,800</u>	<u>4,304,525</u>
RETAINED EARNINGS, June 30	<u>\$ 2,263,140</u>	<u>\$ 23,889,899</u>	<u>\$ 34,867,229</u>	<u>\$ 6,038,397</u>

Airport	Bus	Golf	Community Center	Totals	
				1995	1994
\$ 472,767	\$ 1,124,964	\$ 1,917,570	\$ 688,543	\$ 40,972,186	\$ 38,764,987
230,434	453,934	711,667	499,450	6,078,153	5,956,369
8,332	3,554,071	28,305	45,074	5,213,035	4,973,309
49,604	32,531	72,572	175,597	2,854,113	2,891,981
52,463	519,393	352,404	174,720	4,236,965	4,102,914
				6,519,842	6,711,502
19,566	17,351	7,382	32,928	142,847	120,041
74,957	135,821	211,830	132,681	2,097,566	1,880,024
57,547	200,538	27,974	40,668	3,237,246	2,001,494
3,993	16,613	24,426	7,791	208,740	158,964
286,963	308,994	292,139	747,590	5,614,378	5,161,442
783,859	5,239,246	1,728,699	1,856,499	36,202,885	33,958,040
(311,092)	(4,114,282)	188,871	(1,167,956)	4,769,301	4,806,947
	1,634,944			1,634,944	1,671,898
	(68,150)	(229)	(2,493)	(189,483)	(158,750)
64,260	2,375,953			2,330,589	2,401,645
117		13,323		1,373,311	8,975
72,675	178,049			309,890	211,895
				(711,043)	(740,295)
				1,082,377	
				(38,818)	(38,818)
				(40,265)	(40,265)
137,052	4,120,796	13,094	(2,493)	5,751,502	3,316,285
(174,040)	6,514	201,965	(1,170,449)	10,520,803	8,123,232
390	632	1,417	586,723	608,366	382,604
(242,893)	(252,630)	(877,183)		(5,833,766)	(4,160,301)
(242,503)	(251,998)	(875,766)	586,723	(5,225,400)	(3,777,697)
(416,543)	(245,484)	(673,801)	(583,726)	5,295,403	4,345,535
286,464	308,994	274,903	747,590	4,664,331	4,446,112
(130,079)	63,510	(398,898)	163,864	9,959,734	8,791,647
(105,515)	94,405	1,055,230	(56,796)	57,784,652	48,992,915
\$ (235,594)	\$ 157,915	\$ 656,332	\$ 107,068	\$ 67,744,386	\$ 57,784,562

CITY OF MODESTO
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	<u>Parking</u>	<u>Water</u>	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 100,602	\$ 3,340,765	\$ 4,951,590
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	83,069	843,119	2,973,308
Rental income		10,500	48,666
Litigation settlement		1,082,377	
Change in assets and liabilities:			
(Increase) decrease in accounts receivable		(106,747)	(19,991)
(Increase) in notes receivable			
Decrease in due from governments			
Decrease in due from other funds		118,574	
Decrease in inventories			
Decrease in prepaid expenses			
Increase (decrease) in accounts payable and accrued expenses	(25)	287,384	(75,526)
Increase (decrease) in due to other funds			
Increase in deferred revenue		27,477	
Increase (decrease) in refundable deposits		(40,483)	1,377
Total adjustments	<u>83,044</u>	<u>2,222,201</u>	<u>2,927,834</u>
Net cash provided (used) by operating activities	<u>183,646</u>	<u>5,562,966</u>	<u>7,879,424</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants received			
Taxes received			
Taxes paid	(1,395)		(108,229)
Operating transfers in	59	2,049	7,786
Operating transfers out	(54,665)	(1,578,318)	(2,561,991)
New advances from other funds			
Advances and loans from other funds repaid			
Repayments of advances and loans to other funds received			41,330
Net cash provided (used) by noncapital financing activities	<u>(56,001)</u>	<u>(1,576,269)</u>	<u>(2,621,104)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of fixed assets		(5,158,652)	(2,923,740)
Proceeds from sales of fixed assets			
Principal repayments		(310,000)	(630,000)
Interest paid		(1,502,020)	(1,099,435)
Capital grants received			21,867
Residual equity transfers in			157,969
Residual equity transfers out			
Connection fees for capital purposes		229,207	311,203
Sale of revenue bonds			
Costs of issuance paid			
Net cash provided (used) by capital and related financing activities		<u>(6,741,465)</u>	<u>(4,162,136)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		1,268,415	1,016,847
Net increase (decrease) in cash and cash equivalents	<u>127,645</u>	<u>(1,486,353)</u>	<u>2,113,031</u>
CASH AND CASH EQUIVALENTS, JULY 1	<u>538,950</u>	<u>26,067,897</u>	<u>14,442,047</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 666,595</u>	<u>\$ 24,581,544</u>	<u>\$ 16,555,078</u>

Storm Drain	Airport	Bus	Golf	Community Center	Totals	
					1995	1994
\$ 1,780,803	\$ (311,092)	\$ (4,114,282)	\$ 188,871	\$ (1,167,956)	\$ 4,769,301	\$ 4,806,947
79,196	286,963 72,675	308,994 178,049	292,139	747,590	5,614,378 309,890 1,082,377	5,161,442 211,985
393	(6,305)	7,662 5,387	(14,644)	(47,879)	(187,511) 5,387 118,574	(417,459) (1,309)
50,904 (118,574)	187 14,798	(62,000)	(8,351) (28,481)	7,600 (80,500)	187 214,784 (227,555) 27,477 (39,106)	87,194 (10,500) (179,709) 56,981
<u>11,919</u>	<u>368,318</u>	<u>438,092</u>	<u>240,663</u>	<u>626,811</u>	<u>6,918,882</u>	<u>4,921,172</u>
<u>1,792,722</u>	<u>57,226</u>	<u>(3,676,190)</u>	<u>429,534</u>	<u>(541,145)</u>	<u>11,688,183</u>	<u>9,728,119</u>
		1,567,632 64,260			1,567,632 1,880,970 (109,624)	2,260,927 3,030,332 (107,613)
9,310 (266,086)	390 (242,893)	632 (252,630)	1,417 (877,183) 130,981	586,723	608,366 (5,833,766) 130,981 (41,330) 41,330	382,604 (4,160,301) (397,538) 300,000
<u>(41,330)</u>	<u>(178,243)</u>	<u>3,132,344</u>	<u>(744,785)</u>	<u>586,723</u>	<u>(1,755,441)</u>	<u>1,308,411</u>
(907,110)	(420,126)	(696,578)	(103,416)	(19,123)	(10,228,745)	(13,850,401) 216,218 (940,000) (747,102)
2,400 (78,688)	444,289 27,696	713,234 (17,000)			(2,601,455) 1,179,390 188,065 (95,688) 540,410	(2,942,190) 2,680,972 7,284 1,028,985 8,555,000 (220,047)
<u>(983,398)</u>	<u>51,859</u>	<u>(344)</u>	<u>(103,416)</u>	<u>(19,123)</u>	<u>(11,958,023)</u>	<u>(5,271,281)</u>
191,022	117		13,323		2,489,724	817,972
702,240	(69,041)	(544,190)	(405,344)	26,455	464,443	6,583,221
<u>2,594,789</u>	<u>199,180</u>	<u>2,762,099</u>	<u>406,079</u>	<u>583</u>	<u>47,011,624</u>	<u>40,428,403</u>
\$ <u>3,297,029</u>	\$ <u>130,139</u>	\$ <u>2,217,909</u>	\$ <u>735</u>	\$ <u>27,038</u>	\$ <u>47,476,067</u>	\$ <u>47,011,624</u>

(Continued)

**CITY OF MODESTO
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES
Year ended June 30, 1995**

WATER FUND

Fixed assets transferred from other funds and General Fixed Assets	\$	5,227
Capitalized interest expense on certificates of participation accrued at year end		373,374

SEWER FUND

Fixed assets transferred from other funds and General Fixed Assets		7,768
Capitalized interest expense on revenue bonds accrued at year end		180,514
Capitalized interest revenue accrued at year end		53,008

STORM DRAIN

Fixed asset additions accrued at year end		29,584
Fixed assets transferred from other funds and General Fixed Assets		12,107

AIRPORT FUND

Fixed asset additions accrued at year end		12,498
Capital grants accrued at year end		36,452

BUS FUND

Fixed assets transferred from other funds and General Fixed Assets		1,570
Operating grants accrued at year end		515,727
Capital grants accrued at year end		48,632

GOLF FUND

Fixed asset additions accrued at year end		11,144
Fixed assets transferred from other funds and General Fixed Assets		4,101

INTERNAL SERVICE FUNDS

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

METHANE GAS GENERATION FUND - To finance and account for the City's methane gas generation program. Methane gas is now being used to heat some City buildings and to operate several City fleet vehicles.

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

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

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

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

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

**CITY OF MODESTO
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 1995
(With comparative totals for June 30, 1994)**

	<u>Methane Gas Generation</u>	<u>Fleet Management</u>	<u>Central Services</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 9,485	\$ 4,120,065	\$ 506
Receivables:			
Accounts			
Notes			
Due from other funds			
Inventories			295,853
Total current assets	<u>9,485</u>	<u>4,120,065</u>	<u>296,359</u>
Land, buildings and equipment:			
Land		270,692	
Buildings		695,066	
Improvements other than buildings	1,626,202	963,910	7,429
Equipment pool		11,653,403	
Furnishings and equipment	1,856	399,927	122,505
Construction in progress		124,353	
Accumulated depreciation	(741,237)	(7,704,097)	(40,368)
Total land, buildings and equipment	<u>886,821</u>	<u>6,403,254</u>	<u>89,566</u>
 Total assets	 <u>\$ 896,306</u>	 <u>\$ 10,523,319</u>	 <u>\$ 385,925</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities:			
Accounts payable and accrued expenses		\$ 86,635	\$ 30,929
Current portion - compensated absences			
Current portion - claims liability			
Current portion - long-term debt			8,372
Total current liabilities		<u>86,635</u>	<u>39,301</u>
Other liabilities:			
Advances from other funds			463,000
Obligations under capital leases			4,186
Compensated absences			
Claims liability			
Total other liabilities			<u>467,186</u>
Total liabilities		<u>86,635</u>	<u>506,487</u>
Equity:			
Contributed capital		3,253,572	50,784
Retained earnings-unreserved	\$ 896,306	7,183,112	(171,346)
Total equity	<u>896,306</u>	<u>10,436,684</u>	<u>(120,562)</u>
Total liabilities and equity	<u>\$ 896,306</u>	<u>\$ 10,523,319</u>	<u>\$ 385,925</u>

Insurance	Employee Benefits Management	Building Services	Totals	
			1995	1994
\$ 7,824,820	\$ 6,028,863	\$ 32,688	\$ 18,016,427	\$ 12,758,449
774,969	76,117		774,969	675,146
			76,117	49,256
			295,853	20,481
<u>8,599,789</u>	<u>6,104,980</u>	<u>32,688</u>	<u>19,163,366</u>	<u>13,767,405</u>
		383,164	653,856	270,692
		3,819,203	4,514,269	695,066
		1,046,399	3,643,940	2,543,258
			11,653,403	11,561,979
72,509	1,976	62,302	661,075	437,858
(25,576)	(63)	(3,119,189)	124,353	344,678
<u>46,933</u>	<u>1,913</u>	<u>2,191,879</u>	<u>(11,630,530)</u>	<u>(8,357,397)</u>
\$ <u>8,646,722</u>	\$ <u>6,106,893</u>	\$ <u>2,224,567</u>	\$ <u>28,783,732</u>	\$ <u>21,263,539</u>
\$ 283,911	\$ 37,823	\$ 16,249	\$ 455,547	\$ 352,622
3,440,200	4,295,424		4,295,424	4,188,548
			3,440,200	5,107,794
			8,372	8,372
<u>3,724,111</u>	<u>4,333,247</u>	<u>16,249</u>	<u>8,199,543</u>	<u>9,657,336</u>
			463,000	436,000
			4,186	12,558
	7,409,973		7,409,973	6,761,623
5,739,700			5,739,700	3,405,196
<u>5,739,700</u>	<u>7,409,973</u>		<u>13,616,859</u>	<u>10,615,377</u>
9,463,811	11,743,220	16,249	21,816,402	20,272,713
920		2,185,411	5,490,687	3,081,040
(818,009)	(5,636,327)	22,907	1,476,643	(2,090,214)
<u>(817,089)</u>	<u>(5,636,327)</u>	<u>2,208,318</u>	<u>6,967,330</u>	<u>990,826</u>
\$ <u>8,646,722</u>	\$ <u>6,106,893</u>	\$ <u>2,224,567</u>	\$ <u>28,783,732</u>	\$ <u>21,263,539</u>

CITY OF MODESTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	Methane Gas Generation	Fleet Management	Central Services
OPERATING REVENUES:			
Charges for services		\$ 1,152	
Sales	\$ 59,844	4,520,317	\$ 1,410,728
Cost of sales			(1,025,838)
Total operating revenues	<u>59,844</u>	<u>4,521,469</u>	<u>384,890</u>
OPERATING EXPENSES:			
Salaries and wages		618,413	185,638
Contractual services		18,275	17,962
Utilities	16,012	67,731	1,029
Maintenance and supplies	22,013	1,116,795	67,102
Insurance		17,244	2,735
Claims expense			
Employee benefits		211,031	80,731
Administration services	12,286	41,404	42,738
Other		10,306	1,773
Depreciation	74,253	1,104,486	33,745
Total operating expenses	<u>124,564</u>	<u>3,205,685</u>	<u>433,453</u>
OPERATING INCOME (LOSS)	<u>(64,720)</u>	<u>1,315,784</u>	<u>(48,563)</u>
NONOPERATING REVENUES (EXPENSES)			
Loss on disposition of fixed assets		(20,270)	
Interest income			
Total nonoperating revenues (expenses)		<u>(20,270)</u>	
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(64,720)</u>	<u>1,295,514</u>	<u>(48,563)</u>
Operating transfers in		1,450	84,335
Operating transfers out		(289,187)	
Total operating transfers in (out)		<u>(287,737)</u>	<u>84,335</u>
NET INCOME (LOSS)	<u>(64,720)</u>	<u>1,007,777</u>	<u>35,772</u>
Depreciation charged to contributed capital		276,122	
Increase (decrease) in retained earnings	<u>(64,720)</u>	<u>1,283,899</u>	<u>35,772</u>
RETAINED EARNINGS, July 1	<u>961,026</u>	<u>5,899,213</u>	<u>(207,118)</u>
RETAINED EARNINGS, June 30	<u>\$ 896,306</u>	<u>\$ 7,183,112</u>	<u>\$ (171,346)</u>

Insurance	Employee Benefits Management	Building Services	Totals	
			1995	1994
\$ 8,679,086	\$ 16,015,870	\$ 1,621,955	\$ 26,318,063	\$ 23,446,552
			5,990,889	6,015,613
			(1,025,838)	(1,165,340)
<u>8,679,086</u>	<u>16,015,870</u>	<u>1,621,955</u>	<u>31,283,114</u>	<u>28,476,232</u>
212,588	43,999	714,829	1,775,467	1,106,205
27,192	9,211	687	73,327	53,279
296		437,815	522,883	95,048
13,375	36,224	212,706	1,468,215	1,253,165
3,259,904	209	4,784	3,284,876	3,571,004
5,117,522			5,117,522	5,835,803
68,265	13,660,471	224,178	14,244,676	16,140,391
318,751	28,143	1,562	444,884	273,885
18,209	14,880	2,270	47,438	41,262
6,465	63	84,900	1,303,912	1,193,539
<u>9,042,567</u>	<u>13,793,200</u>	<u>1,683,731</u>	<u>28,283,200</u>	<u>29,563,581</u>
(363,481)	2,222,670	(61,776)	2,999,914	(1,087,349)
(492)		(1,241)	(22,003)	(59,594)
419,594	204,982		624,576	371,818
<u>419,102</u>	<u>204,982</u>	<u>(1,241)</u>	<u>602,573</u>	<u>312,224</u>
55,621	2,427,652	(63,017)	3,602,487	(775,125)
	45	1,024	86,854	765,741
(194,319)			(483,506)	(204,284)
<u>(194,319)</u>	<u>45</u>	<u>1,024</u>	<u>(396,652)</u>	<u>561,457</u>
(138,698)	2,427,697	(61,993)	3,205,835	(213,668)
		84,900	361,022	274,338
(138,698)	2,427,697	22,907	3,566,857	60,670
<u>(679,311)</u>	<u>(8,064,024)</u>		<u>(2,090,214)</u>	<u>(2,150,884)</u>
\$ <u>(818,009)</u>	\$ <u>(5,636,327)</u>	\$ <u>22,907</u>	\$ <u>1,476,643</u>	\$ <u>(2,090,214)</u>

CITY OF MODESTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 1995
(With comparative totals for year ended June 30, 1994)

	Methane Gas Generation	Fleet Management	Central Services
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (64,720)	\$ 1,315,784	\$ (48,563)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	74,253	1,104,486	33,745
Change in assets and liabilities:			
(Increase) decrease in accounts receivable			9
(Increase) in notes receivable			
Decrease in due from other funds		20,481	
(Increase) in inventories			(31,780)
Increase (decrease) in accounts payable and accrued expenses	(48)	23,684	(2,042)
Increase in compensated absences			
Increase in claims liability			
Total adjustments	<u>74,205</u>	<u>1,148,651</u>	<u>(68)</u>
Net cash provided (used) by operating activities	<u>9,485</u>	<u>2,464,435</u>	<u>(48,631)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating transfers in		1,450	84,335
Operating transfers out		(289,187)	
New advances from other funds			27,000
Advances from other funds repaid			
Repayments of advances to other funds received			
Net cash provided (used) by noncapital financing activities		<u>(287,737)</u>	<u>111,335</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of fixed assets		(1,036,811)	(54,034)
Proceeds from sale of fixed assets		101,682	
Principal repayments			(8,372)
Residual equity transfers in		319,369	
Net cash provided (used) by capital and related financing activities		<u>(615,760)</u>	<u>(62,406)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received			
Net increase in cash and cash equivalents	9,485	1,560,938	298
CASH AND CASH EQUIVALENTS, JULY 1		2,559,127	208
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 9,485</u>	<u>\$ 4,120,065</u>	<u>\$ 506</u>

Insurance	Employee Benefits Management	Building Services	Totals	
			1995	1994
\$ (363,481)	\$ 2,222,670	\$ (61,776)	\$ 2,999,914	\$ (1,087,349)
6,465	63	84,900	1,303,912	1,193,539
(105,960)	6,128 (26,861)		(99,823) (26,861)	(168,497) (49,256)
			20,481	(20,481)
			(31,780)	11,053
50,675	14,408	16,249	102,926	(540,101)
	755,226		755,226	747,072
666,910			666,910	1,689,693
<u>618,090</u>	<u>748,964</u>	<u>101,149</u>	<u>2,690,991</u>	<u>2,863,022</u>
<u>254,609</u>	<u>2,971,634</u>	<u>39,373</u>	<u>5,690,905</u>	<u>1,775,673</u>
	45	1,024	86,854	765,741
(194,319)			(483,506)	(204,284)
			27,000	
				(99,617)
				108,155
<u>(194,319)</u>	<u>45</u>	<u>1,024</u>	<u>(369,652)</u>	<u>569,995</u>
	(1,976)	(7,709)	(1,100,530)	(1,346,773)
			101,682	102,009
			(8,372)	(4,186)
			319,369	
	(1,976)	(7,709)	(687,851)	(1,248,950)
419,594	204,982		624,576	371,818
479,884	3,174,685	32,688	5,257,978	1,468,536
7,344,936	2,854,178		12,758,449	11,289,913
\$ <u>7,824,820</u>	\$ <u>6,028,863</u>	\$ <u>32,688</u>	<u>18,016,427</u>	\$ <u>12,758,449</u>

(Continued)

**CITY OF MODESTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES
Year ended June 30, 1995**

FLEET MANAGEMENT FUND

Fixed assets transferred from other funds and General Fixed Assets	\$ 141,210
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CENTRAL SERVICES FUND

Fixed assets transferred from other funds and General Fixed Assets	38,859
--------------------------------------------------------------------	--------

INSURANCE FUND

Fixed assets transferred from other funds and General Fixed Assets	920
--------------------------------------------------------------------	-----

BUILDING SERVICES FUND

Fixed assets transferred from other funds and General Fixed Assets	2,270,311
--------------------------------------------------------------------	-----------

AGENCY FUNDS

Agency Funds are established to account for assets held by the City in a trustee capacity.

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

DEFERRED COMPENSATION - To account for the City's deferred compensation plan. All salaried employees may defer a portion of their gross compensation under this plan. The City matches up to 2% of the deferral, with the matching rate dependent on length of service and employee group. Part time employees are required to defer a portion of their wages in lieu of mandatory social security contributions.

**CITY OF MODESTO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 1995**

	Balance July 1, 1994	Additions	Deductions	Balance June 30, 1995
REFUNDABLE DEPOSITS				
ASSETS				
Restricted assets - cash deposits	\$ 1,769,278	\$ 3,222,686	\$ 2,412,690	\$ 2,579,274
LIABILITIES				
Refundable deposits	\$ 1,769,278	\$ 3,222,686	\$ 2,412,690	\$ 2,579,274
DEFERRED COMPENSATION				
ASSETS				
Restricted assets - cash and investments	\$ 33,355,501	\$ 6,737,142	\$ 2,352,704	\$ 37,739,939
LIABILITIES				
Deferred compensation	\$ 33,355,501	\$ 6,737,142	\$ 2,352,704	\$ 37,739,939
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Restricted assets - cash and investments	\$ 35,124,779	\$ 9,959,828	\$ 4,765,394	\$ 40,319,213
LIABILITIES				
Payable from restricted assets:				
Refundable deposits	\$ 1,769,278	\$ 3,222,686	\$ 2,412,690	\$ 2,579,274
Deferred compensation	33,355,501	6,737,142	2,352,704	37,739,939
Total liabilities	\$ 35,124,779	\$ 9,959,828	\$ 4,765,394	\$ 40,319,213

GENERAL FIXED ASSETS

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

CITY OF MODESTO
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
June 30, 1995

	Total	Land	Buildings	Improvements Other Than Buildings	Furnishings and Equipment	Equipment Pool
General government:						
City council	\$ 32,519			\$ 11,775	\$ 20,744	
City manager	695,931			40,907	655,024	
City attorney	102,046			3,042	99,004	
City clerk/auditor	37,125			11,676	25,449	
Finance	2,635,112			268,011	2,367,101	
Community development	798,078	\$ 235,418	\$ 39,231	29,724	493,705	
Parking and traffic	985,467	420,038	325,000	7,890	232,539	
Total general government	<u>5,286,278</u>	<u>655,456</u>	<u>364,231</u>	<u>373,025</u>	<u>3,893,566</u>	
Public safety:						
Fire	7,473,532	194,563	2,460,083	491,620	4,327,266	
Police	4,989,916	1,304,982	881,915	330,033	2,367,878	\$ 105,108
Total public safety	<u>12,463,448</u>	<u>1,499,545</u>	<u>3,341,998</u>	<u>821,653</u>	<u>6,695,144</u>	<u>105,108</u>
Public works	<u>746,164</u>			196,483	549,681	
Highways and streets	<u>233,486</u>	82,064		15,107	136,315	
Parks and recreation	<u>31,326,860</u>	10,907,126	3,914,646	15,955,819	549,269	
Total general fixed assets allocated to functions	<u>50,056,236</u>	<u>\$ 13,144,191</u>	<u>\$ 7,620,875</u>	<u>\$ 17,362,087</u>	<u>\$ 11,823,975</u>	<u>\$ 105,108</u>
Construction in progress	<u>2,130,214</u>					
Total general fixed assets	<u>\$ 52,186,450</u>					

CITY OF MODESTO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION
Year ended June 30, 1995

	General Fixed Assets July 1, 1994	Additions	Deductions	General Fixed Assets June 30, 1995
General government	\$ 9,475,113	\$ 1,516,730	\$ 5,705,565	\$ 5,286,278
Public safety	11,948,457	748,492	233,501	12,463,448
Public works	854,279	160,724	268,839	746,164
Highways and streets	242,985	35,040	44,539	233,486
Parks and recreation	28,912,053	2,471,758	56,951	31,326,860
Construction in progress	<u>3,302,827</u>	<u>1,119,160</u>	<u>2,291,773</u>	<u>2,130,214</u>
Total changes by function	<u>\$ 54,735,714</u>	<u>\$ 6,051,904</u>	<u>\$ 8,601,168</u>	<u>\$ 52,186,450</u>

CITY OF MODESTO
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
June 30, 1995

GENERAL FIXED ASSETS:

Land	\$ 13,144,191
Buildings	7,620,875
Improvements	17,362,087
Furnishing and equipment	11,823,975
Equipment pool	105,108
Construction in progress	<u>2,130,214</u>
Total general fixed assets	<u>\$ 52,186,450</u>

INVESTMENT IN GENERAL FIXED ASSETS FROM:

City funding	\$ 38,843,606
State grants	2,480,504
Federal grants	8,635,922
Contributions/donations	<u>2,226,418</u>
Total investment in general fixed assets	<u>\$ 52,186,450</u>

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City of Modesto Statistical Section



STATISTICAL TABLES

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

The schedule of Revenue Bond coverage for the Wastewater Treatment Facility Refunding Revenue Bonds, is applicable only for the last eight years.

The statistical schedules presented are:

General Governmental Expenditures by Function - Last Ten Fiscal Years

General Revenues by Source - Last Ten Fiscal Years

Property Tax Levies and Collections - Last Ten Fiscal Years

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

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

Special Assessment Billings and Collections - Last Ten Fiscal Years

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years

Computation of Legal Debt Margin

Computation of Direct and Overlapping Debt

Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years

Continuing Disclosure Requirements Information

Revenue Bond Coverage - Wastewater Treatment Facility Refunding Revenue Bonds, Series 1987 and 1993

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

Principal Payers of Property Tax

Schedule of Insurance Policies in Force

Salaries and Surety Bonds of Principal Officials

Demographic and Miscellaneous Statistical Data

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

Year Ended June 30,	General Government	Highways and Streets	Public Works	Parks and Recreation	Public Safety	Debt Service	Total
1986	\$ 5,422,923	\$ 5,804,090	\$ 3,133,991	\$ 5,860,566	\$ 17,614,106	\$ 743,380	\$ 38,579,056
1987	6,838,658	6,892,337	3,437,577	6,242,272	19,986,487	1,629,156	45,026,487
1988	6,991,010	6,355,023	3,910,101	6,702,793	21,656,740	2,466,784	48,082,451
1989	7,600,550	6,851,652	4,588,250	6,210,029	24,123,637	2,635,545	52,009,663
1990	8,462,454	7,862,947	4,820,891	6,950,206	27,313,870	2,348,794	57,759,162
1991	9,139,128	6,918,337	4,835,945	7,689,001	32,516,550	2,808,246	63,907,207
1992	8,886,327	9,764,198	4,733,627	8,083,421	34,262,451	2,771,007	68,501,031
1993	7,271,082	6,572,923	4,325,616	8,888,326	35,622,785	7,429,553	70,110,285
1994	7,934,854	6,796,845	2,371,923	9,868,996	35,466,318	3,809,045	66,247,981
1995	8,869,195	7,894,106	3,066,056	9,172,517	37,028,679	3,967,695	69,998,248

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

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

Year Ended June 30	Taxes (2)	Licenses and Permits	Inter-governmental	Charges for Services	Special Assessments	Interest and Rent	Fines and Forfeits	Miscellaneous	Total
1986	\$ 25,124,209	\$ 97,472	\$ 8,236,966	\$ 2,359,976		\$ 2,004,785	\$ 828,503	\$ 266,275	\$ 38,918,186
1987	27,265,302	138,913	9,348,609	2,949,364		1,648,057	921,729	279,209	42,551,183
1988	29,774,621	160,227	9,645,145	3,194,178	\$ 183,672	1,998,355	974,608	628,512	46,559,318
1989	33,270,134	167,616	10,909,471	2,226,490	155,351	1,949,370	1,140,683	1,415,698	51,234,813
1990	37,977,938	139,719	11,053,342	3,204,691	335,831	2,476,997	1,082,170	2,416,692	58,687,380
1991	40,844,673	150,154	12,028,990	2,138,057	357,842	2,520,958	1,213,741	340,482	59,594,897
1992	43,049,530	230,777	11,278,494	2,833,358	337,231	3,205,903	692,355	2,850,520	64,478,168
1993	41,481,499	232,184	10,878,298	2,465,147	296,426	2,451,516	559,142	2,532,316	60,896,528
1994	43,555,431	287,596	14,181,288	2,421,953	285,538	2,276,970	594,274	771,841	64,374,891
1995	42,731,968	216,368	16,026,019	2,091,784	127,623	2,018,667	780,576	460,046	64,453,051

NOTE: (1) Includes General, Special Revenue, and Debt Service Funds.
(2) Includes the following taxes (with percent of total taxes for 1995):

Sales Tax -	37%
Utility Users Tax -	23
Property Tax -	15
Business License Tax -	10
Other -	15
	<u>100%</u>

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

Year Ended June 30,	Total Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections As Percent of Current Levy (2)	Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
1986	\$ 4,562,379	\$ 4,330,169	94.91%	\$ 311,692	\$ 4,641,861	101.74%	\$ 261,754	5.74%
1987	4,931,423	4,800,478	97.34	454,734	5,255,212	106.57	258,129	5.23
1988	5,373,744	5,190,722	96.59	294,350	5,485,072	102.07	208,010	3.87
1989	5,894,285	5,628,453	95.49	302,592	5,931,045	100.62	259,436	4.40
1990	6,527,236	6,083,423	93.20	346,762	6,430,185	98.51	261,514	4.01
1991	7,160,672	6,671,180	93.16	381,000	7,052,180	98.48	200,000	2.71
1992	8,285,031	8,063,832	97.33	279,516	8,343,348	100.70	308,955	3.72
1993	7,490,321	7,206,490	96.21	338,930	7,545,420	100.74	163,416	2.18
1994	6,790,666	6,693,479	98.57		6,693,479	98.57		
1995	6,839,476	6,781,170	99.15		6,781,170	99.15		

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

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

Year Ended June 30	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1986	\$ 3,247,169,200	\$ 3,247,169,200	\$ 119,511,700	\$ 119,511,700	\$ 3,366,680,900	\$ 3,366,680,900	100%
1987	3,533,505,659	3,533,505,659	131,466,834	131,466,834	3,664,972,493	3,664,972,493	100
1988	3,892,424,156	3,892,424,156	151,080,851	151,080,851	4,043,505,007	4,043,505,007	100
1989	4,360,362,818	4,360,362,818	183,269,638	183,269,638	4,543,632,456	4,543,632,456	100
1990	4,750,747,890	4,750,747,890	202,757,203	202,757,203	4,953,505,093	4,953,505,093	100
1991	5,573,207,132	5,573,207,132	258,501,366	258,501,366	5,831,708,498	5,831,708,498	100
1992	6,054,344,047	6,054,344,047	297,783,395	297,783,395	6,352,127,442	6,352,127,442	100
1993	6,392,682,769	6,392,682,769	297,641,740	297,641,740	6,690,324,509	6,690,324,509	100
1994	6,572,565,297	6,572,565,297	303,066,969	303,066,969	6,875,632,266	6,875,632,266	100
1995	6,636,430,713	6,636,430,713	303,108,156	303,108,156	6,939,538,869	6,939,538,869	100

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

CITY OF MODESTO
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

<u>Year Ended June 30</u>	<u>Stanislaus County</u>	<u>Sewer District</u>	<u>School Bonds (1)</u>	<u>Total</u>
1986	1.00	.0116	.0238	1.0354
1987	1.00	.0108	.0205	1.0313
1988	1.00	.0098	.0172	1.0270
1989	1.00	.0091	.2023	1.2114
1990	1.00	.0059	.1565	1.1624
1991	1.00		.1226	1.1226
1992	1.00		.1211	1.1211
1993	1.00		.1058	1.1058
1994	1.00		.1212	1.1212
1995	1.00		.0729	1.0729

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

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

<u>Year Ended June 30,</u>	<u>Current Assessments Billed</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due</u>	<u>Outstanding Assessments</u>
1986	\$ 112,993	\$ 110,992	98.2	\$ 1,346,422
1987	89,787	89,787	100	1,163,685
1988	85,852	85,852	100	1,713,102
1989	116,174	116,174	100	1,561,180
1990	123,946	123,946	100	2,547,936
1991	167,154	130,290	78	2,290,258
1992	171,995	166,522	97	3,035,601
1993	204,871	196,501	96	2,806,517
1994	213,842	211,765	99	2,567,978
1995	220,959	220,585	99	2,330,764

CITY OF MODESTO
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years

Year Ended June 30,	Population (1)	Gross Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Monies Available (4)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1986	134,282	\$ 3,288,436,900		\$ 11,932	\$ (11,932)		
1987	140,331	3,664,972,493		6,619,597	(6,619,597)		
1988	144,682	4,043,505,007		3,070,173	(3,070,173)		
1989	152,100	4,543,632,456		3,767,698	(3,767,698)		
1990	164,730	4,953,505,093		4,382,605	(4,382,605)		
1991	172,304	5,831,708,498		4,817,831	(4,817,831)		
1992	174,210	6,352,127,442		5,657,006	(5,657,006)		
1993	178,519	6,690,324,509		5,754,903	(5,754,903)		
1994	180,320	6,875,632,266		5,708,120	(5,708,120)		
1995	181,783	6,939,538,869		5,277,602	(5,277,602)		

- Notes: (1) Population based on State Department of Finance Estimates and Decennial Census.
(2) Source of Data: Stanislaus County Assessor.
(3) Includes all general obligation bonded debt.
(4) Includes amount available for bonded debt only.

CITY OF MODESTO
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 1995

Net assessed value (1)		\$ 6,719,547,732
Plus homeowners' exemption (1)		<u>219,991,137</u>
Gross assessed value (1)		\$ 6,939,538,869
Debt limit - 15% of gross assessed value (2)		\$ 1,040,930,830
Amount of debt applicable to debt limit:		
Total general bonded debt, including special assessment debt	\$ 2,495,000	
Less: Assets in debt service funds available for payment of principal	\$ 5,277,602	
Other deductions: Special assessment debt	<u>2,495,000</u>	
Total deductions		7,772,602
Total amount of debt applicable to debt limit		<u>0</u>
Legal debt margin		\$ <u>1,040,930,830</u>

Notes: (1) Source of Data: Stanislaus County Assessor; Last Equalized Roll
(2) Section 43605 California Government Code.

CITY OF MODESTO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 1995

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Modesto (2)</u>	<u>Amount Applicable to City of Modesto</u>
City of Modesto		100%	
School Districts:			
Ceres Unified District		10.0	
Empire Union School District	\$ 258,660	35.0	\$ 90,531
Modesto Elementary School District	23,643,302	72.5	17,141,394
Modesto High School District	35,942,918	68.5	24,620,899
Sylvan School District	14,246,628	85.0	12,109,634
Salida Union Elementary District	1,190,936	27.0	321,553
Stanislaus Union School District	<u>6,231,951</u>	33.0	<u>2,056,544</u>
Total	<u>\$ 81,514,395</u>		<u>\$ 56,340,555</u>

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

(1) Gross debt outstanding less applicable amounts in debt service funds.

(2) Determined by ratio of assessed valuation of property subject to taxation in overlapping portion to valuation of all property subject to taxation in the jurisdiction.

IN AMOUNT APPLICABLE COLUMN @ROUND FOR CALCULATION

CITY OF MODESTO
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED
DEBT TO TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Principal (1)</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures(2)</u>	<u>Percentage of Debt Service to Total General Expenditures</u>
1986				\$ 38,579,056	
1987				45,026,487	
1988				48,082,451	
1989				52,009,663	
1990				57,759,162	
1991				63,907,207	
1992				68,501,031	
1993				70,110,285	
1994				66,247,981	
1995				69,998,248	

NOTES: (1) Includes only long-term general obligation debt.
(2) Includes General, Special Revenue, and Debt Service Funds.

CITY OF MODESTO
CONTINUING DISCLOSURE REQUIREMENTS INFORMATION
Year Ended June 30, 1995

Modesto Irrigation District Financing Authority
Domestic Water Project Revenue Bonds, Series 1995C (1)

Fiscal Year	City Municipal Water System		
	Service Area Total Production (Million Gallons)	Typical Monthly Residential Account Service Charges	Average Rate Increase (%)
1990	N/A	\$ 7.31	30%
1991	14,155	9.50	30
1992	13,653	12.83	35
1993	14,566	16.68	30
1994	15,066	21.68	30
1995	14,772	21.68	0

(1) Water Fund parity debt obligation, issued July 1995 by the Modesto Irrigation District Financing Authority, on behalf of the City, and pursuant to the 1992 Treatment and Delivery Agreement between the District and the City. Disclosure of water system revenues and expenses is contained in the Enterprise Funds Combining Statement of Revenues, Expenses and Changes in Retained Earnings on page 88.

Note: Though not required until the financial period ending June 30, 1996, this information is included for early compliance with continuing disclosure requirements under recent amendments to Securities and Exchange Commission Rule 15c2-12.

CITY OF MODESTO
REVENUE BOND COVERAGE
WASTEWATER TREATMENT FACILITY REFUNDING REVENUE BONDS, SERIES 1987 AND 1993

Year Ended June 30,	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1988	\$ 8,426,750	\$ 4,940,095	\$ 3,486,655		\$ 356,857	\$ 356,857	9.77
1989	11,072,846	5,558,010	5,514,836	\$ 395,000	842,767	1,237,767	4.46
1990	12,680,004	6,072,390	6,607,614	325,000	824,220	1,149,220	5.75
1991	12,407,613	7,566,310	4,841,303	350,000	805,303	1,155,303	4.19
1992	13,643,802	7,011,203	6,632,599	385,000	766,050	1,151,050	5.76
1993	15,429,482	7,281,669	8,147,813	405,000	741,945	1,146,945	7.10
1994	16,411,093	7,480,437	8,930,656	630,000	1,099,435	1,729,435	5.16
1995	17,396,410	8,349,453	9,046,957	730,000	1,063,798	1,793,798	5.04

Notes: (1) Gross revenue consists of operating revenue, interest and rental income, and connection fees less operating revenues and interest income of the Modesto Municipal Sewer District and storm drainage fees.

(2) Total sewer fund operating expenses exclusive of depreciation and storm drainage operating expenses.

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

Year Ended June 30,	Construction		Residential Construction		Property Value (2)		Bank Deposits (3)
	# Units (1)	Value	# Units (1)	Value	Total	Nontaxable	
1986	63	\$ 20,577,334	2,384	\$ 118,367,024	\$ 3,366,680,900	\$ 244,037,966	\$ 948,438,000
1987	61	17,592,612	2,694	146,109,445	3,664,972,493	268,566,913	1,079,688,000
1988	68	24,521,551	2,378	136,465,568	4,043,505,007	286,957,269	1,111,664,000
1989	78	45,346,233	3,356	189,119,544	4,543,632,456	320,179,235	1,205,075,000
1990	89	33,201,975	2,406	166,993,659	4,953,505,093	337,405,968	1,311,075,000
1991	66	22,624,801	676	36,793,055	5,831,708,498	354,012,918	1,282,447,000
1992	59	28,048,835	779	50,009,172	6,352,127,442	371,362,035	1,381,772,000
1993	25	14,098,213	573	48,157,880	6,690,324,509	386,169,908	1,894,814,000
1994	37	12,630,070	371	28,438,513	7,061,439,622	409,747,488	1,339,853,000
1995	24	10,875,094	262	23,249,474	7,146,448,918	434,451,094	N/A

Source of Data: (1) City of Modesto, Building Inspection Division, Community Development Department.

(2) Stanislaus County Assessor.

(3) Source-Findley Reports, Inc., Anaheim, CA. Latest information available is for 1994.

CITY OF MODESTO
PRINCIPAL PAYERS OF PROPERTY TAX
Year Ended June 30, 1995

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>Percent of Total</u>
National Medical Hospitals	Medical	\$ 108,044,896	2.23 %
Teachers Insurance & Annuity Association	Shopping Centers	77,586,401	1.65
Foster Farms Dairy	Food Processing	56,792,959	1.04
Liljenquist Modesto Co.	Real Estate	40,344,598	0.86
McClatchy Newspapers	Publishing	39,686,646	0.73
General Foods	Food Processing	38,354,248	0.81
Stanislaus Partners	Food Processing	29,698,359	0.55
Basic Vegetable Products	Food Processing	27,968,352	0.59
Fifteen-24 Mc Henry Investors	Medical Building	18,764,130	0.40
Lyon Development Association	General Contractors	18,606,227	0.36
			<u>9.22</u>
All others			90.78
			<u>100.00 %</u>

Source of Data: Stanislaus County Tax Collector.

CITY OF MODESTO
SCHEDULE OF INSURANCE POLICIES IN FORCE
June 30, 1995

Coverage	Company	Policy Number(s)	Limits of Liability	Term	Premium	Retention or Deductible
Airport Comprehensive Gen. Liability Hangerkeepers Legal Liability Contractual Liability	National Union	AP3223414	\$ 25,000,000	4/1/95-4/1/96	\$ 13,835	\$ 250 Hangerkeepers
Gen. Liability Auto Liability Errors & Omissions (excludes Airport)	ACCEL	ACC 9596	\$ 19,000,000	7/1/95-7/1/96	\$262,172	\$ 1,000,000 (SIR)
Boiler & Machinery	Kemper Ins.	3XL134901-00	\$ 50,000,000	4/1/95-4/1/96	\$ 8,698	\$ 5,000 all objects except: \$50,000 all objects over 350 hp or 2500 kw/kva/amps or 10,000 sq. ft. \$250,000 all objects over 750 hp or 10,000 kw/kva/amps or 100,000 sq. ft.
City Property (buildings & contents) Fire Trucks-(Collison) All vehicles Flood (\$1 million)	PEPIP	Various	\$250,000,000 per location \$500,000,000 per occurrence	5/15/95-5/15/96	\$ 69,180	\$ 5,000 \$ 25,000 Flood
Tuolumne River Regional Park Errors and Omissions	Insurance Co. State of PA	47954145	\$ 5,000,000	4/1/95-4/1/96	\$ 2,079	\$ 0
Workers' Compensation	National Union	4154341	\$ 2,000,000	7/1/95-7/1/96	\$ 32,964	\$ 400,000 (SIR)
Faithful Performance and Crime Bond (All Officers & Employees)	Hartford	PEBJQ5959	\$ 1,000,000	4/1/95-4/1/96	\$ 7,049	\$ 5,000

Source of data: City of Modesto Risk Manager

CITY OF MODESTO
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
June 30, 1995

<u>Name and Title of Official</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
J. Edward Tewes, City Manager	\$ 97,590	\$ 25,000
Norrine Coyle, City Clerk/Auditor	56,580	50,000
Judy Hall, Assistant City Clerk/Auditor	39,402	50,000
Kevin Riper, Director of Finance	79,044	500,000
All Other Employees		25,000

Source of data: City of Modesto City Clerk/Auditor

CITY OF MODESTO
DEMOGRAPHIC AND MISCELLANEOUS STATISTICAL DATA
June 30, 1995

Date of incorporation	August 6, 1884
Date of adoption of present City charter	January 14, 1963
Form of government (March 12, 1951)	Council-Manager
Elevation	91 feet
Area in square miles	33.83

Demographic statistics:

Population (1):

1910	4,034
1920	9,241
1930	13,842
1940	16,379
1950	17,389
1960	36,585
1970	61,712
1980	106,963
1990	164,730
06/30/95	181,783
Projected 2000 (Dept. of Finance)	235,100

Housing units:

1980 (2)	42,570
1990 (3)	60,878
1995 (1)	65,176

Median housing unit value (3)	\$130,700
Median monthly rent (3)	\$448
Median age (3)	29
Median family income (3)	\$34,500

Education level of population 25 or older (3):

Elementary	25.3%
High School	58.9%
College	15.8%

Election Information:

Registered voters, last general municipal election	81,554
Votes cast, last municipal election	36,210
Percentage of voter balloting	44.4

(Continued)

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

CITY OF MODESTO
DEMOGRAPHIC AND MISCELLANEOUS STATISTICAL DATA (continued)
June 30, 1995

Permanent employees authorized	1,042
Fire Protection: Underwriter's Classification - Class 2	
Fire Stations	10
Positions authorized	156
Number of fire hydrants	5,900
Police Protection:	
Police Station	1
Area command offices	4
Positions authorized	318
Number of vehicles	149
Recreational Areas (acres):	
Developed Parks	
52 fully or partially developed	387.24
Undeveloped Parks	
8 Neighborhood	42.46
1 Community	25.00
1 Area	100.00
Total: 10 Undeveloped Parks	167.46
Special Facilities	
1 Baseball stadium	20.00
3 Golf courses	363.29
Total: 4 Special Facilities	383.29
Total Recreational Areas	937.99
Building Permits:	
Permits issued in 1994-95	3,849
Estimated cost of construction	\$93,600,718
Streets:	
Streets, paved or oiled (miles)	553
Street lights	12,850
Traffic signals	196
Parking Facilities:	
Number of parking lots	22
Number of off-street parking spaces	2,215

(Continued)

CITY OF MODESTO
DEMOGRAPHIC AND MISCELLANEOUS STATISTICAL DATA (continued)
June 30, 1995

Elderly and handicapped van service:

Number of vehicles	9
Seating capacity vans	16
Average daily number of passengers	275
Average miles per month	43,200

Airport:

For year ended June 30, 1995

Number of passengers enplaned	19,971
Number of passengers deplaned	20,434
Total aircraft movements	67,437
Annual fuel consumption in gallons	634,101
Total number of tenant aircraft	183
Total acreage	450
Parking apron acreage	9
Aircraft tie down acreage	26
Automobile parking acreage	10
Length of longest runway in feet	5,911
Number of hangars	23
Number of air carriers scheduled per day	6
Number of runways	2

Bus Service:

Number of buses	33
Number of routes	17
Miles of routes	232
Seating capacity per bus	36
Average daily number of passengers	6,300
Average miles per month	109,000
Frequency of service	30 min. & 60 min.

Sewer Service:

Plant capacity in gallons per day	62,500,000
Miles of storm sewers	75
Miles of sanitary laterals	422
Miles of sanitary trunks and industrial	75

Water Service:

Average daily consumption in gallons	39,600,000
Number of wells	58
Miles of water mains	640

Sources of data: Various City departments