

CITY OF MODESTO



McHENRY MUSEUM

2024-2025

Popular Annual
Financial Report

Fiscal Year Ended
June 30, 2025

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About Modesto

Located in the San Joaquin Valley, Modesto is the County Seat of Stanislaus County. It is also the retail, service, and financial center of Stanislaus County and the Northern San Joaquin Valley.

The City currently occupies a land area of 37.8 square miles and serves a population of 218,989 residents. The City has a diverse economy and population with a strong sense of **community pride**. Modesto was Incorporated as a municipal city in 1884, the City adopted its City Charter on March 12, 1951, with a Council-Manager form of government.

Modesto is a full-service city that provides police and fire; public works; water and sewer services; community and economic development; parks and recreation; and cultural and convention visitor services.

The City's financial reporting entity includes all funds and activities of the City as the primary government and its component units, which are legally separate entities that operate under the guidance of the City and **provides services to the residents of Modesto**.

The annual operating budget serves as the foundation for the City's financial planning and control. The proposed budget is adopted annually prior to July 1 by Council ordinance.

Learn more at modestogov.com.

Modesto City Council



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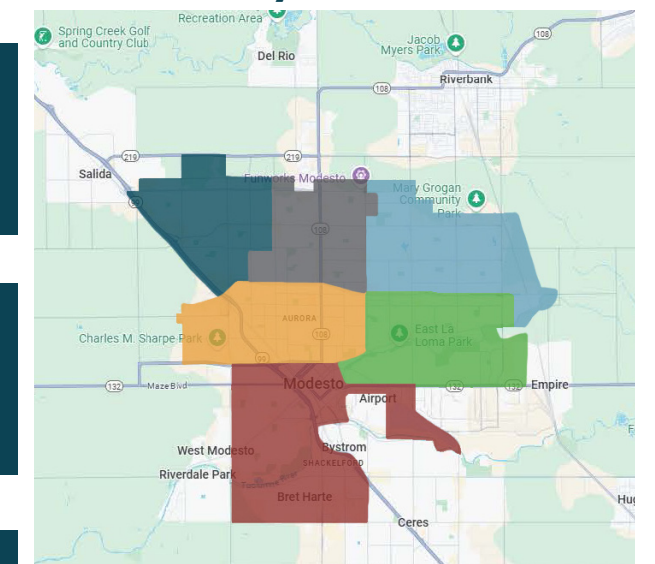


David Wright
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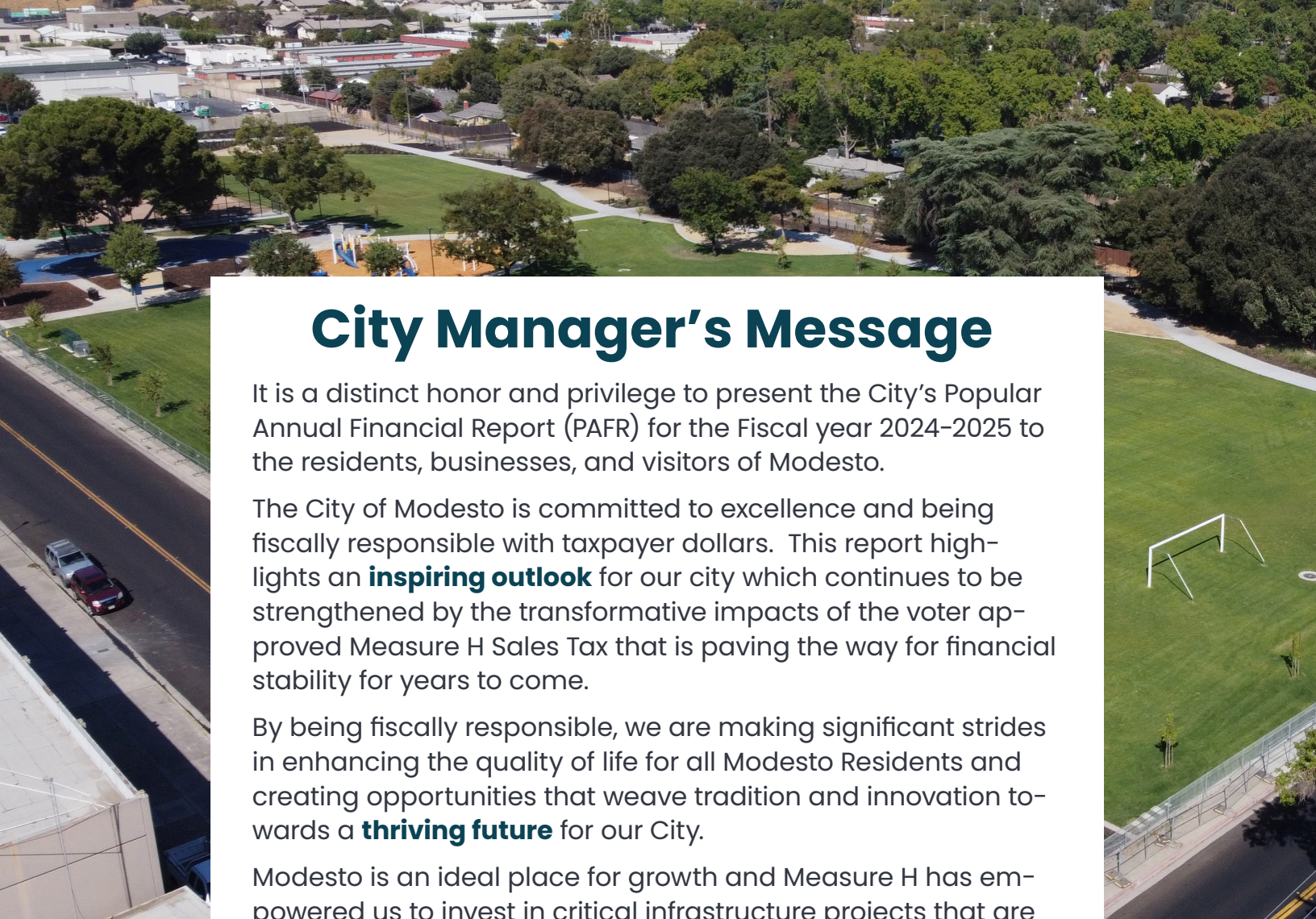
The Modesto City Council is the City's **legislative body** and is made up of seven elected officials serving overlapping four-year terms. The Mayor is elected at-large by the entire City, while the six Council members are elected by district and are limited to two terms.

The Council sets policies and tax rates, approves budgets, passes ordinances and resolutions, which **govern the City**. The Council appoints citizens to advisory boards, committees, and commissions, as well as appoints the City Manager, City Attorney, City Clerk, and City Auditor. The City Manager is responsible for carrying out Council policy and managing the day-to-day affairs of the City.

Modesto City Districts



- District 1
- District 2
- District 3
- District 4
- District 5
- District 6



City Manager's Message

It is a distinct honor and privilege to present the City's Popular Annual Financial Report (PAFR) for the Fiscal year 2024-2025 to the residents, businesses, and visitors of Modesto.

The City of Modesto is committed to excellence and being fiscally responsible with taxpayer dollars. This report highlights an **inspiring outlook** for our city which continues to be strengthened by the transformative impacts of the voter approved Measure H Sales Tax that is paving the way for financial stability for years to come.

By being fiscally responsible, we are making significant strides in enhancing the quality of life for all Modesto Residents and creating opportunities that weave tradition and innovation towards a **thriving future** for our City.

Modesto is an ideal place for growth and Measure H has empowered us to invest in critical infrastructure projects that are rejuvenating our city. **Every dollar spent in Modesto, makes a difference.** From sidewalk repairs to improved public safety initiatives, the City of Modesto is focused on providing a safe, engaging, and affordable place for residents to call home.

Collaboration and trust among our residents, businesses, and community organizations allow us to stand together, turning shared resources into lasting progress for Modesto.

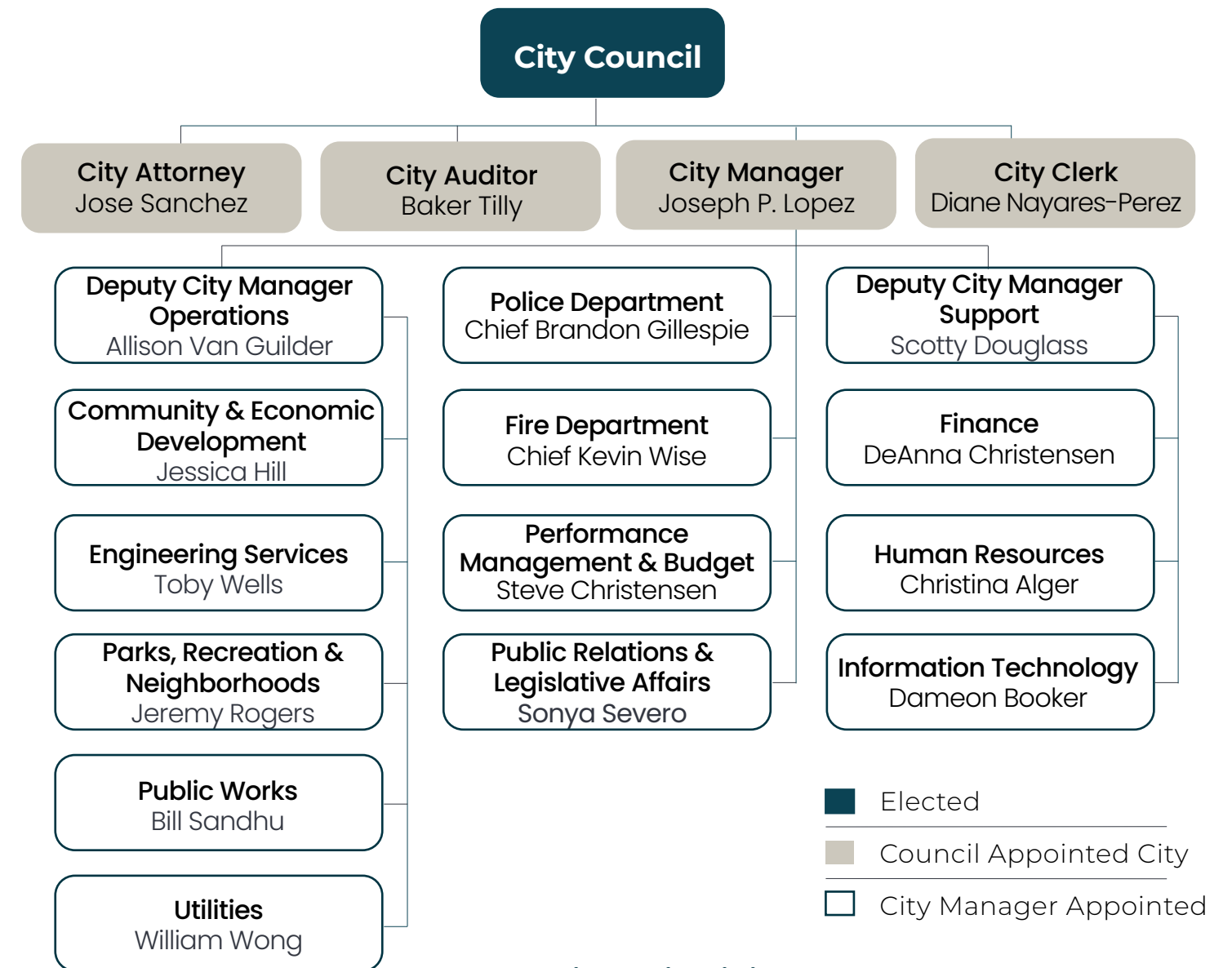


Sincerely,

Joseph P. Lopez
Modesto City Manager

City of Modesto Leadership

Modesto has a Council-Manager form of government. Voters elect the City Council to serve as the policy-making board of the City. The Council, in turn, appoints a City Manager to administer these policies. This is the City of Modesto Organizational Chart.



- Elected
- Council Appointed City
- City Manager Appointed

Strategic Priorities

In the City's 2020-2025 Strategic Plan the City Council members reaffirm three strategic priorities. The City leadership focuses on these priorities and they are the basis of our scorecard that measures success and upon which our performance metrics are built.

ECONOMIC VITALITY

Retain and attract residential, commercial, and industrial development to meet the community's needs today and for the next generation.

QUALITY OF LIFE

Engage with partners across the community to ensure the safety, resilience, and attractiveness of Modesto.

GOVERNANCE & SERVICE DELIVERY

Build community trust in City government through responsive, transparent, and efficient service delivery.



Our Local Economy

Modesto is at the heart of California’s Central Valley, driving a vibrant regional economy valued at over \$1 trillion within a 100-mile radius.

Long known for its agricultural base, Modesto has evolved into a diverse economic center driven by manufacturing, healthcare, education, retail, and bio-industrial innovation.

Economic indicators reflect steady progress: multifamily rents are up 2.3% from 2024, and building permit activity ended with a total of 4,585 permits issued with a valuation of approximately \$241 million; signaling ongoing construction and investment despite a modest housing price adjustment.

Major employers like E.&J. Gallo Winery and Datapath showcase Modesto’s blend of tradition and innovation. Expanding Kaiser Permanente and Sutter Health Facilities reinforces the City’s role as a regional health care hub. With abundant biomass resources and leadership in the emerging circular economy, Modesto is well positioned for **sustainable and inclusive growth** in the years ahead.



219,765
Total Population



\$81,728
Median Resident Income



\$451,075
Average Home Value



\$1,583
Average Rental Price



4,585
Building Permits Issued



34.79
Median Resident Age



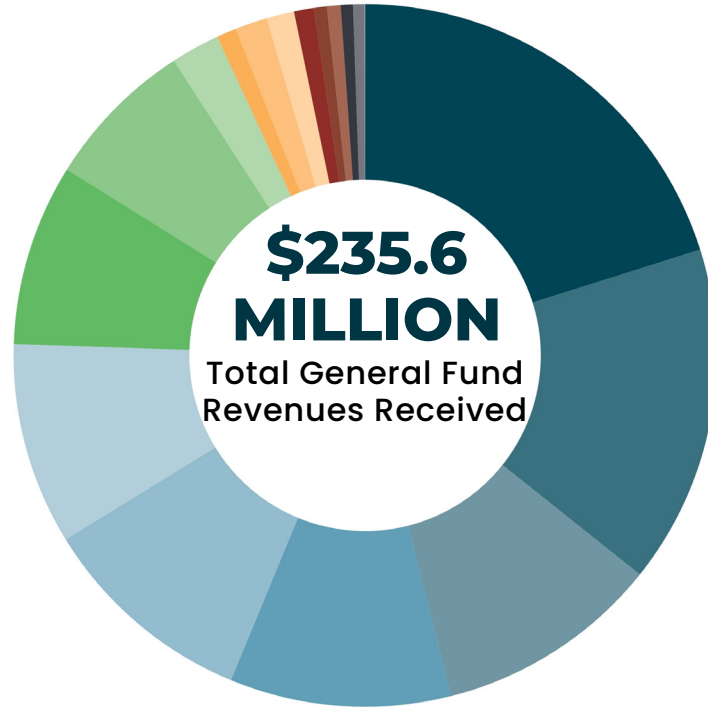
5.4%
City Unemployment Rate

General Fund Revenues FY 24-25

Where the Money Comes From: Actual General Fund Revenues Received

Revenues came in at \$235.6 million. These amounts include Transfers In and the second full year of Measure H revenue which is rolled up into the General Fund for financial reporting purposes.

- \$47.21 Sales Tax (Measure H)
- \$36.60 Sales and Use Tax
- \$24.28 Property Tax
- \$23.85 Property Tax (Vehicle License Fee Swap)
- \$23.45 Utility Users Tax
- \$21.78 Intergovernmental (Other)
- \$19.63 Charges for Services
- \$16.33 Business License/Mill Tax
- \$5.27 Franchise Fees
- \$3.49 Transient Occupancy Tax
- \$3.28 Cannabis Tax
- \$2.98 Interest and Rent
- \$2.13 Transfers In
- \$1.40 Fines and Forfeits
- \$1.33 Intergovernmental (State)
- \$2.12 Other Revenues
- \$0.47 Other Financing Proceeds
- \$0.04 Intergovernmental (County)



Revenue is defined as income received from taxes and other sources to pay for government expenditures.

Note: All \$ in millions

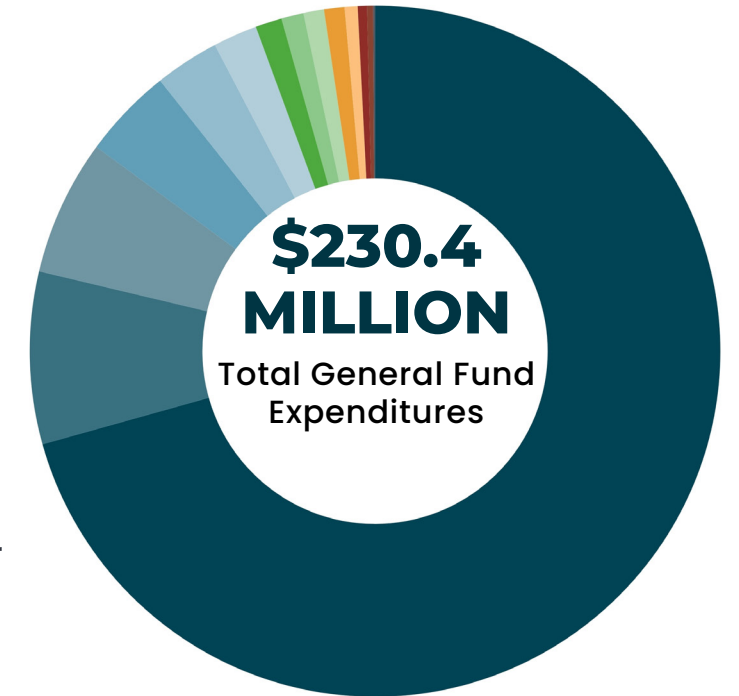
The figures represented in these charts agree, in totality, to figures shown for revenues in the City of Modesto's ACFR (Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds) for the General Fund in FY 2024-25.

General Fund Expenditures FY 24-25

Where the Money Goes: Actual General Fund Expenditures by Department

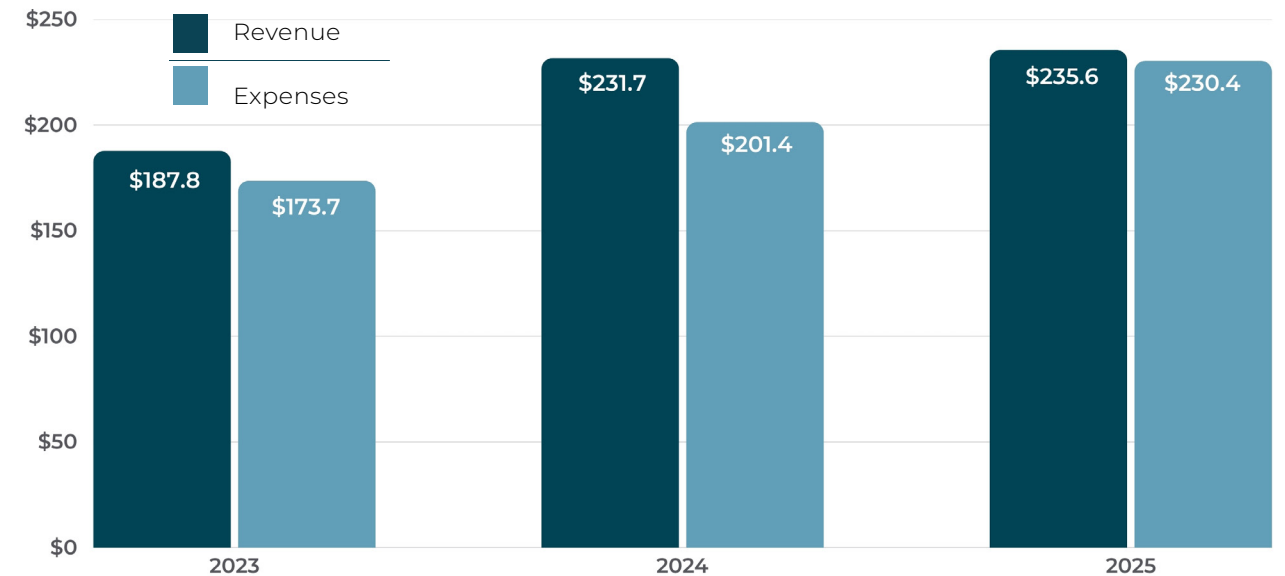
In FY 2024-25 the General Fund had total expenditures and transfers out to other departments in the amount of \$230.4 million.

- \$162.80 Public Safety
- \$18.56 Parks, Recreation & Neighborhoods
- \$14.62 Transfers Out
- \$9.79 Community & Economic Development
- \$6.95 Finance Department
- \$4.76 Public Works
- \$2.86 City Manager's Office
- \$2.40 Debt Service
- \$2.22 City Attorney's Office
- \$2.20 Human Resources
- \$1.40 City Clerk's Office/City Auditor
- \$0.99 Office of Performance Management & Budget
- \$0.65 City Council
- \$0.21 Non-Departmental



Expenses is defined as the purchase of goods and payment of services that enable a government to achieve its goals.

General Fund Revenue vs. Expenditure Three Year History



Financial Highlights

City of Modesto's Overall Financial Health

Note: All \$ in thousands. All data as of June 30, 2025.

	Governmental Activities		Business-type Activities		Total	
	2025	2024 (Restated)	2025	2024 (Restated)	2025	2024 (Restated)
Current & Other Assets	\$432,541	\$420,559	\$372,221	\$344,726	\$804,761	\$765,285
Capital Assets	\$357,164	\$359,165	\$920,905	\$879,750	\$1,278,069	\$1,238,915
Total Assets	\$789,705	\$779,724	\$1,293,126	\$1,224,476	\$2,082,830	\$2,004,200
Deferred Outflows of Resources	\$77,314	\$97,922	\$22,946	\$28,112	\$100,260	\$126,034
Current & Other Liabilities	\$51,978	\$45,792	\$82,493	\$39,403	\$134,471	\$85,195
Long-term Liabilities	\$459,207	\$468,172	\$306,185	\$325,502	\$765,393	\$793,674
Total Liabilities	\$511,185	\$513,964	\$388,678	\$364,905	\$899,864	\$878,869
Deferred Inflows of Resources	\$14,088	\$15,368	\$17,201	\$13,932	\$31,289	\$29,300
Net Investment in Capital Assets	\$348,312	\$347,825	\$682,392	\$628,224	\$1,030,704	\$976,050
Restricted Net Position	\$230,262	\$83,917	\$3,818	\$15,884	\$234,079	\$99,800
Unrestricted Net Position	-\$236,829	-\$83,428	\$223,983	\$229,643	-\$12,846	\$146,215
Total Net Position	\$341,745	\$348,314	\$910,193	\$873,751	\$1,251,937	\$1,222,065



The City's total net position increased by \$29,872,820 during the current fiscal year and was largely due to a net increase in current & other assets from the amount held in the prior fiscal year. The increase in current & other assets can be mainly attributed to an increase in charges for services, an increase in operating grants and contributions, and an increase in unrestricted earnings due to **careful management** of the investment portfolio for the City's investment funds.



As of June 30, 2025, the City's governmental funds reported combined fund balances of \$279,519,944 an increase of \$24,392,641 in comparison with the prior year's amount of \$255,127,303, as restated, due mainly to revenues generated higher than expenditures incurred during the fiscal year.



As of June 30, 2025, 61.3% of the General Fund balance, \$54,106,955 is available to meet the City's current and future needs (General Fund unassigned fund balance/inclusive of Measure H Funds).

Allocation of Your Tax Dollars



The assets of the City exceeded liabilities at the close of the 2025 fiscal year by \$1,251,937,912 (total net position). Of this amount, \$234,079,873 is restricted for a specific purpose (restricted net position), \$1,030,704,255 is invested in capital assets, net of related debt and (\$12,846,216) is unrestricted (unrestricted net position).



The largest portion of the City's net position, \$1,030,704,255 (82.3% percent), reflects its investment in capital assets (e.g. land, water rights, buildings, improvements, furnishings and equipment, pipelines, leases – right to use, Subscription-Based Information Technology Arrangements (SBITAs) – right to use and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to **provide services to citizens**; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of debt and related deferred outflows and inflows, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



Financial Highlights Cont.

Change in Net Position Enterprise Funds

Note: All \$ in thousands. All data as of June 30, 2025.

Revenues	Business-Type Activities	
	2025	2024 (Restated)
Charges for Services	\$199,240	\$185,031
Operating Grants & Contributions	\$2,561	\$844
Capital Grants & Contributions	\$7,223	\$8,019
Other	\$19,016	\$18,469
Total Revenues	\$228,040	\$212,363
Expenses		
Water	\$92,738	\$89,753
Sewer	\$64,696	\$54,103
Parking	\$2,573	\$2,567
Storm Drain	\$7,648	\$7,171
Compost	\$14,154	\$14,641
Airport	\$2,008	\$1,758
Golf	\$3,598	\$3,437
Community Center	\$1,873	\$2,027
Abatement & Public Nuisance	\$87	\$381
Total Expenses	\$189,375	\$175,838
Increase in Net Position Before Transfers	\$38,665	\$36,525
Transfers	-\$2,224	-\$1,975
Change in Net Position	\$36,441	\$34,550
Total Net Position (Start of the Year)	\$873,751	\$839,202
Total Net Position (End of the Year)	\$910,192	\$873,752

The City receives 22 cents of every tax dollar from Generated Sales Tax.

Note: Does not apply to Measure H Sales Tax



68¢

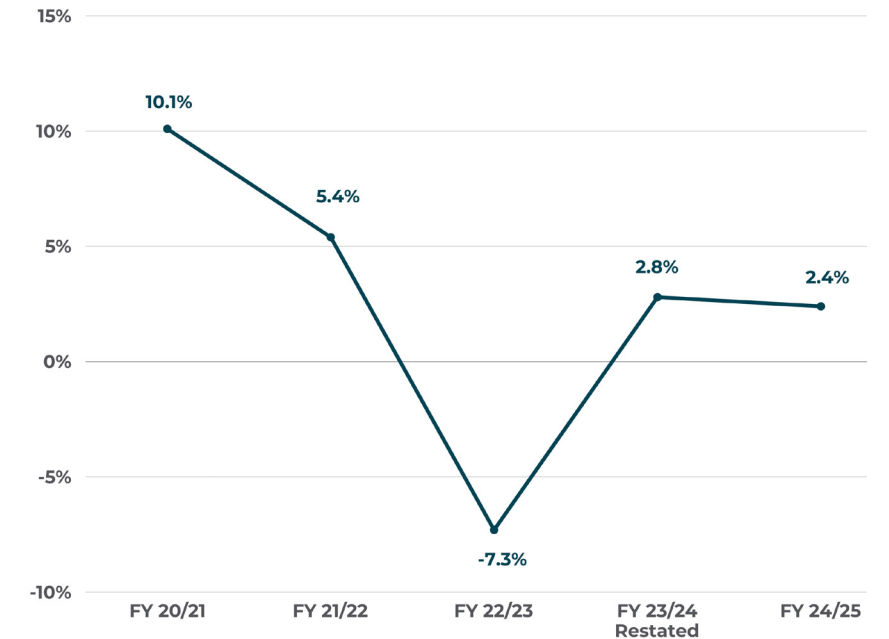
22¢

10¢

- State
- Modesto
- County

% Change in Total Net Position

Net position, over time, may serve as a **useful indicator** of a government's financial position. The key consideration in analyzing net position is the direction and speed at which it is either increasing or decreasing, not the amount itself. The City's overall net position increased by 2.4% in Fiscal Year 2025 when compared to the 2024 Restated net position. This is a slight decrease of 0.4% in terms of the total percentage rate of change when compared to the prior year but still an increase in the positive direction for Fiscal Year 2025. This is attributed to an increase in long-term liabilities held by the City in Fiscal Year 2025 as compared to Fiscal Year 2024.



Allocation of Your Tax Dollars Cont.



At the end of the fiscal year, the General Fund balance was \$88,252,272 or 40.9% of total General Fund expenditures. Of this, \$1,621,755 is the restricted fund balance. The unassigned fund balance of \$54,106,955 represents 25.1% of total General Fund outflows. The City Council has adopted a **goal of maintaining a General Fund reserve at a minimum level** of no less than the average of two months of regular General Fund operating expenditures. Please note that the balances described include the Measure H Fund balances as well. For reporting purposes, in the Annual Comprehensive Financial Report (ACFR) the Measure H Fund rolls up into the General Fund.



The City's total long-term liabilities showed a net decrease of \$28,280,629 in comparison with the prior year. This decrease was attributed to a reduction in debt from the principal payments made during the fiscal year and net position liabilities, net of an increase in other post employment benefits liabilities.

Measure H

On November 8, 2022, the Modesto voters approved Measure H, a one-cent local sales tax for general services.

With the passage of Measure H, the City began collecting sales tax revenue in April of 2023. While the sales tax revenue generated by Measure H can be used for any general City purpose, the ordinance language did identify examples of expenditures that allow the City to **proactively develop** a plan to improve City services and the quality of life in Modesto.



The Measure H expenditures include funding to address:

- Police patrols, gang, drug, and crime prevention.
- Fire protection, paramedic, and 911 emergency response.
- Homelessness.
- Blight abatement.
- Keeping streets, parks, sidewalks, landscapes, and infrastructure safe, clean, and well-maintained.



On the City of Modesto Website, there is a Paid for by Measure H project map that shows the location of completed projects that were funded by Measure H.

View the map at: modestogov.com

Measure H provides the City an estimated \$48 million annually.

As part of the ordinance language that was passed with Measure H, a citizen Oversight Board was created to audit the revenues and expenditures of the new sales tax to ensure that funds are being spent appropriately by the City and for the purposes approved by Council.

Measure H Sales Tax is estimated to bring in an additional amount estimated at over \$48 million annually. This funding will be critical in the City's ability to provide **improved and sustainable** services to the citizens of Modesto.

Measure H Funds:

Park Improvements such as playground replacements, sport court renovations, park lighting, restroom replacements, concrete repairs, and tree trimming.



Measure H Funds:

The Interim Housing program via a Motel Voucher Program and Revolving Loan Fund for Accessory Dwelling Unit (ADU) development.

Measure H Funds:

The Pelandale Street Landscape Project design work and new Parking Access Revenue Control Systems at the three Downtown Garages: located at 9th, 10th, and 11th Street.



Quality of Life

The City of Modesto strives to create a safe, attractive, connected, and culturally rich environment for residents, businesses, and visitors to our community.


Modesto is committed to being a welcoming, vibrant, and well-maintained community. It is a place where residents enjoy safe, sustainable, and engaging neighborhoods with cultural vitality.

The City partners with local organizations and businesses, such as Visit Modesto, to promote arts, entertainment, recreation, and tourism in Modesto, highlighting year-round events such as the historic cruising culture, Art Walks, Porchfest Community Music stroll, City parks and trails, the Tuolumne River, and much more.

Modesto truly offers something great for everyone, not only in our City, but in Stanislaus County.

The City invests in beautification efforts including blight abatement, public safety, affordable housing, recreation programming, forestry services, water infrastructure, streets, long-term economic development planning, and additional services that create a thriving and sustainable future for Modesto.

The City also provides prime access to major highways and a municipal airport, as well as public transit options that make our community accessible for all residents.


Forestry Division
Resolved 2,980 broken tree limb issues, removed 772 trees and 634 stumps.




Solid Waste Division
Recycled 4,511 waste tires, 5,826 mattresses, and collected over 465.28 tons of illegal dumping




Senior Citizens Center
Provided a wide array of programming, with over 35,000 participants attending this past year




Parks, Recreation, & Neighborhoods
Held 38 events with over 41,000 participants and partnered on an additional 21 events with almost 9,000 participants.




Modesto Junior Giants
Completely free, youth baseball and softball league with 790 participants. Programming focused on leadership, and teamwork.




Parks Planning Division
With Measure H funding, completed the replacement of playground structures at six parks including Lakewood Park and Riverside Park.



McHenry Museum
Curated six exhibitions including the Legacy of Lowriding and 150 Years of Modesto Fire Department with a total of 4,867 guests.




McHenry Mansion
Partnered with the Stanislaus County Library to host a Spooktacular event along with family Storytime where over 800 residents attended.



Aquatics Programs
Provided swim lessons, adult water exercise, and certification courses at five different pool locations with almost 4,000 participants.



Mary Grogan Community Park
Visited by over 120,000 players and spectators. Seven soccer fields were rented over 2,000 times and generated over \$330,000 in revenue.



Homeowner Rehabilitation Program
Distributed \$217,968 in loans and grants to a total of eight eligible households with health and safety repairs.



Modesto Fire Department
Allocated Measure H funding to invest in public safety with the purchase of five fire trucks; expected delivery is in 2028.

Economic Vitality

Providing essential services for the residents of Modesto while building a thriving and sustainable future.


The Economic Development Division 5-year Economic Development and Action Plan was approved by the City Council in June of 2025. The plan, in alignment with the General Plan 2050 update, guides **economic development and growth** for Modesto.


Increased availability of housing is a top priority for the City Council. The Planning Division process and approved several subdivision projects, including but not limited to 554 homes for the Solana Subdivision, 189 homes for the Bridges, 185 homes for the Martin Project, and 74 home for Olivewood.





The City successfully completed and hosted the grand opening of Jenny's Place, 54 units of **permanent supportive housing** at the former Travelers Motel located at 710 9th Street.


The Public Works Traffic Division installed two High Intensity Activated Crosswalks (HAWK) beacons at the Modesto Farmers Market. These new pedestrian activated crosswalks have made popular street crossing **safer for pedestrians** and drivers alike.


- 

Compost Division
Processed over 44,925 tons of residential and commercial organics into compost.
- 


Streets Division
Completed 42.29 lane miles of crack seal application and 223.79 lane miles of slurry seal application.
- 


Streets Division
Completed 55,533 square feet of sidewalk repair and 11,651 linear feet of curb and gutter repairs.
- 


Traffic Operations Division
Replaced and repaired 1,544 traffic signs and completed 184,252 square feet of striping for legends and crosswalks.
- 


Building Safety Division
Brought 173 unpermitted or substandard buildings into compliance with the applicable building codes.
- 


Workforce Development
Co-hosted a community wide job fair and hiring event connecting 500 residents to new employment opportunities.


- 

Economic Development Division
Supported investment in downtown with providing occupancy incentive grants to businesses such as Con Azucar and Penny University.
- 

Utilities Engineering
Upgraded the water main from a 4" main to a 8" main on Colorado Ave. from South Ave. to Garden Ave. as part of the River Trunk Realignment
- 

Utilities Engineering
Removed nonfunctional rock wells and stormwater sanitary sewer cross-connections and installed new storm drain piping at J.M. Pike Park.
- 

Water Service & System Maintenance
Responded to 1,021 City water leaks, installed 56 new water service connections, and replaced 145 large meters with ultrasonic units.
- 

Water Conservation
Facilitated outreach events at Earth Day, Love Modesto, RecFest, National Night Out, Imagine a Day With Out Water and many more community events.
- 

Utilities Water Quality Initiatives
Collected 5,560 water samples and produced 16.27 billion gallons of safe, clean water for Modesto.



Governance & Service Delivery

Demonstrating the City's ability to meet the needs of the community efficiently.

The Modesto Police Department made history as the first police department in California to become Autism Certified through the International Board of Credentialing and Continuing Education Standards, ensuring our officers are better equipped to connect with every member of our diverse community.

Fiscal year 2024-2025 marked the first full year of service for Sky 1, Modesto Police Department's dedicated air support unit. Sky 1 logged over 930 flight hours, responded to more than 2,900 calls for service, and was first on scene over 2,000 times, providing critical support to officers on the ground.

The impact to public safety has been outstanding.

Governance & Service Delivery Cont.


The Modesto Police Department welcomed over 70 new team members, bringing in fresh talent, dedication, and a **shared commitment to serving our community** with integrity and professionalism.

Together, we're building a stronger team to keep Modesto safe and thriving.

The Finance Department implemented a new public bidding solution, OpenGov, to manage the life-cycle of the City's bidding solicitation process for goods and services that benefit the residents of Modesto.


The Purchasing Division provided a Vendor Management training to all City prospective bidders on how to submit successful bid proposals. This allows businesses to compete effectively for city contracts and ensures compliance with City regulations and requirements.

Whether it's welcoming new businesses to the community or supporting our most vulnerable residents, **Modesto is forging a path of prosperity for generations to come.**




Utility Billing

Implemented a new Courtesy Leak Adjustment Program via electronic submission when a customer experiences an increase in water use due to a leak.



Forestry Division

Received 2,558 forestry requests and conducted 3,404 inspections




Forestry Division

Received 819 resident complaints through the on-the-go reporting tool, GoModesto! and successfully resolved 560 requests for service.




Real Time Crime Center

Mobile surveillance at the heart of combating organized retail theft and motor vehicle accessory theft funded by a grant from the Board of State and Community Corrections.



Sky 1

Assisted in 40 DUI arrests, the search for missing persons, and played a key role in 214 felony arrests.



City Crime Trends

Decrease in property crimes, burglaries, and vehicle thefts, signaling progress in crime prevention initiatives, increased patrols, and investigative follow up.



Awards & Acknowledgments

Being recognized for successful initiatives highlights the City's innovation, accountability, and effective leadership in addressing community needs.

The City of Modesto received **three prestigious Helen Putnam Awards for Excellence**. Established in 1982 by the League of California Cities, these awards recognize the outstanding contributions of city governments delivering innovative and effective programs enhancing the well-being of their residents and businesses of the community.

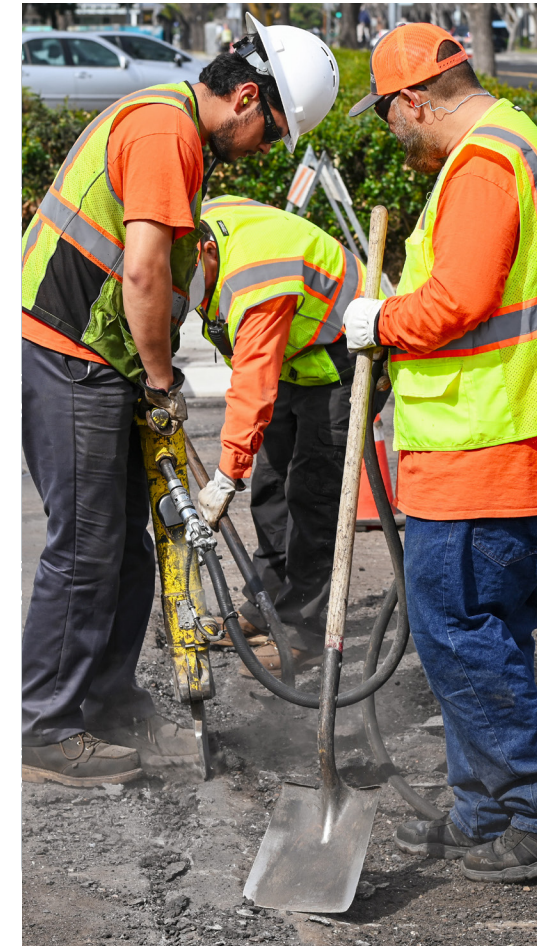
The first Helen Putnam Award for Excellence recognizes the City of Modesto's partnership with the Downtown Streets Team. The City of Modesto also received two Helen Putnam Awards for Excellence for remarkable initiatives through the Modesto Police Department (MPD).

- The first initiative highlighted are two programs aimed at **fostering positive relationships** between law enforcement and local students with the Student Engagement Officer and 10K With a Cop event.
- The second initiative recognized with a Helen Putnam Award for Excellence is MPD's Healthy Room Project. This project is designed to **provide safe and supportive spaces** for individuals experiencing homelessness.

The City of Modesto was honored to be a winner in the 4th Annual Anthem Awards. The Camp2Home Documentary was awarded in two categories: **a Gold Award in Diversity, Equity & Inclusion – Community Engagement** and a Bronze Award in Diversity, Equity, & Inclusion in Public Service. Anthem Winners are selected by the International Academy of Digital Arts and Sciences.

The City of Modesto has also recognized for our **commitment to excellence** and meeting the highest standards of government financial reporting and budgeting. The Government Finance Officers Association (GFOA) presented Modesto with three recognitions for the fiscal year that ended on June 30, 2024:

- **The Certificate of Achievement for Excellence in Financial Reporting** for the City's Annual Comprehensive Financial Report that is transparent and in full disclosure above and beyond the minimal requirements for financial reporting and general accepting accounting principles.
- **The Award for Outstanding Achievement in Popular Annual Financial Reporting** (PAFR Award) recognizes the high-quality summary report of the City's financial information is presented in a way that is readily accessible and easily understandable by the general public.
- **The Distinguished Budget Presentation Award** for an effective budget presentation that meets the highest standards for how well the City's budget serves as a policy document, financial plan, operations guide, and a communication device for the community.





The POPULAR ANNUAL FINANCIAL REPORT (PAFR)

has been prepared to inform citizens about the City of Modesto and its operations, services, programs, as well as its financial condition for the fiscal year ended June 30, 2025. It is suitable for readers who prefer to review operational and financial information in summary form and does not substitute for the City's Annual Comprehensive Financial Report (ACFR). This publication is derived from information provided in the ACFR, which is based on generally accepted accounting principles (GAAP). This report is present in GAAP format and is not inclusive of all funds. The City's financial statements have been audited by Vasquez + Company, LLP, an independent firm of certified public accountants. The auditor's report concluded that the financial statements fairly reflect the financial condition of the City in all material Aspects.

The PAFR and a full copy of the ACFR are published on the City's website at www.modestogov.com/250/Budgets-Financial-Reports. For more information, please contact DeAnna Christensen, Director of Finance at dachristensen@modestogov.com.



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