

CASH BASIS FUND SUMMARY - FUND 002

Estimated Balance - July 1, 2004 \$ 4,000,000

RECOMMENDED ENDING BALANCE - June 30, 2005 \$ 4,000,000

Section 1112 of the City of Merced Charter states that: "The city council shall maintain a revolving fund to be known as the "Cash basis fund," for the purpose of placing the payment of running expenses of the city on a cash basis. A reserve shall be built up in this fund from any available sources in an amount which the city council deems sufficient with which to meet all lawful demands against the city for the first five months, or other necessary period, of the succeeding fiscal year prior to the receipt of ad valorem tax revenues. Transfers may be made by the city council from such fund to to any other fund or funds of such sum or sums as may be required for the purpose of placing such funds, as nearly as possible, on a cash basis.

All moneys so transferred from the cash basis fund shall be returned thereto before the end of the fiscal year."