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City of Saratoga California



By: Field Paoli

Comprehensive Annual Financial Report
June 30, 2001

**CITY OF SARATOGA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2001**

**Prepared By:
ADMINISTRATIVE SERVICES DEPARTMENT**



City of Saratoga
Comprehensive Annual Financial Report
For the year ended June 30, 2001

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CITY of SARATOGA

13777 FRUITVALE AVENUE • SARATOGA, CALIFORNIA 95070 • (408) 868-1200

Incorporated October 22, 1956

COUNCIL MEMBERS:

*Evan Baker
Stan Bogosian
John Mehalfay
Nick Streit
Ann Walton-Smith*

November 7, 2001

To the Honorable Mayor, members of the City Council and Citizens of the City of Saratoga:

The Comprehensive Annual Financial Report (CAFR) of the City of Saratoga for the year ended June 30, 2001, is hereby submitted as mandated by applicable statutes. These statutes require that the City of Saratoga annually issue a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibilities for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. The enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the City of Saratoga. All disclosures necessary to enable the reader to gain an understanding of the City of Saratoga's activities have been included.

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes this letter of transmittal, a list of the City of Saratoga's elected officials and administrative personnel, an organization chart and a certificate of award for financial reporting. The financial section includes the independent auditor's report on the financial statements and schedules, general purpose financial statements (combined statements), notes to the financial statements, and combining and account group financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

The financial reporting entity (the City) includes all the funds and account groups of the primary government, as well as all of its component units. Component units are legally separated entities for which the City is fully accountable.

Blended component units, although legally separate entities, are in substance, part of the City's operations and data from these units are combined with data of the City. Accordingly, the operations of the Landscaping and Lighting Assessment District #1 and the agency cash flows and cash balances of the Saratoga Public Finance Authority are reported in the City's financial statements.

Governmental Structure and Related Information

The City, incorporated in 1956, is located 40 miles south of San Francisco in the Santa Clara Valley. The City currently covers a land area of approximately 12 square miles and contains a population of 29,843 as reported by the 2000 U.S. Census. The City is a general law city of the State of California and operates under a council-manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor, Vice Mayor and three additional council members. City Council members are elected at-large for staggered four-year terms. The Mayor is selected annually by the City Council. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing members to the City's seven advisory commissions and hiring the City Manager and City Attorney. The City Manager is responsible for implementing the policies and ordinances of the City Council, overseeing the daily operations of the City, and recommending appointments of the City's department directors to the City Council.

The City provides a limited range of services including public safety, development regulation, public works, community and recreation activities and events, and general administrative functions.

The City supports privatization and has supplemented its work force through numerous contracts with others. Contracted services include, but are not limited to, public safety, infrastructure maintenance, engineering services, legal services and recreation activities. The City is also committed to citizen participation in the evaluation, expansion and enhancement of services.

Saratoga residents who wish to assist the City Council in forming government policy may do so by serving on an advisory commission. The commissions all act in an advisory capacity to the City Council, and are comprised of the Finance Commission, Heritage Preservation Commission, Library Commission, Parks and Recreation Commission, Planning Commission, Public Safety Commission, and Arts and Youth Commission.

Economic Conditions and Outlook

Within a close proximity to many businesses associated with the high technology industry, Saratoga is viewed as a desirable place to live and serves primarily as a residential community to the Silicon Valley. There is limited commercial or industrial activity occurring within the City's boundaries.

Due to the community's residential character, the main measure of the City's economic condition is based on service charges and, to a lesser extent, sales activity. Service charges from development activity have been brisk for the last several years. Sales taxes received primarily from restaurants, retailers and food markets serving the local citizenry have kept pace with the region's economic growth and reflected a 16% increase over last year. By fiscal year-end, sales were beginning to flatten out and some business sectors were showing a slight decrease in sales tax revenue, with light industry, office and electronic equipment declining overall.

The region's sustained economy continued to drive-up assessed valuations of real property, as

new homes were built and major remodels triggered reassessment. The City's valuation's increased 11% from 2000 to 2001, but actual property tax receipts declined by \$725,200 as the result of phasing out property taxes that were tied to a discontinued local tax and a one-time reimbursement in 1999-00. Property tax receipts still exceeded budget projections by about \$287,000 and continue to be the single, largest source of revenue for the City's General Fund. Similarly, Motor Vehicle License Fees remitted to the City by the State surpassed budgeted amounts by more than \$300,000 and interest earnings on the City's investment portfolio by more than \$600,000. These factors, coupled with the fiscal and organizational reforms enacted by the City in 1997 to deal with the loss of the City's Utility Users Tax (UUT), and the subsequent issuance of a \$15,000,000 bond for the library expansion that will reinstate the property tax reduction, have placed the City in a healthy fiscal condition at the end of 2000-01.

Each year, the City prepares a financial forecast that projects revenues and expenditures through the next five fiscal years. This is done to facilitate the City's budget development process and cash management activities. Additionally however, the forecast is used to identify opportunities as well as potential problems in advance of their occurrence so the City can adjust proactively. The forecast, which is based on conservative assumptions about the future performance of the economy, suggests that the City will continue to exist in a stable and healthy financial position during this time.

Saratoga continues to support policies and practices intended to maintain the City's financial integrity. For example, a minimum \$2.2 million General Fund operating reserve is maintained and a \$200,000 contingency appropriation; as well as a \$1.5 million economic uncertainty reserve beginning in FY 2001-2002. The budget is built upon a conservative set of assumptions for annual revenue growth and does not assume that any potential one-time revenue sources will materialize if not yet committed or guaranteed to the City.

Financial Information and Major Initiatives

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the City is also responsible for guaranteeing that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by the City's management.

In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by

the City Council. Activities of the general fund, special revenue funds, capital projects funds and debt service funds are included in the annual appropriation.

The level of budgetary control (i.e., the level at which expenditures cannot exceed the appropriated amount) is at fund level. The City also maintains an encumbrance accounting system as another method of maintaining budgetary control. Encumbered amounts of the operating budget lapse at year-end. However, outstanding encumbrances of a material nature are typically reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibilities for sound financial management.

General Government Functions. The following schedule presents a summary of general fund, special revenue funds, capital project funds and debt service funds revenues for the year ended June 30, 2001.

<u>Revenues</u>	<u>Total FY 2000-01</u>	<u>% Of Total</u>	<u>Increase (Decrease) from FY 1999-00</u>
Property taxes	\$ 2,170,795	12%	\$ (708,903)
Special assessments	95,973	1	(61,963)
Other local taxes	2,938,209	16	219,850
Intergovernmental-State	5,133,146	28	2,312,467
Intergovernmental-Federal	291,228	2	(136,122)
Franchise fees	876,652	5	(9,966)
Use of money and property	1,450,778	8	394,984
Current service charges	4,085,193	22	(166,544)
Reimbursement of interfund cost allocations	1,467,466	8	(17,452)
 Total revenues and transfers	 <u>\$18,509,440</u>	 <u>100%</u>	 <u>1,826,351</u>

The largest source of revenues citywide in 2000-2001 was received from the State due to a \$2,006,000 State Park Bond grant for improving the Saratoga-Sunnyvale corridor and \$1,725,765 in motor vehicle license fees. Current service charges are the second largest, comprising about 22% of total revenues, of which development-related fees make up over 45% of the charges. Property taxes and other local taxes (primarily sales taxes) also generate significant revenues for the City.

All revenue sources in 2000-01, other than State revenues, Local taxes and Use of money and property, decreased slightly from the prior year. An increase occurred in local taxes due to higher sales taxes and an award of California Law Enforcement Equipment Program (CLEEP) monies for high technology equipment for public safety. Use of money and property increased due to higher than expected interest earnings on investments. As previously mentioned, property taxes and special assessments declined due to the final reduction in Tax Equity Allocation (TEA) payments for the discontinuance of the UUT in 1996. Of the \$700,000 decrease in property taxes from the

prior year, TEA accounted for \$243,000 of the reduction, and a reimbursement in 1999-00 of \$595,700 from the County for TEA monies withheld from 97/98 and 98/99, resulted in a further year-to-year variance.

The schedule below summarizes general fund, special revenue funds, capital projects funds and debt service funds expenditures for the year ended June 30, 2001.

<u>Expenditures</u>	<u>Total FY 2000-01</u>	<u>% Of Total</u>	<u>Increase (Decrease) from FY 1999-00</u>
Current:			
Public safety	\$3,151,621	22%	325,872
Environmental services	714,549	5	(72,098)
Public works services	2,937,056	20	(532,431)
Community services	1,601,088	11	96,342
Development services	1,903,568	13	308,726
General and inter-governmental services	1,580,777	11	79,182
Capital outlay	2,571,210	18	1,171,330
Debt Service:			
Principal	85,000		5,000
Interest	9,774		(9,009)
 Total expenditures and transfers	 <u>\$14,554,643</u>	 <u>100%</u>	 <u>\$1,372,914</u>

The contract with the County Sheriff's Office for public safety services is the single largest component of the City's operating expenditures. The change from the prior year is due to a contract increase in traffic patrol services. The sizeable increase in capital outlay expenditures reflects the library expansion project that began in May of this year. Development Services increased 20% from the prior year in order to keep up with building activity and due to vacant positions being filled. Public works services decreased as implementation of the pavement management program (PMP) was delayed to complete a pavement management survey.

General Fund Balance. The fund balance of the General Fund increased by \$2,989,177 to \$12,074,797 during the fiscal year. As previously discussed, General Fund revenues and departmental expenditures changed only slightly from the prior year. The one significant change that increased the fund balance was the decrease in General Fund transfers, most specifically the \$2,369,000 transfer to the Street and Roads Special Revenue Fund. The actual transfer for Public Works was \$136,000, a decrease of \$2,233,000 as a result of delaying the PMP and the Sunnyvale-Saratoga corridor project.

Debt Administration. At year-end, the City had an \$85,000 general obligation bond debt outstanding, which is repayable from lease revenues from the County of Santa Clara for the Saratoga Library. However, in March 2000, the citizens of Saratoga approved an increase in their property tax rate to pay for the debt service payments on new Library General Obligation Bonds in

the amount of \$15,000,000 for the Library Expansion project. The Library bonds were issued in May 2001, and the debt service payments begin in February 2002. The proceeds from the issuance and the accrued interest on the bonds are listed on the financial statements as Proceeds from long-term debt under Other Financing Sources.

Cash Management Policies and Practices. Excess cash revenues were invested in U.S. Treasury securities, certificates of deposit, and the California Local Agency Investment Fund (LAIF) during fiscal year 2000-01. At June 30, 2001, investments in the City Treasury matured in less than one year. The City's overall average rate of return on investments was 6.1% in fiscal year 2000-01.

The City's investment policy minimizes credit and market risk while maintaining a competitive yield on its portfolio. The City invests primarily in the California Local Agency Investment Fund, a State-sponsored investment pool with an excellent record of financial management and liquidity. Remaining restricted investments were held in the bank's trust department with a separate account in the City's name.

Risk Management. During the year ended June 30, 2001, the City continued its participation in the Association of Bay Area Governments (ABAG) risk plan and pool. ABAG is a non-profit corporation formed by member cities to pool their insurance risk and help lower the overall cost of providing insurance coverage for liability, property and workers compensation claims. Policy limits are as follows: \$7,000,000 liability, \$100,000,000 (total plan assets) property, and \$10,000,000 workers compensation.

Other Information

Independent Audit. California law requires cities to prepare an annual audit by an independent certified public accountant. The firm of Caporicci, Cropper & Larson, LLP, was selected by the City Council to prepare the accompanying financial reports. In addition to meeting the requirements set forth in statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984 and the related U.S. Office of Management and Budget's Circular A-128. Generally accepted auditing standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's unqualified report on the general-purpose financial statements and combining fund statements and schedules is included in the financial section of this report.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for the CAFR for the fiscal year ended June 30, 2000. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year. We believe our current CAFR continues to meet the Certificate of Achievement program's requirements, and plan on submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. This CAFR represents the culmination of numerous hours of hard work expended by many individuals. In particular, we would like to express our appreciation to Mary Jo Walker, who as Administrative Services Director until July 2001, kept the City's accounts in good order, and to Ray Galindo, the City's Accounting Supervisor. We commend Ray for his professionalism and commitment to excellence. Furthermore, we would like to thank Caporicci, Cropper & Larson for their helpful and timely assistance in the preparation of this report. Finally, we would like to give credit to the City Council and the Finance Advisory Commission for their ongoing interest and support in planning, conducting and advising on the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Dave Anderson
City Manager



Melissa W. Eddy
Interim Finance Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Saratoga,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

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.



Anne Spray Kinney
President

Jeffrey L. Essler
Executive Director

CITY OF SARATOGA
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL

As of
JUNE 30, 2001

CITY COUNCIL

John Mehaffey – Mayor
Nick Streit – Vice Mayor
Evan Baker
Stan Bogosian
Ann Waltonsmith

CITY STAFF

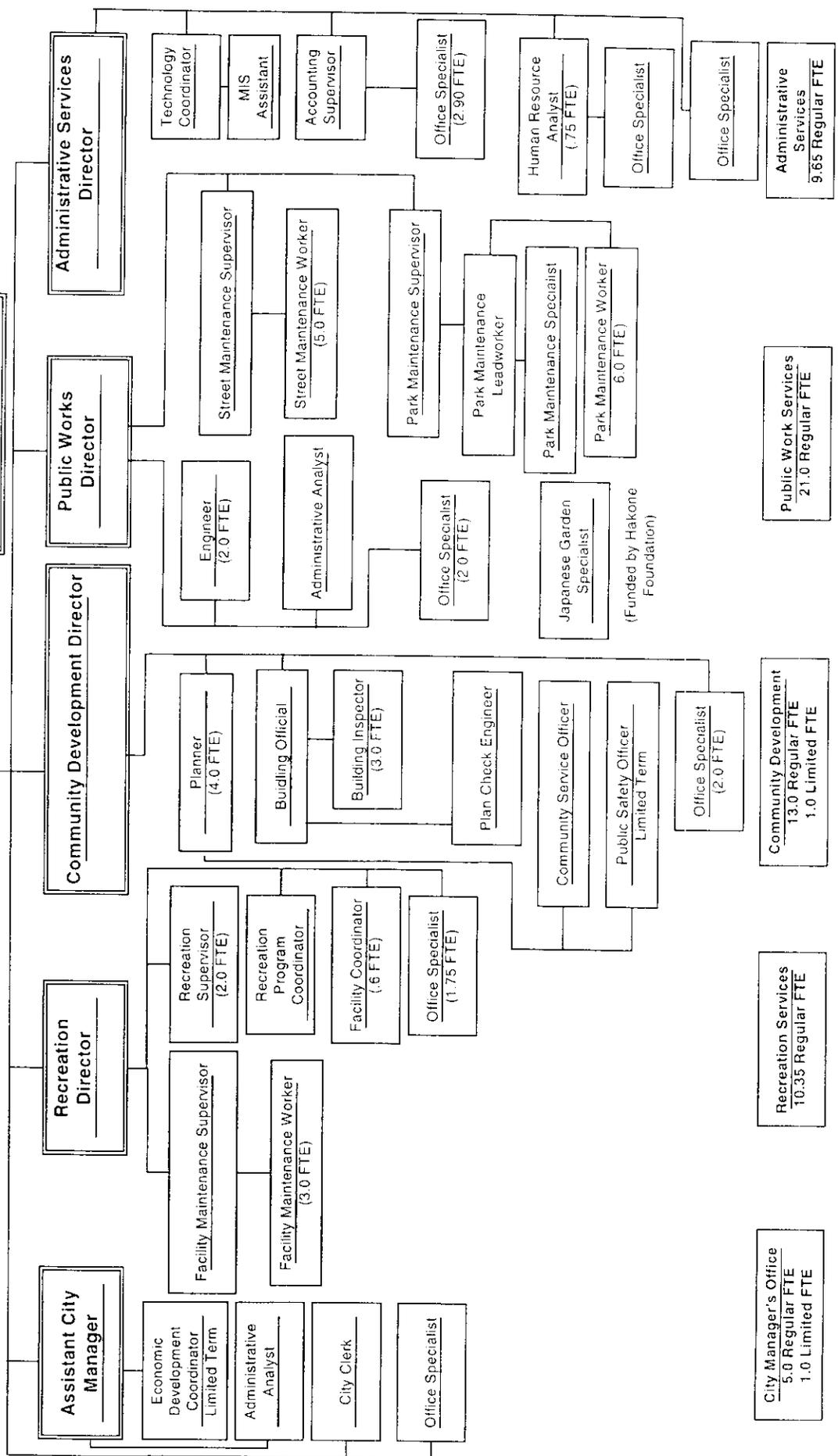
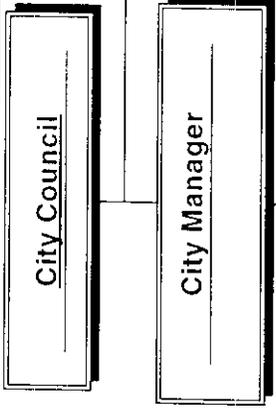
Dave Anderson – City Manager
Lorie Tinfow – Assistant City Manager
Mary Jo Walker – Administrative Services Director
Tom Sullivan – Community Development Director
Joan M. Pisani – Recreation Director
John Cherbone – Public Works Director

CITY ATTORNEY

Richard S. Taylor

Effective 09-01-01 CITY OF SARATOGA - ORGANIZATION CHART

Total FTE 61.0
 Regular 59.0
 Limited Term 2.0







Caporicci, Cropper & Larson, LLP
Certified Public Accountants

Offices located in:
Bay Area
Orange County
Sacramento

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
of the City of Saratoga
Saratoga, California

We have audited the general purpose financial statements of the City of Saratoga, California (City) as of and for the year ended June 30, 2001, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *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 as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide 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 as of June 30, 2001, and the results of its operations and changes in fund balances for the year then ended in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the general purpose financial statements, the City changed in 2001 its method of accounting and financial reporting for non-exchange transactions to conform to Governmental Accounting Standards Board Statement No.33.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying combining, individual fund and account group financial statements and schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. This information is the responsibility of the City. This additional 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 information listed in the foregoing table of contents was not audited by us and, accordingly, we express no opinion on the statistical section.

Caporicci, Cropper & Larson, LLP

September 13, 2001
Oakland, California



**CITY OF SARATOGA
GENERAL PURPOSE FINANCIAL STATEMENTS**

The following combined financial statements, along with the notes to the general purpose financial statements, present an overview of the City's financial position and results of operations. Individual funds and account groups used by the City are grouped as follows:

Governmental Fund Types:

General, Special Revenue, Capital Projects and Debt Service funds are used to account for governmental functions. The governmental fund measurement focus is on the "current financial resources" basis, which accounts for sources and uses of available spendable resources.

Fiduciary Fund Type:

Agency Funds are used to account for assets held by the City in an agent capacity for others.

Account Groups:

Account groups are used to establish accounting control of general fixed assets and the unmatured principal of general long-term obligations. Assets and liabilities of these funds are neither spendable resources, nor do they require current appropriation. Therefore, they are accounted for separately from the governmental fund types.

City of Saratoga
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
ASSETS AND OTHER DEBITS				
Assets:				
Cash and investments (Note 2)	\$ 11,604,681	\$ 4,985,731	\$ 2,628,336	\$ 16,284
Restricted cash and investments (Notes 2)	8,400	105,461	13,538,773	-
Receivables:				
Accounts	175,883	440,409	-	-
Interest	279,909	-	60,969	-
Loans (Note 3)	-	425,463	-	-
Prepaid items	4,625	5,585	-	-
Due from other funds (Note 4A)	111,104	-	-	-
Advances to other funds (Note 4B)	309,162	-	-	-
Fixed assets (Note 5)	-	-	-	-
Other Debits:				
Amount available for debt service	-	-	-	-
Amount to be provided for debt service	-	-	-	-
Total assets and other debits	\$ 12,493,764	\$ 5,962,649	\$ 16,228,078	\$ 16,284
LIABILITIES, FUND BALANCES AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 277,585	\$ 199,761	\$ 231,034	\$ -
Accrued payroll	91,382	37,254	-	-
Due to other funds (Note 4A)	-	111,104	-	-
Due to assessment district bondholders	-	-	-	-
Deposits payable	-	9,900	-	-
Deferred revenue	-	425,463	-	-
Advances from other funds (Note 4B)	-	309,162	-	-
Claims payable (Note 6)	50,000	-	-	-
Long-term debt (Note 6):				
General obligation bonds	-	-	-	-
Compensated absences	-	-	-	-
Total liabilities	418,967	1,092,644	231,034	-
Fund Balances and Other Credits:				
Other credits:				
Investment in general fixed assets	-	-	-	-
Fund balances (Note 8):				
Reserved	324,114	5,585	-	16,284
Unreserved, designated	2,238,266	-	-	-
Unreserved, undesignated	9,512,417	4,864,420	15,997,044	-
Total fund balances and other credits	12,074,797	4,870,005	15,997,044	16,284
Total liabilities, fund balances and other credits	\$ 12,493,764	\$ 5,962,649	\$ 16,228,078	\$ 16,284

See accompanying notes to financial statements.

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
Agency			
\$ 833,569	\$ -	\$ -	\$ 20,068,601
315,988	-	-	13,968,622
49,070	-	-	665,362
-	-	-	340,878
-	-	-	425,463
-	-	-	10,210
-	-	-	111,104
-	-	-	309,162
-	112,331,927	-	112,331,927
-	-	16,284	16,284
-	-	15,265,666	15,265,666
<u>\$ 1,198,627</u>	<u>\$ 112,331,927</u>	<u>\$ 15,281,950</u>	<u>\$ 163,513,279</u>
\$ -	\$ -	\$ -	\$ 708,380
-	-	-	128,636
-	-	-	111,104
370,664	-	-	370,664
827,963	-	-	837,863
-	-	-	425,463
-	-	-	309,162
-	-	50,000	100,000
-	-	15,100,000	15,100,000
-	-	131,950	131,950
<u>1,198,627</u>	<u>-</u>	<u>15,281,950</u>	<u>18,223,222</u>
-	112,331,927	-	112,331,927
-	-	-	345,983
-	-	-	2,238,266
-	-	-	30,373,881
-	112,331,927	-	145,290,057
<u>\$ 1,198,627</u>	<u>\$ 112,331,927</u>	<u>\$ 15,281,950</u>	<u>\$ 163,513,279</u>

32,958,130



City of Saratoga

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Fund Types

For the year ended June 30, 2001

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	
REVENUES:					
Property taxes	\$ 2,065,051	\$ 105,744	\$ -	\$ -	\$ 2,170,795
Special assessments	-	95,973	-	-	95,973
Other local taxes	2,938,209	-	-	-	2,938,209
Intergovernmental - State	1,725,765	3,407,381	-	-	5,133,146
Intergovernmental - Federal	-	291,228	-	-	291,228
Franchise fees	876,652	-	-	-	876,652
Use of money and property	930,430	339,481	69,809	111,058	1,450,778
Current service charges	494,656	3,477,053	113,484	-	4,085,193
Reimbursement of interfund cost allocations	1,467,466	-	-	-	1,467,466
Total revenues	10,498,229	7,716,860	183,293	111,058	18,509,440
EXPENDITURES:					
Current:					
Public safety	3,062,160	89,461	-	-	3,151,621
Environmental services	-	714,549	-	-	714,549
Public works services	1,349,838	1,407,313	-	-	2,757,151
Community services	262,696	1,338,397	-	-	1,601,093
General and intergovernmental services	1,574,597	-	-	-	1,574,597
Development services	140,883	1,762,671	-	-	1,903,554
Capital outlay	651,814	667,089	1,438,401	-	2,757,304
Debt service:					
Principal	-	-	-	85,000	85,000
Interest and fiscal charges	-	-	-	9,774	9,774
Total expenditures	7,041,988	5,979,480	1,438,401	94,774	14,554,643
REVENUES OVER (UNDER) EXPENDITURES	3,456,241	1,737,380	(1,255,108)	16,284	3,954,797
OTHER FINANCING SOURCES (USES):					
Proceeds from long-term debt	-	-	15,108,188	-	15,108,188
Operating transfers in (Note 4C)	69,917	605,588	-	-	675,505
Operating transfers out (Note 4C)	(536,981)	(138,524)	-	-	(675,505)
Total other financing sources (uses)	(467,064)	467,064	15,108,188	-	15,108,188
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	2,989,177	2,204,444	13,853,080	16,284	19,062,985
FUND BALANCES:					
Beginning of year, as restated	9,085,620	2,665,561	2,143,964	-	13,895,145
End of year	\$ 12,074,797	\$ 4,870,005	\$ 15,997,044	\$ 16,284	\$ 32,958,130

See accompanying notes to financial statements.

City of Saratoga
Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - All Governmental Fund Types
For the year ended June 30, 2001

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Property taxes	\$ 1,777,705	\$ 2,065,051	\$ 287,346	\$ 73,750	\$ 105,744	\$ 31,994
Special assessments	620,000	-	(620,000)	102,204	95,973	(6,231)
Other local taxes	2,428,310	2,938,209	509,899	-	-	-
Intergovernmental - State	1,457,203	1,725,765	268,562	4,381,257	3,407,381	(973,876)
Intergovernmental - Federal	-	-	-	941,622	291,228	(650,394)
Franchise fees	787,796	876,652	88,856	-	-	-
Use of money and property	465,652	930,430	464,778	155,800	339,481	183,681
Current service charges	833,901	494,656	(339,245)	3,173,100	3,477,053	303,953
Reimbursement of interfund cost allocations	1,467,466	1,467,466	-	-	-	-
Total revenues	9,838,033	10,498,229	660,196	8,827,733	7,716,860	(1,110,873)
EXPENDITURES:						
Current:						
Public safety	3,215,018	3,062,160	152,858	112,896	89,461	23,435
Environmental services	-	-	-	1,052,486	714,549	337,937
Public works services	1,740,566	1,349,838	390,728	3,237,453	1,407,313	1,830,140
Community services	321,135	262,696	58,439	1,397,306	1,338,397	58,909
General and intragovernmental services	1,678,807	1,574,597	104,210	-	-	-
Development services	185,491	140,883	44,608	1,939,577	1,762,671	176,906
Capital outlay	1,518,790	651,814	866,976	3,342,720	667,089	2,675,631
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	8,659,807	7,041,988	1,617,819	11,082,438	5,979,480	5,102,958
REVENUES OVER (UNDER) EXPENDITURES	1,178,226	3,456,241	2,278,015	(2,254,705)	1,737,380	3,992,085
OTHER FINANCING SOURCES (USES):						
Proceeds from long-term debt	-	-	-	-	-	-
Operating transfers in (Note 4C)	35,000	69,917	34,917	2,830,446	605,588	(2,224,858)
Operating transfers out (Note 4C)	(3,414,529)	(536,981)	2,877,548	(426,981)	(138,524)	288,457
Total other financing sources (uses)	(3,379,529)	(467,064)	2,912,465	2,403,465	467,064	(1,936,401)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (2,201,303)	2,989,177	\$ 5,190,480	\$ 148,760	2,204,444	\$ 2,055,684
FUND BALANCES:						
Beginning of year, as restated		9,085,620			2,665,561	
End of year		<u>\$ 12,074,797</u>			<u>\$ 4,870,005</u>	

See accompanying notes to financial statements.

Capital Projects Fund			Debt Service Fund			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,851,455	\$ 2,170,795	\$ 319,340
-	-	-	-	-	-	722,204	95,973	(626,231)
-	-	-	-	-	-	2,428,310	2,938,209	509,899
-	-	-	-	-	-	5,838,460	5,133,146	(705,314)
-	-	-	-	-	-	941,622	291,228	(650,394)
-	-	-	-	-	-	787,796	876,652	88,856
-	69,809	69,809	93,678	111,058	17,380	715,130	1,450,778	735,648
93,150	113,484	20,334	-	-	-	4,100,151	4,085,193	(14,958)
-	-	-	-	-	-	1,467,466	1,467,466	-
93,150	183,293	90,143	93,678	111,058	17,380	18,852,594	18,509,440	(343,154)
-	-	-	-	-	-	3,327,914	3,151,621	176,293
-	-	-	-	-	-	1,052,486	714,549	337,937
-	-	-	-	-	-	4,978,019	2,757,151	2,220,868
-	-	-	-	-	-	1,718,441	1,601,093	117,348
-	-	-	-	-	-	1,678,807	1,574,597	104,210
-	-	-	-	-	-	2,125,068	1,903,554	221,514
4,367,551	1,438,401	2,929,150	-	-	-	9,229,061	2,757,304	6,471,757
-	-	-	85,000	85,000	-	85,000	85,000	-
-	-	-	9,774	9,774	-	9,774	9,774	-
4,367,551	1,438,401	2,929,150	94,774	94,774	-	24,204,570	14,554,643	9,649,927
(4,274,401)	(1,255,108)	3,019,293	(1,096)	16,284	17,380	(5,351,976)	3,954,797	9,306,773
1,000,000	15,108,188	14,108,188	-	-	-	1,000,000	15,108,188	14,108,188
10,000	-	(10,000)	-	-	-	2,875,446	675,505	(2,199,941)
-	-	-	-	-	-	(3,841,510)	(675,505)	3,166,005
1,010,000	15,108,188	14,098,188	-	-	-	33,936	15,108,188	15,074,252
<u>\$(3,264,401)</u>	13,853,080	<u>\$17,117,481</u>	<u>\$ (1,096)</u>	16,284	<u>\$ 17,380</u>	<u>\$ (5,318,040)</u>	19,062,985	<u>\$ 24,381,025</u>
	2,143,964			-			13,895,145	
	<u>\$15,997,044</u>			<u>\$ 16,284</u>			<u>\$ 32,958,130</u>	



City of Saratoga
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For the year ended June 30, 2001

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City of Saratoga
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For the year ended June 30, 2001

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City of Saratoga
Notes to General Purpose Financial Statements
For the year ended June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general-purpose financial statements of the City of Saratoga, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Saratoga is a largely residential community located in the foothills of the Santa Cruz Mountains. The City was incorporated as a municipal corporation in 1956 under the general laws of the State of California, and has a population at June 30, 2001 of 29,843.

The City operated under the Council-Manager form of government, with five elected Council members served by a full-time City Manager and staff. At June 30, 2001, the City's staff comprised 61 full time employees who were responsible for the following City provided services:

Public Safety – The City provides round-the-clock police services under a contract with the County Sheriff's offices. Fire services are provided by special district. Emergency management, code enforcement and inspection services are provided by 5 City employees.

Public Works/Maintenance – The City builds and maintains its parks, streets, curbs, gutters and related public property with a force of 21 employees. Major projects may be contracted out to reduce costs.

Community Development – Zoning administration, plan checking and advance planning services are provided by 9 employees.

Culture, Recreation and Community Support services are provided by a total of 10 employees.

General Government services are provided by a total of 16 employees.

As required by GAAP, these general-purpose financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. Discretely presented component units, on the other hand, are reported in a separate column in the combined general-purpose financial statements to emphasize their legal separateness from the City. The City had no discretely presented component units for the current fiscal year.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

Included within the reporting entity are the following blended component units:

Saratoga Public Financing Authority

The Saratoga Public Financing Authority (Authority) is a joint powers authority organized by the City of Saratoga (City) and the City of Saratoga Parking Authority (Parking Authority) on June 16, 1993, under the laws of the State of California. The Authority was organized to provide financial assistance to the City and Districts for public improvements for the City and the purchase by the Authority of Local Obligations within the meaning of the Act.

Lighting and Landscaping Assessment District #1

The Lighting and Landscaping Assessment District #1 (District) was established in 1980 for the levy and the collections of assessments upon the several lots or parcels of land in the District, and for the construction or installation of improvements, including maintenance or servicing, or both.

Complete financial statements for each component unit may be obtained from the City of Saratoga 13777 Fruitvale Avenue, Saratoga, CA 95070.

B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. 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 purpose for which they are to be spent and the means by which spending activities are controlled.

The various funds used by the City are grouped into three broad fund categories and two account groups. The following is a brief description of each fund and account group:

Governmental Fund Types:

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Fund Accounting, Continued

Governmental Fund Types, Continued:

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

Capital Projects Funds are used to account for financial resources segregated for the acquisition of major capital facilities.

Fiduciary Fund Type:

Agency Funds are used to account for assets held by the City as trustee or agent for individuals, private organizations, other government units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

The General Fixed Assets Account Group is used to account for fixed assets not accounted for in proprietary or trust funds.

The General Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C. Measurement Focus

All governmental funds and expendable trust funds are accounted for on a spending or "current financial resources" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets, with the exception that the noncurrent portion of long-term receivables are reported on their balance sheets, offset by fund balance reserve accounts or deferred revenue.

Statements of revenues, expenditures and changes in fund balances for governmental funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

D. Basis of Accounting

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes and sales taxes as available if they are collected generally within 60 days after year-end, and a one-year availability period for all other governmental fund revenues.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basis of Accounting, Continued

Those revenues susceptible to accrual are property taxes, sales taxes, special assessments, interest revenue, rental revenue and certain charges for services. Fines, forfeitures, licenses and permits and parking meter revenues are not susceptible to accrual because they are usually not measurable until received in cash.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded when paid.

Fiduciary fund types are accounted for according to the nature of the fund. The City has only agency funds, which are purely custodial in nature (assets equal liabilities), and thus do not involve measurement of results of operations. The agency funds are accounted for on the modified accrual basis.

E. Budgets and Budgetary Accounting

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

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution.
4. The City Manager may authorize transfers of budget amounts within a fund. However, any revisions that increase the total budgeted expenditures of any fund must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level without City Council approval.
5. Formal budgetary integration in the form of legally adopted budgets is employed as a management control device for all funds except the Agency Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted expenditures reported are as amended by supplemental appropriations of the City Council. For the current fiscal year budget amendments were not material.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, special revenue and capital projects funds. Unexpended and unencumbered appropriations of these governmental funds automatically lapse at the end of the fiscal year. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They do not constitute expenditures or estimated liabilities.

G. Property Tax and Special Assessments

County Tax assessments included secured and unsecured property taxes, and special assessments. "Unsecured" refers to taxes on personal property. These tax assessments are secured by liens on the property being taxed.

Revenue is recognized in the period for which the tax and assessment is levied. The County of Santa Clara levies, bills and collects property taxes for the City, the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1.

Secured property tax is due in two installments on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

H. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts with original maturities of three months or less to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. General Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on general fixed assets.

General fixed assets are valued at historical cost or estimated historical cost for assets acquired before July 1, 1986. Estimated historical acquisition costs are based on an independent appraisal of the City's general fixed assets. Donated fixed assets are valued at their estimated fair market value on the date donated. Interest accrued, if any, during construction of an asset financed by the governmental fund type is not capitalized as part of the asset cost.

J. Long-Term Obligations

The government reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with *current financial resources* are also reported in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Fund Equity

Reservations of fund balances of governmental funds are created to either satisfy legal covenants, including state laws, that require a portion of the fund equity be segregated or to identify the portion of the fund equity not available for future expenditures.

A portion of fund balance may be designated by City Council to indicate plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans are subject to change and may never be legally authorized or result in expenditures.

City Council has designated an amount for operations, which it has defined as being equal to the greater of one-quarter the total budgeted General Fund appropriations for the current budget year or \$2,000,000. The designation is increased annually by an amount equal to the interest the City earned on an equivalent amount of cash and investments.

M. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Quasi-external transactions are accounted for as revenues, expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursed fund. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Compensated Absences

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. Accordingly, the entire unpaid liability for the governmental funds is recorded in the General Long-Term Debt Account Group and no expenditure is recorded for these amounts.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Claims Liabilities

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes "incurred but not reported" (IBNR) claims. The estimated long-term portion of claims payable has been accrued in the General Long-Term Debt Account Group. Amounts estimated to be payable with current financial resources are recorded in the General Fund.

P. Total Columns - "Memorandum Only"

"Memorandum Only" captions on total columns of combined statements mean that totals are presented for overview informational purpose only and they do not fairly present the financial position or results of operations for the governmental unit as a whole in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of these totals.

Q. New Accounting Standard

In 2001, the City adopted a new accounting standard in order to conform to Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

GASB No. 33 established recording assets and revenues when the underlying exchange occurred, enforceable legal claim had arisen, all eligibility requirements had been met or when resources were received, whichever was first. By adopting this Standard, the City recognized assets and revenues from Non-Exchange Transactions which included sales taxes, property taxes, other taxes, fines and forfeitures, certain grants and entitlements, and certain government mandates. These Non-Exchange Transactions were accounted for as susceptible to accrual using the measurable and available criteria.

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the City Treasurer invests to enhance interest earnings. The pooled interest earned is allocated to the funds based on average month-end cash and investment balances in these funds.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

2. CASH AND INVESTMENTS, Continued

A. Cash Deposits

The carrying amounts of the City's cash deposits were \$597,482 at June 30, 2001. Bank balances before reconciling items were \$676,057 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

B. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

- Securities of the U.S. Government or its agencies.
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies.
- Negotiable Certificates of Deposit.
- California Local Agency Investment Fund.
- Investment-grade obligations of state, local governments or public authorities.
- Money market mutual funds.
- Passbook savings account and demand deposits.

The City has complied with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*. No current adjustments have been made to the accompanying general purpose financial statements, because the City's investments were primarily in the State of California Local Agency Investment Fund and the fair value adjustment was immaterial.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

2. CASH AND INVESTMENTS, Continued

C. Credit Risk

Governmental Accounting Standards Board Statement No. 3 requires that deposits and investments be classified by credit risk.

Classifications of deposits and investments by credit risk are as follows:

Deposits:

Category 1 – Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Deposits which are uninsured or uncollateralized.

Investments:

Category 1 – Insured or registered or securities held by the entity or its agent in the entity's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the entity's name.

Investments Not Subject to Categorization - Investments in the California Local Agency Investment Fund (LAIF) are not categorized, as GASB No. 3 does not require categorization of investment pools managed by another government. Certain fiscal agent investments are not categorized because the underlying assets are open-ended mutual funds. Guaranteed investment contracts are not categorized because they are direct contractual investments and are not securities. All such investments are not required to be categorized under interpretive guidelines issued by the GASB.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

2. CASH AND INVESTMENTS, Continued

Deposits and investments were categorized as follows at June 30, 2001:

	Category 1	Not Required to be Categorized	Fair Value
City Treasury:			
Demand Deposits:			
Cash deposit	\$ 597,482	\$ -	\$ 597,482
Certificates of deposit	1,095,948	-	1,095,948
Total demand deposits	1,693,430	-	1,693,430
Investments:			
Local agency investment fund	-	18,375,171	18,375,171
Total investments	-	18,375,171	18,375,171
Total deposits and investments	1,693,430	18,375,171	20,068,601
Restricted cash and investments:			
Cash deposits	-	1,122,634	1,122,634
Money market mutual funds	-	315,988	315,988
Local agency investment fund	-	12,530,000	12,530,000
Total restricted cash and investments	-	13,968,622	13,968,622
Totals	\$ 1,693,430	\$ 32,343,793	\$ 34,037,223

At June 30, 2001, the City had no category 2 or 3 investments.

The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2001, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

- Structured Notes - debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2001, the City had \$18,375,171 invested in LAIF as cash and investments and \$12,530,000 invested in LAIF as restricted cash and investments, which had invested 4.506% of the pool investment funds in Structured Notes and Asset-Backed Securities.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

2. CASH AND INVESTMENTS, Continued

Cash and investments held in the City Treasury grouped by maturity date at June 30, 2001, are shown below:

<u>Maturity</u>	
Current to one year	<u>\$ 20,068,601</u>

3. LOANS RECEIVABLE

At June 30, 2001, the City had the following loan receivable:

Housing Rehabilitation Loan Program	<u>\$ 425,463</u>
-------------------------------------	-------------------

The City administers a housing rehabilitation program called the Saratoga Housing Assistance and Rehabilitation Program (SHARP) using Housing and Community Development Act funds. Under the SHARP, individuals with incomes below a certain level and corporations building rental housing for low-and-moderate income tenants are eligible to receive low interest loans, secured by deeds of trust, for construction work on their properties. Federal funds received by the City are deposited with a commercial bank. Upon approval of loans, the bank disburses the funds, arranges for and collects repayments.

At June 30, 2001, the City had outstanding SHARP loans of \$425,463. During the year ended June 30, 2001, the City received \$24,648 in repayments from all participants.

4. INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

At June 30, 2001, the City had the following short-term receivables and payables:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>			<u>Totals</u>
	<u>Special Revenue Funds</u>			
	<u>Community Development Block Grant</u>	<u>Traffic Safety</u>	<u>Transportation Development Act</u>	
General	<u>\$ 48,403</u>	<u>\$ 15,305</u>	<u>\$ 47,396</u>	<u>\$ 111,104</u>

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

4. INTERFUND TRANSACTIONS, Continued

B. Long-Term Advances

At June 30, 2001, the City had the following long-term advances:

<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>	
	<u>Community Development</u>	<u>Block Grant Special</u>
	<u>Revenue Fund</u>	
General	\$	309,162

The advances were used for cash flow purposes and will be repaid as cash becomes available within the Community Development Block Grant Special Revenue Fund. However, there are no set dates for repayment.

C. Operating Transfers

At June 30, 2001, the City had the following operating transfers:

<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>			
	<u>General</u>	<u>Special Revenue Funds</u>		<u>Totals</u>
		<u>Traffic Safety</u>	<u>Hillside</u>	
	<u>Fund</u>	<u>Street Repair</u>		
General Fund	\$ 67,400	\$ -	\$ 2,517	\$ 69,917
Special revenue funds:				
Community Development Block Grant	13,520	-	-	13,520
Streets and Roads	-	136,007	-	136,007
Recreation	420,592	-	-	420,592
Transportation Development Act	24,815	-	-	24,815
Local Law Enforcement	10,654	-	-	10,654
Totals	\$ 536,981	\$ 136,007	\$ 2,517	\$ 675,505

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

5. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the fiscal year ended June 30, 2001:

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land and improvements	\$ 4,797,848	\$ -	\$ -	\$ 4,797,848
Buildings and structures	5,985,136	191,043	-	6,176,179
Equipment and vehicles	2,412,193	182,817	(57,556)	2,537,454
Infrastructure	-	98,820,446	-	98,820,446
Totals	\$ 13,195,177	\$ 99,194,306	\$ (57,556)	\$ 112,331,927

6. LONG-TERM DEBT

The following is summary of changes in General Long-Term Debt Account Group for the year ended June 30, 2001:

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
General Obligation 1976 Library Bonds	\$ 185,000	\$ -	\$ (85,000)	\$ 100,000
General Obligation 2001 Library Bonds	-	15,000,000	-	15,000,000
Claims Payable	50,000	-	-	50,000
Compensated absences	118,096	13,854	-	131,950
Totals	\$ 353,096	\$ 15,013,854	\$ (85,000)	\$ 15,281,950

General Obligation 1976 Library Bonds - Original Issue \$1,200,000

On December 15, 1976, the City issued General Obligation 1976 Library Bonds of \$1,200,000. The proceeds of the bonds were used to construct a library and associated site improvements which are leased to County of Santa Clara. Lease revenues received from the County are pledged for repayment of the bonds. Interest on the bonds is payable on June 15 and December 15 of each year, at 5% to a maximum of 7%. Principal is due annually on December 15. The bonds mature on December 15, 2001. At June 30, 2001, the outstanding balance of the bonds was \$100,000.

For the Year Ending June 30,	Principal	Interest	Total
2002	\$ 100,000	\$ 2,950	\$ 102,950

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

6. LONG-TERM DEBT, Continued

General Obligation 2001 Library Bonds - Original Issue \$15,000,000

On May 1, 2001, the City issued General Obligation Bonds Series 2001 in the amount of \$15,000,000. The proceeds of the bonds were used to improve, renovate, and expand the Saratoga Community Library. The bonds are payable from and secured by certain property taxes within the City. Interest on the bonds ranges from 5% to 6% and is payable on February 1 and August 1 of each year, commencing February 1, 2002. Principal is due annually beginning on August 1, 2002, in amounts ranging from \$60,000 to \$940,000. The bonds mature on August 1, 2032 and are subject to redemption prior to maturity at redemption prices ranging from 100% to 101% of par. The bonds may be called for redemption beginning on or after August 1, 2011, at the option of the City. At June 30, 2001, the outstanding balance of the bonds was \$15,000,000.

The annual debt service requirements on these bonds are as follows:

For the Year Ending June 30,	Principal	Interest	Totals
2002	\$ -	\$ -	\$ -
2003	60,000	981,570	1,041,570
2004	245,000	782,256	1,027,256
2005	255,000	770,006	1,025,006
2006	270,000	757,256	1,027,256
2007 - 2011	1,565,000	3,552,680	5,117,680
2012 - 2016	2,070,000	3,051,980	5,121,980
2017 - 2021	2,430,000	2,496,280	4,926,280
2022 - 2026	3,125,000	1,811,451	4,936,451
2027 - 2031	4,040,000	914,313	4,954,313
2032	940,000	49,350	989,350
Totals	\$ 15,000,000	\$ 15,167,142	\$ 30,167,142

Claims Payable

The estimated long-term portion of claims payable has been accrued in the General Long-Term Debt Account Group. Amounts estimated to be payable with current financial resources are recorded in the General Fund. There is no fixed payment schedule to pay these liabilities. The total amount of long-term claims payable at June 30, 2001, was \$50,000.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

6. LONG-TERM DEBT, Continued

Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) that exceeds current financial resources for governmental fund types is reported in the General Long-Term Debt Account Group. At June 30, 2001, the vested and unpaid compensated absences in the governmental fund types totaled \$131,950.

7. NON-CITY OBLIGATIONS

The following bonds bearing the City's name were issued to finance redevelopment projects; however, neither the faith and credit nor the general taxing power of the City has been pledged to the payment of the bonds. Furthermore, the City has no obligation for the payment of the bonds in the case of default. Therefore, the following obligations are not included in the accompanying general purpose financial statements.

	Original Amount	Outstanding at June 30, 2001
Parking Assessment Districts #2 and #3 Leonard Road Improvement Assessment District	\$ 1,244,900	\$ 565,000
Saratoga Public Financing Authority 1993 Revenue Bonds	101,686	75,000
	1,600,000	790,000

The City is the collecting agent for Village Parking Assessment Districts #2 and #3 and the Leonard Road Improvement District, but is not obligated for the repayment of debt issued by these Districts. As a result, these Districts have not been included in the general purpose financial statements of the City.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

8. RESERVED AND DESIGNATED FUND BALANCES

Fund balances at June 30, 2001, have been reserved and designated for the following purposes:

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Fund
Reserved for:				
Prepaid items	\$ 4,625	\$ 5,585	\$ -	\$ -
Petty cash	300	-	-	-
AT&T settlement	10,027	-	-	-
Debt service	-	-	-	16,284
Advances to other funds	309,162	-	-	-
Total reserved	<u>324,114</u>	<u>5,585</u>	<u>-</u>	<u>16,284</u>
Designated for:				
Operations	<u>2,238,266</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total designated	<u>2,238,266</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved, undesignated	<u>9,512,417</u>	<u>4,864,420</u>	<u>15,997,044</u>	<u>-</u>
Total fund balances	<u><u>\$ 12,074,797</u></u>	<u><u>\$ 4,870,005</u></u>	<u><u>\$ 15,997,044</u></u>	<u><u>\$ 16,284</u></u>

9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Deficit Fund Balances

At June 30, 2001, the following funds had deficit fund balances:

Fund	Deficit
Traffic Safety Special Revenue Fund	<u><u>\$ 2,057</u></u>

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

10. RISK MANAGEMENT

A. Risk Pools

The City participates in the following public entity risk pools:

ABAG Plan Corporation (ABAG PLAN) covers general liability claims in an amount up to \$7,000,000. The City has a deductible or uninsured liability of up to \$25,000 per claim. Once the City's deductible is met ABAG PLAN becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2001, the City contributed \$78,007 for current year coverage and received a refund of \$52,919 of prior year excess contributions.

The ABAG Workers' Compensation Pool Insurance Authority (ABAG POOL) covers workers' compensation claims up to the statutory limit. The City has no deductible for these claims. During the fiscal year ended June 30, 2001, the City contributed \$84,441 for current year coverage.

Each risk pool is governed by a board consisting of representatives from member municipalities. The board controls the operations of each risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's contributions to each risk pool equal the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

There have been no significant reductions of insurance settlements that exceeded insurance coverage for the past three years.

The following represents summary audited financial information of ABAG for the fiscal year ended June 30, 2001:

Total assets	<u>\$ 33,366,139</u>
Total liabilities	<u>\$ 15,749,511</u>
Fund equity	<u>\$ 17,616,628</u>
Total revenues	<u>\$ 1,430,000</u>
Total expenses	<u>\$ 1,472,804</u>
Net increase in fund equity	<u>\$ (42,804)</u>

Audited financial information for each risk pool may be obtained from ABAG at P. O. Box 2089, Oakland, California 94604-2089.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

10. RISK MANAGEMENT, Continued

B. Liability for Uninsured Claims

The current portion of the City's estimated liabilities, including incurred but not reported claims (IBNR), for uninsured claims is recorded in the General Fund, and the noncurrent portion is recorded in the General Long-term Debt Account Group. These amounts were estimated by management based on claims experience. Claims payable amounts outstanding at June 30, 2001, were as follows:

	<u>June 30, 2001</u>
General Fund	\$ 50,000
General Long-Term Debt Account Group	<u>50,000</u>
Total	\$ 100,000

Changes in estimated liabilities and current payments for the current and preceding year were as follows:

Year Ended June 30,	Claims Payable July 1	Fiscal Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2000	\$ 100,000	\$ 6,530	\$ (6,530)	\$ 100,000
2001	100,000	15,279	(15,279)	100,000

11. RETIREMENT PLANS

Pension Plan

Plan Description - The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

Funding Policy - Active plan members are required by state statute to contribute for miscellaneous employees 7% of their annual covered salary. The City employer makes the contributions required of City employees on their behalf and for their account, which amounted to \$186,793 for the year ended June 30, 2001. The City employer is required to contribute for fiscal year 2000-2001 at an actuarially determined rate of 0% of annual covered payroll for miscellaneous employees.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

11. RETIREMENT PLANS, Continued

Pension Plan, Continued

Annual Pension Cost – For fiscal year 2000-2001, the City’s annual pension cost of \$188,080 for PERS was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 1999 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases ranging from 3.75% to 14.2% for miscellaneous employees depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 1999, was 30 years for miscellaneous employees.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/99	\$ 161,363	100%	\$0
6/30/00	177,433	100%	0
6/30/01	188,080	100%	0

12. JOINT POWERS AGREEMENTS

The City is a member of the Santa Clara County Traffic Authority (Traffic Authority), which consists of various cities in the San Francisco Bay area.

The Traffic Authority was formed in 1985 by a joint exercise of powers agreement between the County of Santa Clara and the cities of Santa Clara County for the purpose of financing highway capital improvements within the County to serve transportation needs. Financial statements may be obtained from the Traffic Authority at 1754 Technology Drive, Suite 224, San Jose, California 95110.

The City is also a member of other Joint Powers Authorities (JPA) but has had no material transactions with them. These JPA’s are governed by boards consisting of representatives from their members. The boards control the operations of each JPA, including selection of management and approval of operating budgets, independent of any influence by its members beyond their representation on the board.

City of Saratoga
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2001

13. COMMITMENTS AND CONTINGENT LIABILITIES

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. No cost disallowance is expected as a result of these audits; however, these programs are subject to further examination by the grantors. Expenditures which may be disallowed, if any, by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

14. PRIOR PERIOD ADJUSTMENT

The City recorded the following adjustment to more accurately reflect the transactions in the prior years:

The City restated fund balances to more accurately record the transactions due to corrections in revenue accrual.

	Transportation Development Act Special Revenue Fund	All Special Revenue Funds
	<u> </u>	<u> </u>
Fund balance, as previously reported	\$ -	\$ 2,570,327
Prior period adjustment	<u>95,234</u>	<u>95,234</u>
Fund balance, as restated	<u>\$ 95,234</u>	<u>\$ 2,665,561</u>



City of Saratoga
Required Supplementary Information
For the year ended June 30, 2001

PUBLIC EMPLOYEE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

Miscellaneous Employees

Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Overfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/97	\$ 12,475,286	\$ 9,734,565	\$ 2,740,721	128.2%	\$ 2,322,420	118.01 %
6/30/98	15,721,109	11,459,289	4,261,820	137.2%	2,127,638	200.31 %
6/30/99	17,347,660	12,626,128	4,721,532	137.4%	2,489,253	189.68 %

* Latest information available.

**CITY OF SARATOGA
GENERAL FUND**

The *General Fund* is used to account for all of the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of the City which are not accounted for in another fund.

City of Saratoga
Balance Sheet
General Fund
June 30, 2001

ASSETS	
Cash and investments	\$ 11,604,681
Restricted cash and investments	8,400
Receivables:	
Accounts	175,883
Interest	279,909
Prepaid items	4,625
Due from other funds	111,104
Advances to other funds	309,162
Total assets	<u>\$ 12,493,764</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 277,585
Accrued payroll	91,382
Claims payable	50,000
Total liabilities	<u>418,967</u>
Fund Balances:	
Reserved for:	
Prepaid items	4,625
Petty cash	300
AT&T settlement	10,027
Advances to other funds	309,162
Unreserved:	
Designated for operations	2,238,266
Undesignated	9,512,417
Total fund balances	<u>12,074,797</u>
Total liabilities and fund balances	<u>\$ 12,493,764</u>

City of Saratoga
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the year ended June 30, 2001

REVENUES:

Property taxes	\$ 2,065,051
Special assessments	-
Other local taxes	2,938,209
Intergovernmental - State	1,725,765
Franchise fees	876,652
Use of money and property	930,430
Current service charges	494,656
Reimbursement of interfund cost allocations	1,467,466
Total revenues	10,498,229

EXPENDITURES:

Current:	
Public safety	3,062,160
Public works services	1,349,838
Community services	262,696
General and intergovernmental services	1,574,597
Development services	140,883
Capital outlay	651,814
Total expenditures	7,041,988

REVENUES OVER (UNDER) EXPENDITURES **3,456,241**

OTHER FINANCING SOURCES (USES):

Operating transfers in	69,917
Operating transfers out	(536,981)
Total other financing uses	(467,064)

**REVENUES OVER (UNDER) EXPENDITURES
AND OTHER FINANCING USES** **2,989,177**

FUND BALANCES:

Beginning of year	9,085,620
End of year	\$ 12,074,797

City of Saratoga

City of Saratoga
 Combining Balance Sheet
 Special Revenue Funds
 June 30, 2001

	Community Development Block Grant	Traffic Safety	Streets and Roads	Lighting and Landscaping Assessment District #1
ASSETS				
Cash and investments	\$ -	\$ -	\$ 2,160,365	\$ 141,410
Restricted cash and investments	105,461	-	-	-
Receivables:				
Accounts	291,228	25,095	22,880	903
Loans	425,463	-	-	-
Prepaid items	-	-	5,585	-
Total assets	\$ 822,152	\$ 25,095	\$ 2,188,830	\$ 142,313
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 14,189	\$ 11,847	\$ 57,792	\$ 5,244
Accrued payroll	287	-	9,573	732
Due to other funds	48,403	15,305	-	-
Deposits payable	-	-	-	-
Deferred revenue	425,463	-	-	-
Advances from other funds	309,162	-	-	-
Total liabilities	\$ 797,504	\$ 27,152	\$ 67,365	\$ 5,976
Fund Balances:				
Reserved for prepaid items	-	-	5,585	-
Unreserved, undesignated	24,648	(2,057)	2,115,880	136,337
Total fund balances	24,648	(2,057)	2,121,465	136,337
Total liabilities and fund balances	\$ 822,152	\$ 25,095	\$ 2,188,830	\$ 142,313

<u>Environmental Programs</u>	<u>Development Services</u>	<u>Recreation</u>	<u>Transportation Development Act</u>	<u>Hillside Street Repair</u>	<u>Local Law Enforcement</u>	<u>Totals</u>
\$ 717,276	\$ 1,830,320	\$ 47,958	\$ -	\$ -	\$ 88,402	\$ 4,985,731
-	-	-	-	-	-	105,461
46,924	5,797	186	47,396	-	-	440,409
-	-	-	-	-	-	425,463
-	-	-	-	-	-	5,585
<u>\$ 764,200</u>	<u>\$ 1,836,117</u>	<u>\$ 48,144</u>	<u>\$ 47,396</u>	<u>\$ -</u>	<u>\$ 88,402</u>	<u>\$ 5,962,649</u>
\$ 7,749	\$ 85,056	\$ 17,884	\$ -	\$ -	\$ -	\$ 199,761
1,102	12,410	12,255	-	-	895	37,254
-	-	-	47,396	-	-	1,110,4
-	-	9,900	-	-	-	9,900
-	-	-	-	-	-	425,463
-	-	-	-	-	-	309,162
<u>\$ 8,851</u>	<u>\$ 97,466</u>	<u>\$ 40,039</u>	<u>\$ 47,396</u>	<u>\$ -</u>	<u>\$ 895</u>	<u>\$ 1,092,644</u>
-	-	-	-	-	-	5,585
755,349	1,738,651	8,105	-	-	87,507	4,864,420
<u>755,349</u>	<u>1,738,651</u>	<u>8,105</u>	<u>-</u>	<u>-</u>	<u>87,507</u>	<u>4,870,005</u>
<u>\$ 764,200</u>	<u>\$ 1,836,117</u>	<u>\$ 48,144</u>	<u>\$ 47,396</u>	<u>\$ -</u>	<u>\$ 88,402</u>	<u>\$ 5,962,649</u>

City of Saratoga
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the year ended June 30, 2001

	Community Development Block Grant	Traffic Safety	Streets and Roads	Lighting and Landscaping Assessment District #1
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ 105,744
Special assessments	-	-	-	95,973
Intergovernmental - State	-	-	3,229,575	-
Intergovernmental - Federal	291,228	-	-	-
Use of money and property	24,648	-	-	6,587
Current service charges	-	150,352	1,374	-
Total revenues	315,876	150,352	3,230,949	208,304
EXPENDITURES:				
Current:				
Public safety	-	16,402	-	-
Environmental services	-	-	419,344	-
Public works services	-	-	1,407,313	-
Community services	74,795	-	-	-
Development services	-	-	-	-
Capital outlay	229,953	-	57,568	179,907
Total expenditures	304,748	16,402	1,884,225	179,907
REVENUES OVER (UNDER) EXPENDITURES	11,128	133,950	1,346,724	28,397
OTHER FINANCING SOURCES (USES):				
Operating transfers in	13,520	-	136,007	-
Operating transfers out	-	(136,007)	-	-
Total other financing sources (uses)	13,520	(136,007)	136,007	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	24,648	(2,057)	1,482,731	28,397
FUND BALANCES:				
Beginning of year, as restated	-	-	638,734	107,940
End of year	\$ 24,648	\$ (2,057)	\$ 2,121,465	\$ 136,337

Environmental Programs	Development Services	Recreation	Transportation Development Act	Hillside Street Repair	Local Law Enforcement	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,744
-	-	-	-	-	-	95,973
30,410	-	-	47,396	-	100,000	3,407,381
-	-	-	-	-	-	291,228
40,067	107,641	154,745	-	-	5,793	339,481
568,652	2,050,733	703,425	-	2,517	-	3,477,053
639,129	2,158,374	858,170	47,396	2,517	105,793	7,716,860
-	-	-	-	-	73,059	89,461
295,205	-	-	-	-	-	714,549
-	-	-	-	-	-	1,407,313
-	-	1,263,602	-	-	-	1,338,397
-	1,762,671	-	-	-	-	1,762,671
9,033	15,957	7,226	167,445	-	-	667,089
304,238	1,778,628	1,270,828	167,445	-	73,059	5,979,480
334,891	379,746	(412,658)	(120,049)	2,517	32,734	1,737,380
-	-	420,592	24,815	-	10,654	605,588
-	-	-	-	(2,517)	-	(138,524)
-	-	420,592	24,815	(2,517)	10,654	467,064
334,891	379,746	7,934	(95,234)	-	43,388	2,204,444
420,458	1,358,905	171	95,234	-	44,119	2,665,561
\$ 755,349	\$ 1,738,651	\$ 8,105	\$ -	\$ -	\$ 87,507	\$ 4,870,005

City of Saratoga

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Special Revenue Funds

For the year ended June 30, 2001

	Community Development Block Grant			Traffic Safety		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Intergovernmental - State	-	-	-	-	-	-
Intergovernmental - Federal	362,429	291,228	(71,201)	-	-	-
Use of money and property	3,000	24,648	21,648	-	-	-
Current service charges	-	-	-	153,500	150,352	(3,148)
Total revenues	365,429	315,876	(49,553)	153,500	150,352	(3,148)
EXPENDITURES:						
Current:						
Public safety	-	-	-	26,090	16,402	9,688
Environmental services	-	-	-	-	-	-
Public works services	-	-	-	-	-	-
Community services	79,535	74,795	4,740	-	-	-
Development services	-	-	-	-	-	-
Capital outlay	332,047	229,953	102,094	-	-	-
Total expenditures	411,582	304,748	106,834	26,090	16,402	9,688
REVENUES OVER (UNDER) EXPENDITURES	(46,153)	11,128	57,281	127,410	133,950	6,540
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	13,520	13,520	-	-	-
Operating transfers out	(170,951)	-	170,951	(127,410)	(136,007)	(8,597)
Total other financing sources (uses)	(170,951)	13,520	184,471	(127,410)	(136,007)	(8,597)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (217,104)	24,648	\$ 241,752	\$ -	(2,057)	\$ (2,057)
FUND BALANCES:						
Beginning of year, as restated		-			-	
End of year		\$ 24,648			\$ (2,057)	

Streets and Roads			Lighting and Landscaping Assessment District #1			Environmental Programs		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 73,750	\$ 105,744	\$ 31,994	\$ -	\$ -	\$ -
-	-	-	102,204	95,973	(6,231)	-	-	-
4,183,416	3,229,575	(953,841)	-	-	-	30,479	30,410	(69)
579,193	-	(579,193)	-	-	-	-	-	-
-	-	-	2,000	6,587	4,587	-	40,067	40,067
140,835	1,374	(139,461)	-	-	-	522,490	568,652	46,162
<u>4,903,444</u>	<u>3,230,949</u>	<u>(1,672,495)</u>	<u>177,954</u>	<u>208,304</u>	<u>30,350</u>	<u>552,969</u>	<u>639,129</u>	<u>86,160</u>
-	-	-	-	-	-	-	-	-
419,345	419,344	1	-	-	-	633,141	295,205	337,936
3,237,453	1,407,313	1,830,140	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,583,566	57,568	2,525,998	179,907	179,907	-	34,500	9,033	25,467
<u>6,240,364</u>	<u>1,884,225</u>	<u>4,356,139</u>	<u>179,907</u>	<u>179,907</u>	<u>-</u>	<u>667,641</u>	<u>304,238</u>	<u>363,403</u>
(1,336,920)	1,346,724	2,683,644	(1,953)	28,397	30,350	(114,672)	334,891	449,563
2,368,987	136,007	(2,232,980)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>2,368,987</u>	<u>136,007</u>	<u>(2,232,980)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,032,067</u>	1,482,731	<u>\$ 450,664</u>	<u>\$ (1,953)</u>	28,397	<u>\$ 30,350</u>	<u>\$ (114,672)</u>	334,891	<u>\$ 449,563</u>
	638,734			107,940			420,458	
	<u>\$ 2,121,465</u>			<u>\$ 136,337</u>			<u>\$ 755,349</u>	

(Continued)

City of Saratoga
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Funds, Continued
For the year ended June 30, 2001

	Development Services			Recreation		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Intergovernmental - State	-	-	-	-	-	-
Intergovernmental - Federal	-	-	-	-	-	-
Use of money and property	-	107,641	107,641	150,000	154,745	4,745
Current service charges	1,568,687	2,050,733	482,046	782,300	703,425	(78,875)
Total revenues	1,568,687	2,158,374	589,687	932,300	858,170	(74,130)
EXPENDITURES:						
Current:						
Public safety	-	-	-	-	-	-
Environmental services	-	-	-	-	-	-
Public works services	-	-	-	-	-	-
Community services	-	-	-	1,317,771	1,263,602	54,169
Development services	1,939,577	1,762,671	176,906	-	-	-
Capital outlay	18,500	15,957	2,543	25,000	7,226	17,774
Total expenditures	1,958,077	1,778,628	179,449	1,342,771	1,270,828	71,943
REVENUES OVER (UNDER) EXPENDITURES	(389,390)	379,746	769,136	(410,471)	(412,658)	(2,187)
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	-	-	378,152	420,592	42,440
Operating transfers out	(122,532)	-	122,532	-	-	-
Total other financing sources (uses)	(122,532)	-	122,532	378,152	420,592	42,440
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (511,922)	379,746	\$ 891,668	\$ (32,319)	7,934	\$ 40,253
FUND BALANCES:						
Beginning of year, as restated		1,358,905			171	
End of year		\$ 1,738,651			\$ 8,105	

Transportation Development Act			Hillside Street Repair			Local Law Enforcement		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
97,234	47,396	(49,838)	-	-	-	70,128	100,000	29,872
-	-	-	-	-	-	-	-	-
-	-	-	800	-	(800)	-	5,793	5,793
-	-	-	5,288	2,517	(2,771)	-	-	-
97,234	47,396	(49,838)	6,088	2,517	(3,571)	70,128	105,793	35,665
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	86,806	73,059	13,747
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
169,200	167,445	1,755	-	-	-	-	-	-
169,200	167,445	1,755	-	-	-	86,806	73,059	13,747
-	-	-	-	-	-	-	-	-
(71,966)	(120,049)	(48,083)	6,088	2,517	(3,571)	(16,678)	32,734	49,412
-	-	-	-	-	-	-	-	-
71,966	24,815	(47,151)	-	-	-	11,341	10,654	(687)
-	-	-	(6,088)	(2,517)	3,571	-	-	-
71,966	24,815	(47,151)	(6,088)	(2,517)	3,571	11,341	10,654	(687)
\$ -	(95,234)	\$ (95,234)	\$ -	-	\$ -	\$ (5,337)	43,388	\$ 48,725
	95,234			-			44,119	
	\$ -			\$ -			\$ 87,507	

(Continued)

City of Saratoga

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Special Revenue Funds, Continued

For the year ended June 30, 2001

	Totals		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Property taxes	\$ 73,750	\$ 105,744	\$ 31,994
Special assessments	102,204	95,973	(6,231)
Intergovernmental - State	4,381,257	3,407,381	(973,876)
Intergovernmental - Federal	941,622	291,228	(650,394)
Use of money and property	155,800	339,481	183,681
Current service charges	3,173,100	3,477,053	303,953
Total revenues	8,827,733	7,716,860	(1,110,873)
EXPENDITURES:			
Current:			
Public safety	112,896	89,461	23,435
Environmental services	1,052,486	714,549	337,937
Public works services	3,237,453	1,407,313	1,830,140
Community services	1,397,306	1,338,397	58,909
Development services	1,939,577	1,762,671	176,906
Capital outlay	3,342,720	667,089	2,675,631
Total expenditures	11,082,438	5,979,480	5,102,958
REVENUES OVER (UNDER) EXPENDITURES	(2,254,705)	1,737,380	3,992,085
OTHER FINANCING SOURCES (USES):			
Operating transfers in	2,830,446	605,588	(2,224,858)
Operating transfers out	(426,981)	(138,524)	288,457
Total other financing sources (uses)	2,403,465	467,064	(1,936,401)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 148,760	2,204,444	\$ 2,055,684
FUND BALANCES:			
Beginning of year, as restated		2,665,561	
End of year		\$ 4,870,005	

(Concluded)

**CITY OF SARATOGA
CAPITAL PROJECTS FUND**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Park Development - This fund accounts for resources used for the acquisition and construction of major capital facilities by the City, primarily the acquisition and construction of various City parks.

Library Expansion - This fund accounts for resources used for the construction of the City's library.

City of Saratoga
Combining Balance Sheet
Capital Projects Funds
June 30, 2001

	Park Development	Library Expansion	Totals
ASSETS			
Cash and investments	\$ 1,972,432	\$ 655,904	\$ 2,628,336
Restricted cash and investments	-	13,538,773	13,538,773
Interest receivable	-	60,969	60,969
Total assets	\$ 1,972,432	\$ 14,255,646	\$ 16,228,078
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 22,861	\$ 208,173	\$ 231,034
Total liabilities	22,861	208,173	231,034
Fund Balances:			
Unreserved, undesignated	1,949,571	14,047,473	15,997,044
Total fund balances	1,949,571	14,047,473	15,997,044
Total liabilities and fund balances	\$ 1,972,432	\$ 14,255,646	\$ 16,228,078

City of Saratoga
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Funds
For the year ended June 30, 2001

	Park Development	Library Expansion	Totals
REVENUES:			
Use of money and property	\$ -	\$ 69,809	\$ 69,809
Current service charges	113,484	-	113,484
Total revenues	113,484	69,809	183,293
EXPENDITURES:			
Capital outlay	307,877	1,130,524	1,438,401
Total expenditures	307,877	1,130,524	1,438,401
REVENUES OVER (UNDER) EXPENDITURES	(194,393)	(1,060,715)	(1,255,108)
OTHER FINANCING SOURCES:			
Proceeds from long-term debt	-	15,108,188	15,108,188
Total other financing sources	-	15,108,188	15,108,188
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(194,393)	14,047,473	13,853,080
FUND BALANCES:			
Beginning of year	2,143,964	-	2,143,964
End of year	\$ 1,949,571	\$ 14,047,473	\$ 15,997,044

City of Saratoga
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Capital Projects Funds
For the year ended June 30, 2001

	Park Development		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Use of money and property	\$ -	\$ -	\$ -
Current service charges	93,150	113,484	20,334
Total revenues	93,150	113,484	20,334
EXPENDITURES:			
Capital outlay	3,367,551	307,877	3,059,674
Total expenditures	3,367,551	307,877	3,059,674
REVENUES OVER (UNDER) EXPENDITURES	(3,274,401)	(194,393)	3,080,008
OTHER FINANCING SOURCES:			
Proceeds from long-term debt	-	-	-
Operating transfers in	10,000	-	(10,000)
Total other financing sources	10,000	-	(10,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ (3,264,401)	(194,393)	\$ 3,070,008
FUND BALANCES:			
Beginning of year		2,143,964	
End of year		\$ 1,949,571	

Library Expansion			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 69,809	\$ 69,809	\$ -	\$ 69,809	\$ 69,809
-	-	-	93,150	113,484	20,334
-	69,809	69,809	93,150	183,293	90,143
1,000,000	1,130,524	(130,524)	4,367,551	1,438,401	2,929,150
1,000,000	1,130,524	(130,524)	4,367,551	1,438,401	2,929,150
(1,000,000)	(1,060,715)	(60,715)	(4,274,401)	(1,255,108)	3,019,293
1,000,000	15,108,188	14,108,188	1,000,000	15,108,188	14,108,188
-	-	-	10,000	-	(10,000)
1,000,000	15,108,188	14,108,188	1,010,000	15,108,188	14,098,188
\$ -	14,047,473	\$ 14,047,473	\$ (3,264,401)	13,853,080	\$ 17,117,481
	-			2,143,964	
	\$ 14,047,473			\$ 15,997,044	



**CITY OF SARATOGA
DEBT SERVICE FUND**

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

Library Debt - Santa Clara County lease revenues are accumulated in this fund to pay annual principal and interest payments on the 1976 and 2001 library bonds.

City of Saratoga
Balance Sheet
Library Debt Service Fund
June 30, 2001

ASSETS

Cash and investments	\$	16,284
Total assets	\$	<u>16,284</u>

FUND BALANCES

Fund Balances:

Reserved for debt service	\$	16,284
Total fund balances	\$	<u>16,284</u>

City of Saratoga
Statement of Revenues, Expenditures and Changes in Fund Balances
Library Debt Service Fund
For the year ended June 30, 2001

REVENUES:

Use of money and property	\$ 111,058
Total revenues	<u>111,058</u>

EXPENDITURES:

Debt service:	
Principal	85,000
Interest and fiscal charges	9,774
Total expenditures	<u>94,774</u>

REVENUES OVER (UNDER) EXPENDITURES	<u>16,284</u>
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FUND BALANCES:

Beginning of year	<u>-</u>
End of year	<u>\$ 16,284</u>

City of Saratoga

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Library Debt Service Fund

For the year ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Use of money and property	\$ 93,678	\$ 111,058	\$ 17,380
Total revenues	<u>93,678</u>	<u>111,058</u>	<u>17,380</u>
EXPENDITURES:			
Debt service:			
Principal	85,000	85,000	-
Interest and fiscal charges	<u>9,774</u>	<u>9,774</u>	-
Total expenditures	<u>94,774</u>	<u>94,774</u>	-
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,096)</u>	16,284	<u>\$ 17,380</u>
FUND BALANCES:			
Beginning of year		<u>-</u>	
End of year		<u>\$ 16,284</u>	

**CITY OF SARATOGA
AGENCY FUNDS**

Agency Funds account for assets held by a governmental unit in the capacity of agent for individuals, governmental entities and non-public organizations.

Cable T.V. Trust - This fund accounts for funds of the Saratoga Community Access T.V. Foundation.

Assessment Districts Bonds - This fund accumulates monies for payment of bonds for Village Parking Districts #2 and #3, the Leonard Road Improvement District and the Saratoga Public Financing Authority which are financed by assessments placed on the County tax roll.

Deposits - This fund accounts for deposits paid to the City which are subject to refund or held solely in custodial capacity.

City of Saratoga
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2001

	Balance July 1, 2000	Additions	Reductions	Balance June 30, 2001
<u>Cable T.V. Trust</u>				
Assets:				
Cash and investments	\$ 86,303	\$ 7,830	\$ -	\$ 94,133
Liabilities:				
Deposits payable	\$ 86,303	\$ 7,830	\$ -	\$ 94,133
 <u>Assessment Districts Bonds</u>				
Assets:				
Cash and investments	\$ -	\$ 5,606	\$ -	\$ 5,606
Restricted cash and investments	361,246	192,329	(237,587)	315,988
Accounts receivable	-	49,070	-	49,070
Total assets	\$ 361,246	\$ 247,005	\$ (237,587)	\$ 370,664
Liabilities:				
Due to assessment district bondholders	\$ 361,246	\$ 13,277	\$ (3,859)	\$ 370,664
 <u>Deposits</u>				
Assets:				
Cash and investments	\$ 485,374	\$ 733,830	\$ (485,374)	\$ 733,830
Liabilities:				
Deposits payable	\$ 485,374	\$ 733,830	\$ (485,374)	\$ 733,830
 <u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$ 571,677	\$ 747,266	\$ (485,374)	\$ 833,569
Restricted cash and investments	361,246	192,329	(237,587)	315,988
Accounts receivable	-	49,070	-	49,070
Total assets	\$ 932,923	\$ 988,665	\$ (722,961)	\$ 1,198,627
Liabilities:				
Due to assessment district bondholders	361,246	13,277	(3,859)	370,664
Deposits payable	571,677	741,660	(485,374)	827,963
Total liabilities	\$ 932,923	\$ 754,937	\$ (489,233)	\$ 1,198,627

CITY OF SARATOGA
ACCOUNT GROUPS

The *General Fixed Assets Account Group* accounts for the cost of all City property, equipment, and infrastructure.

The *Long-Term Debt Account Group* accounts for unmatured general long-term indebtedness of the City.

City of Saratoga
Schedule of General Fixed Assets - By Source
June 30, 2001

GENERAL FIXED ASSETS:

Land and improvements	\$ 4,797,848
Buildings and structures	6,176,179
Equipment and vehicles	2,537,454
Infrastructure	98,820,446
Total general fixed assets	\$ 112,331,927

INVESTMENT IN GENERAL FIXED ASSETS:

Expenditures from:	
General fund revenues	\$ 110,872,519
Special revenue fund revenues	1,026,049
Capital projects fund revenues	433,359
Total investment in general fixed assets	\$ 112,331,927

City of Saratoga
Schedule of Changes in General Fixed Assets - By Source
June 30, 2001

	<u>Land and Improvements</u>	<u>Buildings and Structures</u>	<u>Equipment and Vehicles</u>	<u>Infrastructure</u>	<u>Totals</u>
Balance, June 30, 2000	\$ 4,797,848	\$ 5,985,136	\$ 2,412,193	\$ -	\$ 13,195,177
Additions:					
Expenditures from:					
General fund revenues	-	-	175,487	98,820,446	98,995,933
Special revenue fund revenues	-	191,043	7,330	-	198,373
Total additions	<u>\$ -</u>	<u>\$ 191,043</u>	<u>\$ 182,817</u>	<u>\$ 98,820,446</u>	<u>\$ 99,194,306</u>
Inventory adjustment:					
General fund revenue	-	-	(4,411)	-	(4,411)
Special revenue fund revenues	-	-	(53,145)	-	(53,145)
Balance, June 30, 2001	<u><u>\$ 4,797,848</u></u>	<u><u>\$ 6,176,179</u></u>	<u><u>\$ 2,537,454</u></u>	<u><u>\$ 98,820,446</u></u>	<u><u>\$ 112,331,927</u></u>

City of Saratoga
 Schedule of General Fixed Assets - By Function
 June 30, 2001

	Land and Improvements	Buildings and Structures	Equipment and Vehicles	Infrastructure	Totals
Public safety	\$ -	\$ -	\$ 356,544	\$ -	\$ 356,544
Community environment	-	114,383	292,707	-	407,090
Public works	468,572	5,490	799,087	-	1,273,149
Recreation	45,933	78,632	267,318	-	391,883
Assessment districts	51,415	-	-	-	51,415
Community support	-	-	216	-	216
General government	4,158,648	5,947,046	554,725	98,820,446	109,480,865
Intragovernmental	73,280	30,628	266,857	-	370,765
Totals	\$ 4,797,848	\$ 6,176,179	\$ 2,537,454	\$ 98,820,446	\$ 112,331,927

City of Saratoga
Schedule of General Long-Term Debt
June 30, 2001

**AMOUNT AVAILABLE AND TO BE PROVIDED
FOR PAYMENT OF GENERAL LONG-TERM DEBT:**

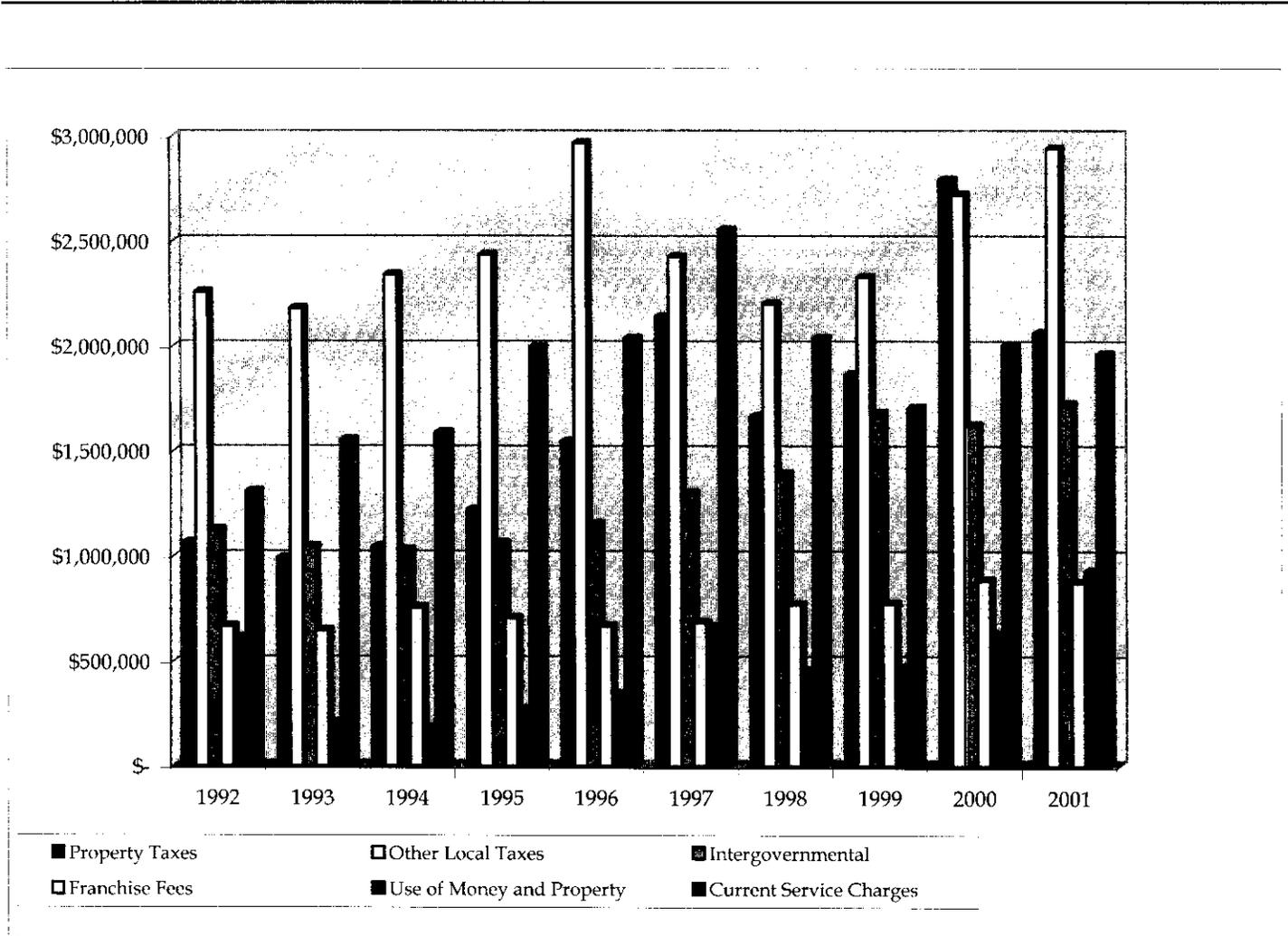
Amount available for debt service	\$ 16,284
Amount to be provided for debt service	15,265,666
	<hr/>
Total available and to be provided for payment of general long-term debt	\$ 15,281,950
	<hr/> <hr/>

GENERAL LONG-TERM DEBT PAYABLE:

Claims payable	50,000
General obligation 1976 library bonds	100,000
General obligation 2001 library bonds	15,000,000
Compensated absences	131,950
	<hr/>
Total general long-term debt payable	\$ 15,281,950
	<hr/> <hr/>



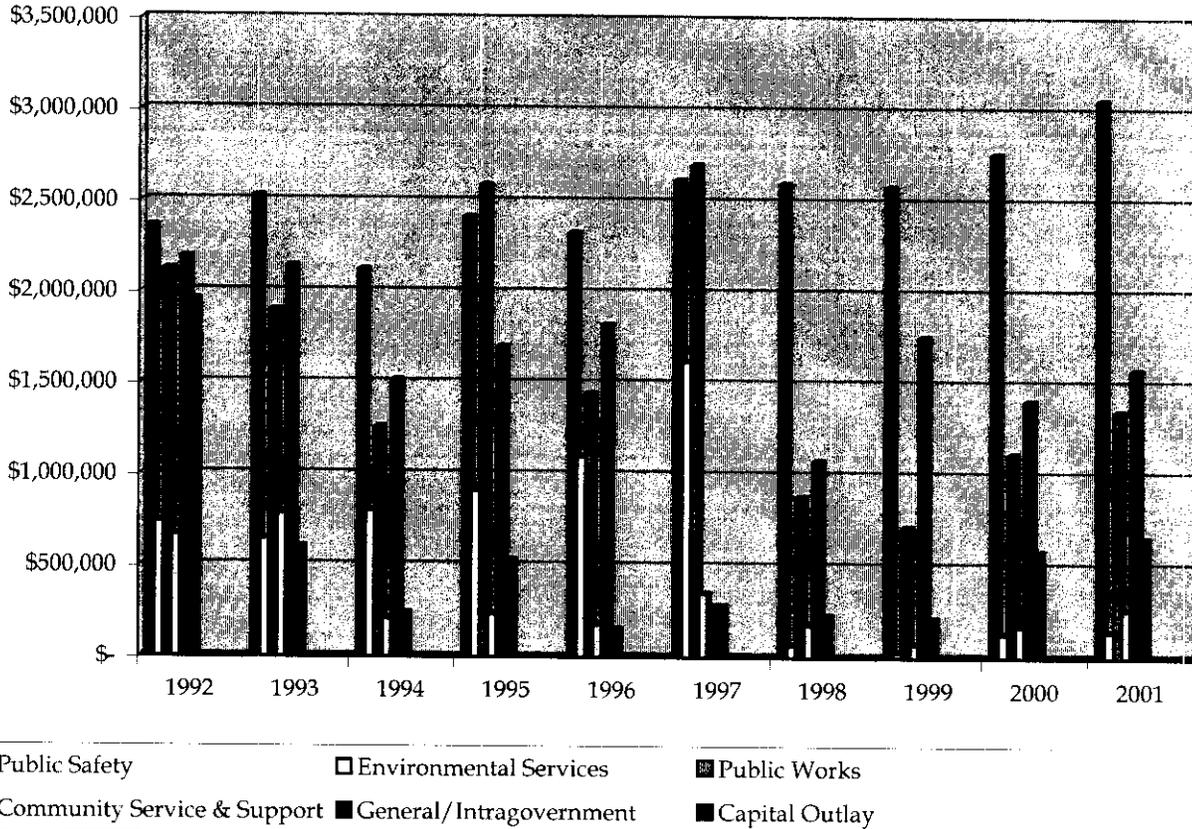
City of Saratoga
General Fund Revenues - By Source
Last ten fiscal years



Fiscal Year	Property Taxes	Other Local Taxes	Inter-governmental	Franchise Fees	Use of Money and Property	Current Services Charges	Totals
1992	\$ 1,064,177	\$ 2,258,079	\$ 1,125,916	\$ 667,800	\$ 615,059	\$ 1,307,341	\$ 7,038,372
1993	991,862	2,180,000	1,047,480	647,989	209,111	1,553,690	6,630,132
1994	1,045,975	2,338,826	1,029,463	758,611	183,061	1,587,425	6,943,361
1995	1,221,096	2,434,070	1,064,052	707,822	272,425	1,996,874	7,696,339
1996	1,546,162	2,965,069	1,152,968	669,467	343,295	2,036,854	8,713,815
1997	2,142,454	2,424,825	1,301,443	685,083	665,966	2,552,050	9,771,821
1998	1,664,144	2,202,826	1,392,591	772,258	457,382	2,037,182	8,526,383
1999	1,864,766	2,328,071	1,680,670	777,560	472,198	1,705,692	8,828,957
2000	2,790,294	2,718,358	1,623,583	886,618	630,833	2,005,183	10,654,869
2001	2,065,051	2,938,209	1,725,765	876,652	930,430	1,962,122	10,498,229

Source: City of Saratoga Annual Financial Report

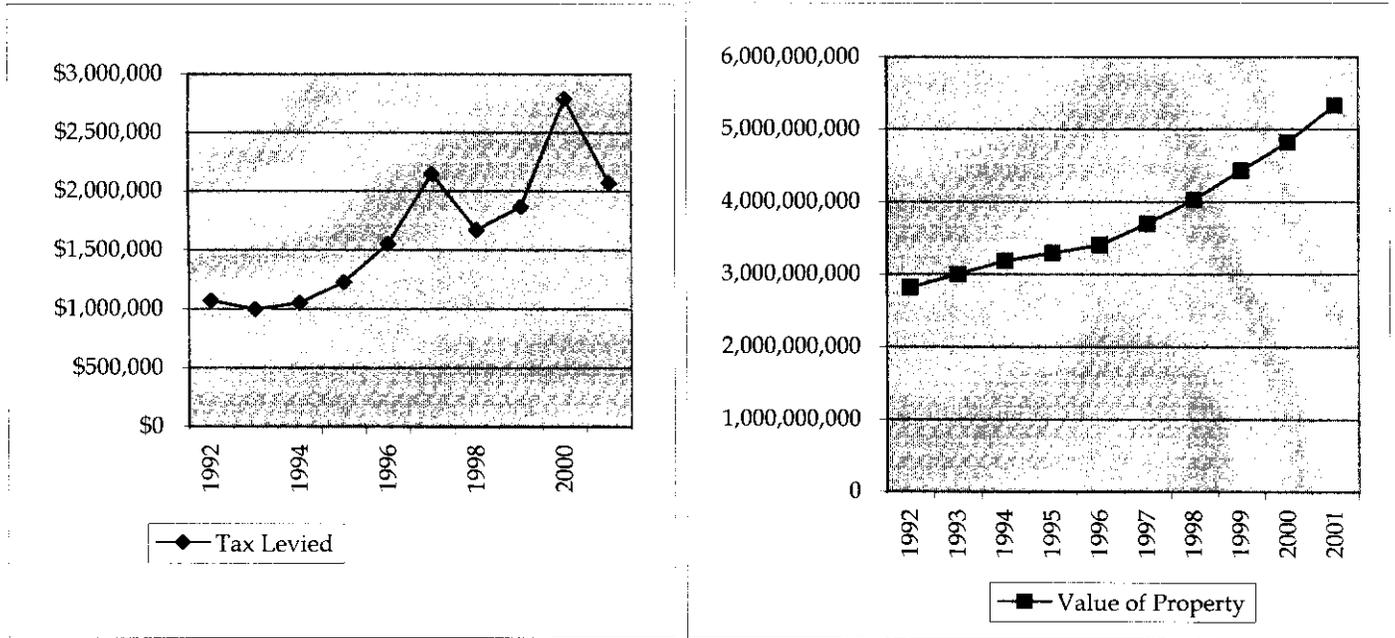
City of Saratoga
General Fund Expenditures - By Function
Last ten fiscal years



Fiscal Year	Public Safety	Development Services	Public Works	Community Services	General / Inter-Governmental	Capital Outlay	Totals
1992	\$ 2,357,189	\$ 737,911	\$ 2,119,201	\$ 665,699	\$ 2,188,990	\$ 1,955,104	\$ 10,024,094
1993	2,523,782	645,466	1,896,690	786,702	2,139,162	601,792	8,593,594
1994	2,119,313	801,058	1,258,065	209,890	1,515,310	240,882	6,144,518
1995	2,411,207	907,232	2,587,008	234,788	1,698,219	531,607	8,370,061
1996	2,322,425	1,098,931	1,444,155	177,837	1,819,188	154,695	7,017,231
1997	2,616,973	1,616,532	2,697,413	349,019	279,737	280,500	7,840,174
1998	2,598,233	65,502	877,204	179,928	1,074,696	226,310	5,021,873
1999	2,581,940	30,947	712,822	72,880	1,754,995	212,223	5,365,807
2000	2,761,741	129,849	1,113,870	172,549	1,404,530	578,612	6,161,151
2001	3,062,160	140,883	1,349,838	262,696	1,574,597	651,814	7,041,988

Source: City of Saratoga Annual Financial Report

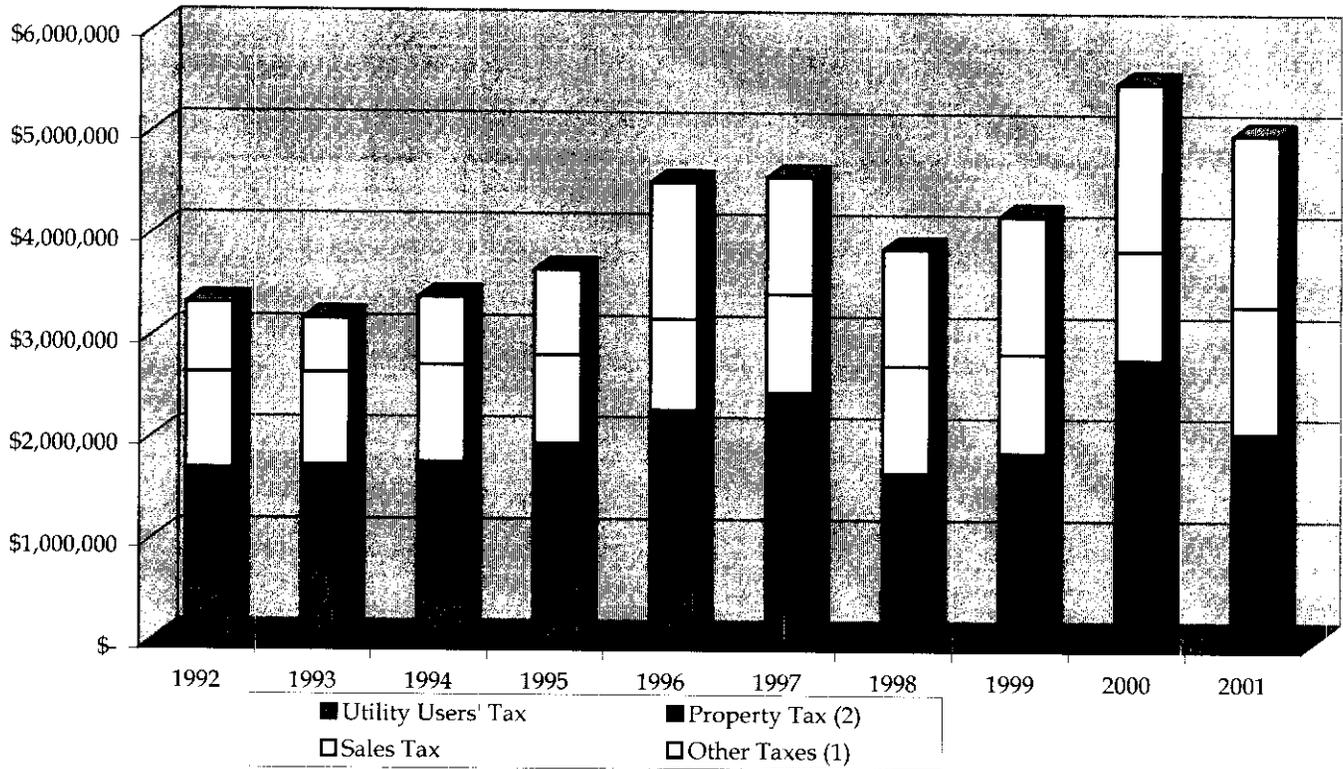
City of Saratoga
Property Tax Levies and Collections
Last ten fiscal years



Fiscal Year	Property Tax Levies and Collections	Value of Property Subject to Local Tax Rate
1992	\$ 1,064,177	\$ 2,809,614,703
1993	991,862	2,996,971,420
1994	1,045,975	3,181,662,768
1995	1,221,096	3,289,435,553
1996	1,546,162	3,398,224,679
1997	2,142,454	3,697,796,461
1998	1,664,144	4,029,381,944
1999	1,864,766	4,432,656,416
2000	2,790,294	4,823,743,087
2001	2,065,051	5,331,749,683

Sources: City of Saratoga Annual Financial Report
 California Municipal Statistics Inc. (1990-1992)
 County of Santa Clara Tax Rates and Information Publication (1993-2001)

City of Saratoga
General Fund Tax Revenue
Last ten fiscal years



Fiscal Year	Utility User's Tax	Property Tax (2)	Sales Tax	Other Taxes (1)	Totals
1992	\$ 634,057	\$ 1,064,177	\$ 939,635	\$ 684,387	\$ 3,322,256
1993	735,562	991,862	910,834	533,604	3,171,862
1994	715,239	1,045,975	958,436	665,151	3,384,801
1995	725,373	1,221,096	872,134	836,563	3,655,166
1996	729,468	1,546,162	896,799	1,338,802	4,511,231
1997	312,464	2,142,454	966,900	1,145,461	4,567,279
1998	-	1,664,144	1,057,677	1,145,149	3,866,970
1999	-	1,864,766	979,192	1,348,879	4,192,837
2000	-	2,790,294	1,071,122	1,647,236	5,508,652
2001	-	2,065,051	1,255,726	1,682,483	5,003,260

(1) Other Taxes include: Transient Occupancy Tax, Real Property Transfer Tax, Construction Tax, Business License Tax and Animal Licenses.

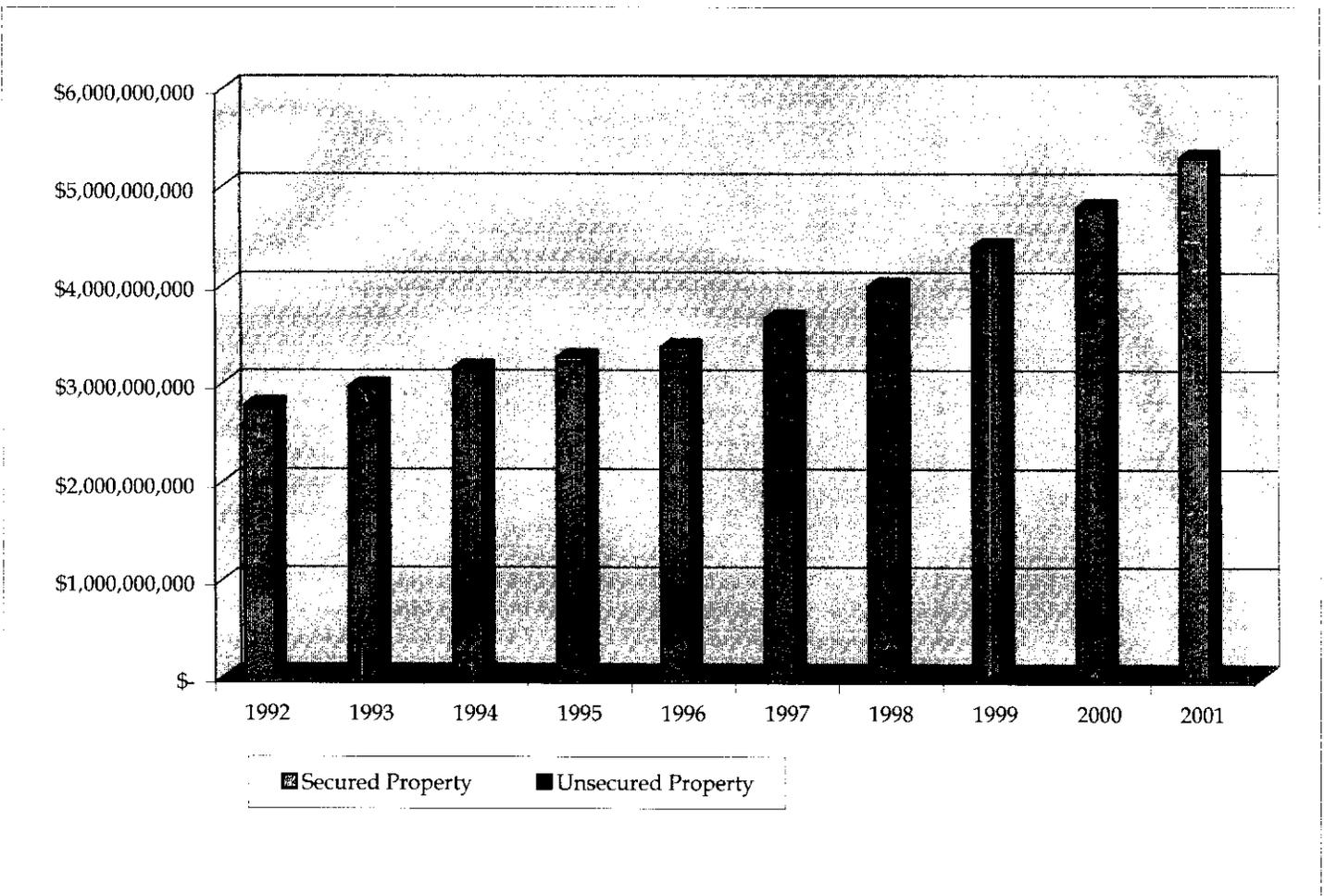
(2) Property Tax levy's are remitted in full by Santa Clara County which handles delinquencies and retains all interest and penalties.

Source: City of Saratoga Finance Department

City of Saratoga

Assessed and Estimated Actual Market Value of Taxable Property

Last ten fiscal years



Fiscal Year	Secured Property	Unsecured Property	Total Assessed	Estimated Market
1992	\$ 2,779,394,739	\$ 30,219,964	\$ 2,809,614,703	\$ 2,809,614,703
1993	2,966,543,181	30,428,239	2,996,971,420	2,996,971,420
1994	3,153,176,308	28,486,460	3,181,662,768	3,181,662,768
1995	3,261,741,964	27,693,589	3,289,435,553	3,289,435,553
1996	3,363,964,334	34,260,345	3,398,224,679	3,398,224,679
1997	3,660,513,753	37,282,708	3,697,796,461	3,697,796,461
1998	3,990,741,994	38,639,950	4,029,381,944	4,029,381,944
1999	4,392,456,823	40,199,593	4,432,656,416	4,432,656,416
2000	4,789,325,625	34,417,462	4,823,743,087	4,823,743,087
2001	5,292,676,050	39,073,633	5,331,749,683	5,331,749,683

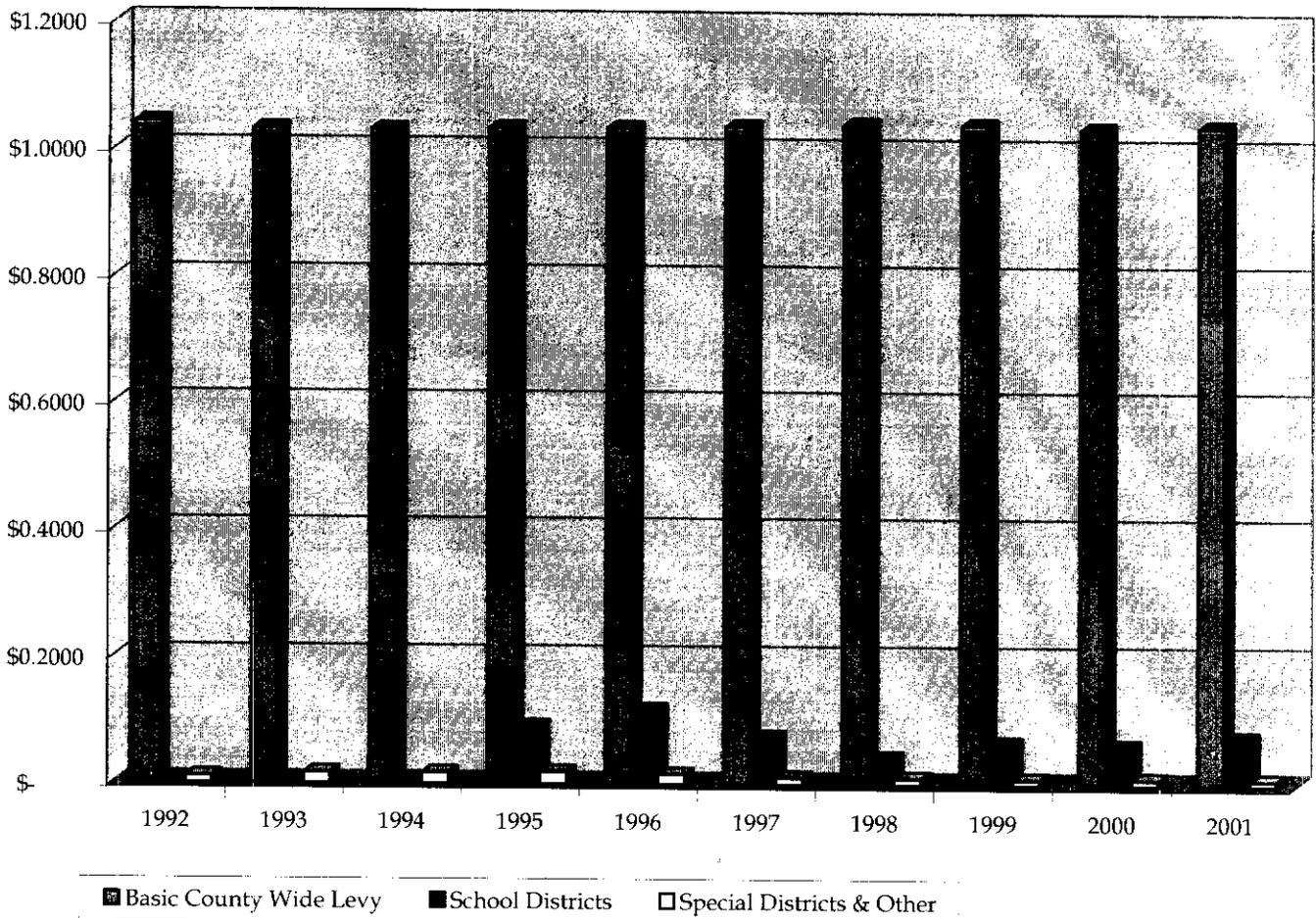
Source: California Municipal Statistics Inc.

The California Constitution requires properties to be assessed at full market value on the date of purchase but limits increases in assessed valuation to 2% annually.

City of Saratoga

Property Tax Rates (Per \$100 of Assessed Valuation) - All Overlapping Governments

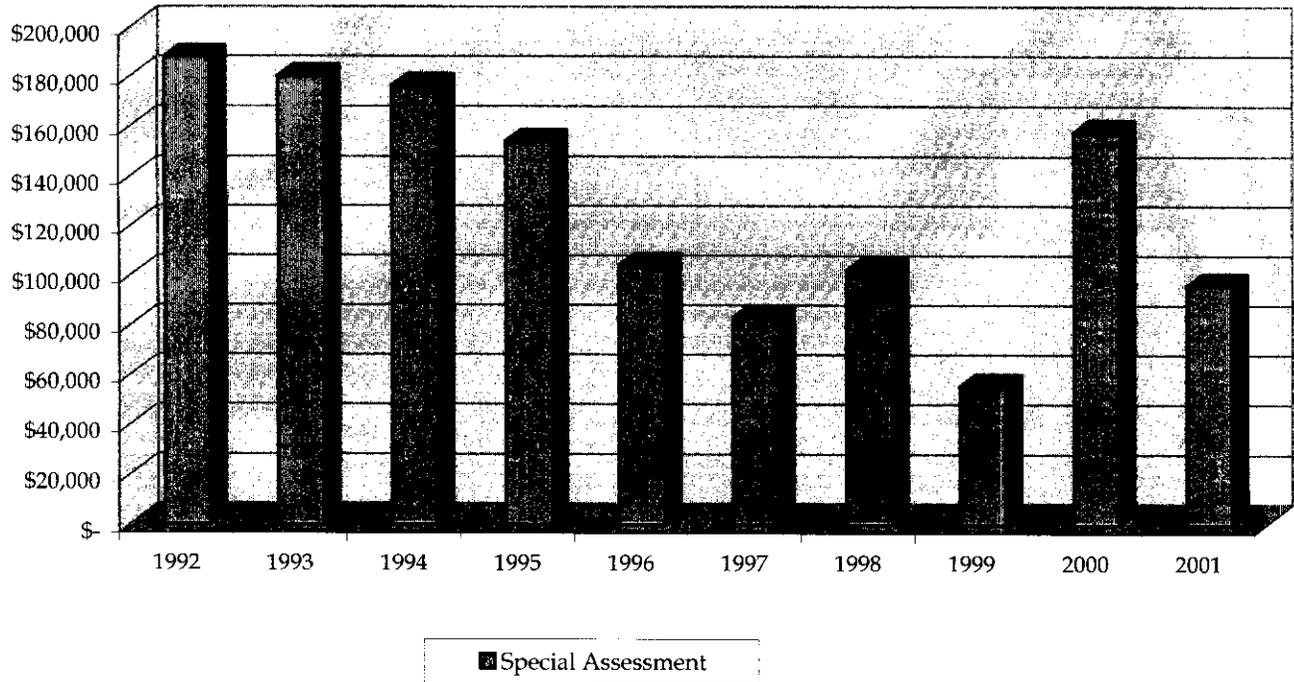
Last ten fiscal years



Fiscal Year	Basic County Wide Levy	School Districts	Special Districts and Other
1992	\$ 1.0412	\$ -	\$ 0.0104
1993	1.0313	-	0.0165
1994	1.0305	-	0.0165
1995	1.0332	0.0903	0.0180
1996	1.0338	0.1170	0.0147
1997	1.0365	0.0743	0.0102
1998	1.0412	0.0415	0.0098
1999	1.0405	0.0647	0.0082
2000	1.0343	0.0612	0.0085
2001	1.0380	0.0745	0.0075

Source: California Municipal Statistics Inc.

City of Saratoga
Special Assessment Billings and Collections
Last ten fiscal years

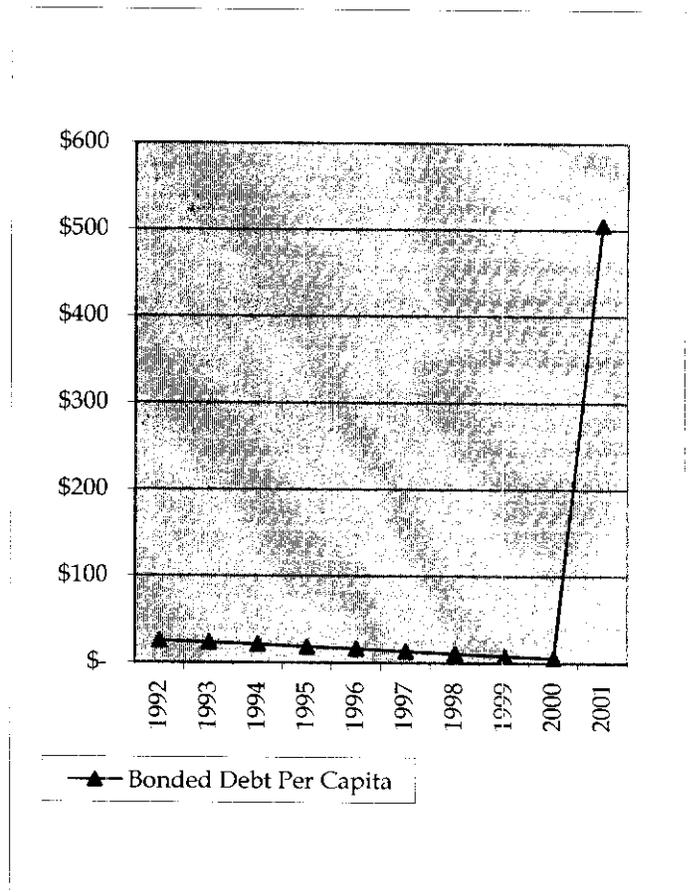
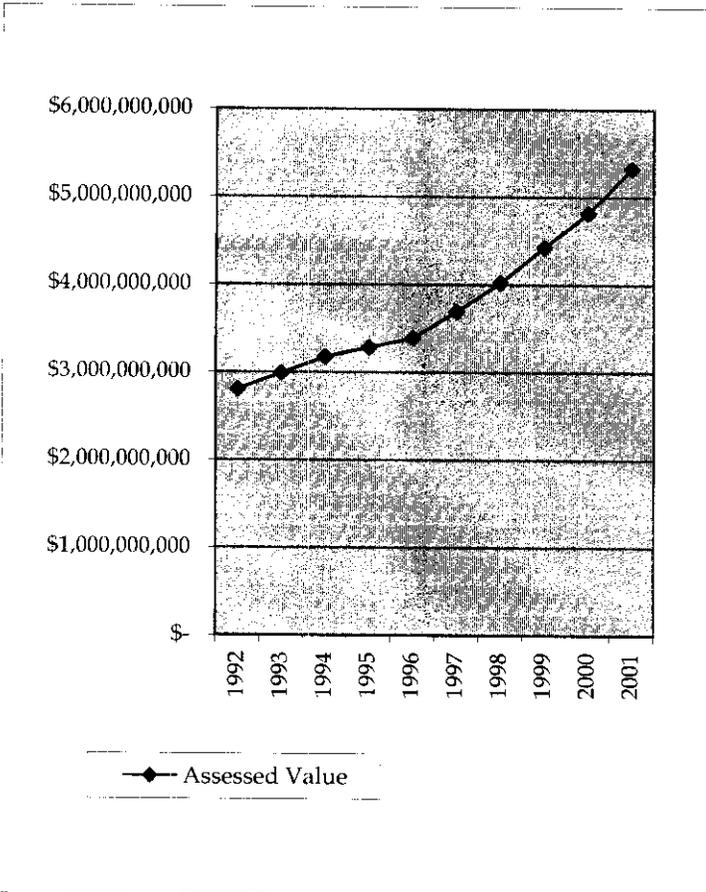


Fiscal Year	Special Assessment Billings and Collections
1992	\$ 187,829
1993	180,068
1994	176,280
1995	154,097
1996	104,292
1997	83,101
1998	102,164
1999	55,505
2000	157,936
2001	95,973

Source: City of Saratoga Annual Financial Report
 Comprises Parking Districts #1 and #4 and Lighting and Landscaping District #1 in 1992-1998
 Prior years also include Parking Districts #2 and #3

City of Saratoga

Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita Last ten fiscal years



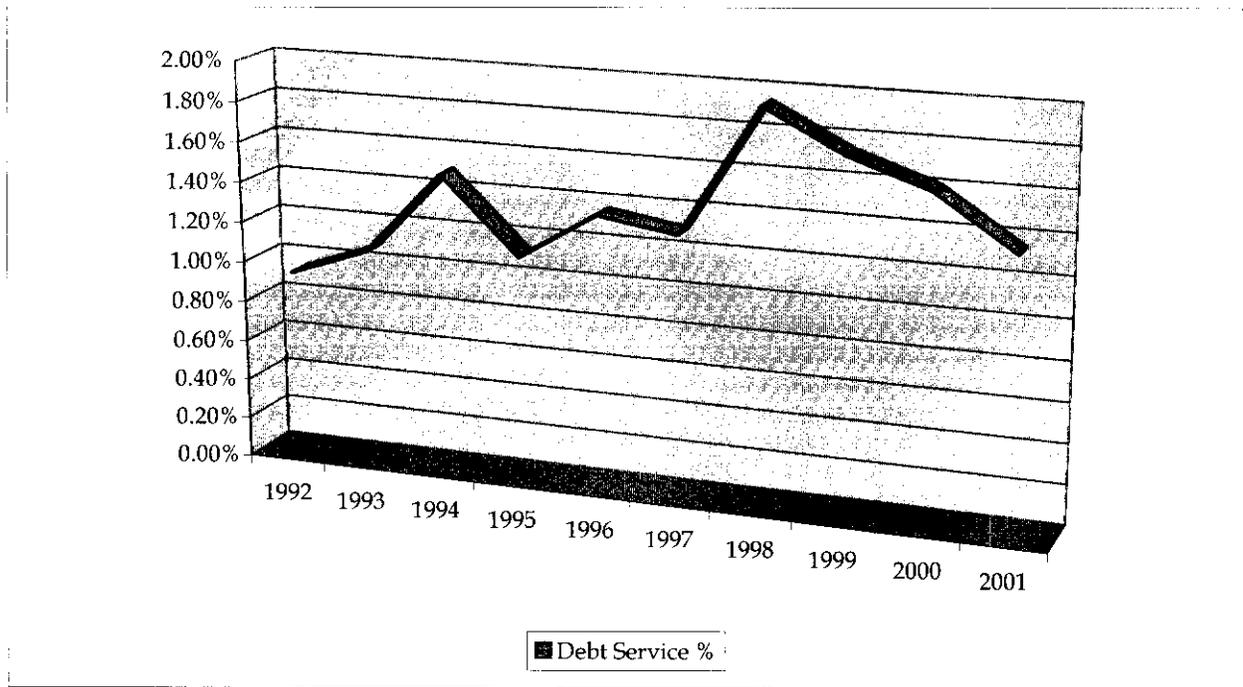
Fiscal Year	Population	Assessed Value	Net Bonded Debt	
			Bonded Debt	Per Capita
1992	28,031	\$ 2,809,614,703	\$ 720,000	\$ 26
1993	28,390	2,996,971,420	670,000	24
1994	28,709	3,181,662,768	615,000	21
1995	29,576	3,289,435,553	555,000	19
1996	29,579	3,398,224,679	490,000	17
1997	30,591	3,697,796,461	415,000	14
1998	31,097	4,029,381,944	340,000	11
1999	31,255	4,432,656,416	265,000	8
2000	31,320	4,823,743,087	185,000	6
2001	29,843	5,331,749,683	15,100,000	506

Sources: County of Santa Clara Tax Rate and Information Publication
California Municipal Statistics Inc.

Note: Includes Library Bonds only

City of Saratoga

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures - Last ten fiscal years

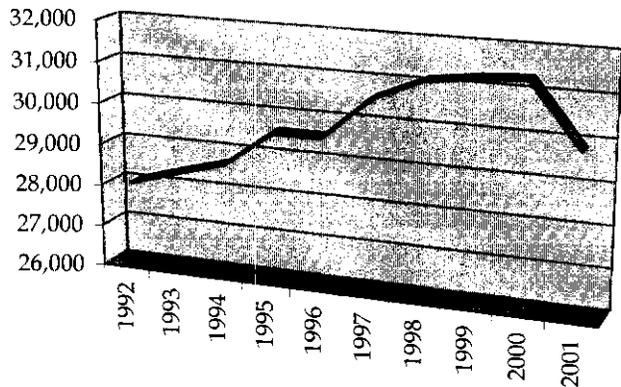


Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Percent of Debt Service to General Fund Expenditures
1992	\$ 50,000	\$ 43,890	\$ 93,890	\$ 10,024,094	0.94%
1993	50,000	42,523	92,523	8,593,594	1.08%
1994	55,000	36,590	91,590	6,144,518	1.49%
1995	60,000	33,644	93,644	8,370,061	1.12%
1996	65,000	30,307	95,307	7,017,231	1.36%
1997	75,000	26,700	101,700	7,840,174	1.30%
1998	75,000	22,178	97,178	5,021,873	1.94%
1999	75,000	18,071	93,071	5,365,807	1.73%
2000	80,000	18,783	98,783	6,161,151	1.60%
2001	85,000	9,774	94,774	7,041,988	1.35%

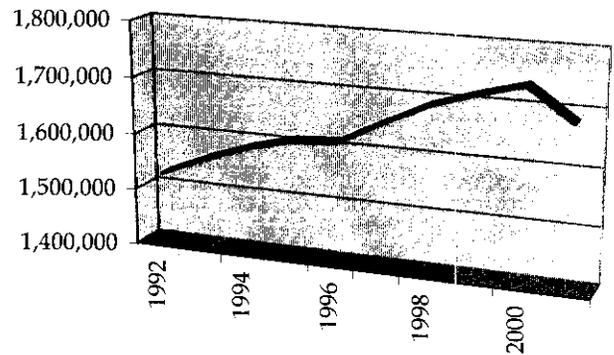
Includes General Obligation Bonds

Source: City of Saratoga Finance Department

City of Saratoga
Demographic Statistics
Last ten fiscal years



■ City Population



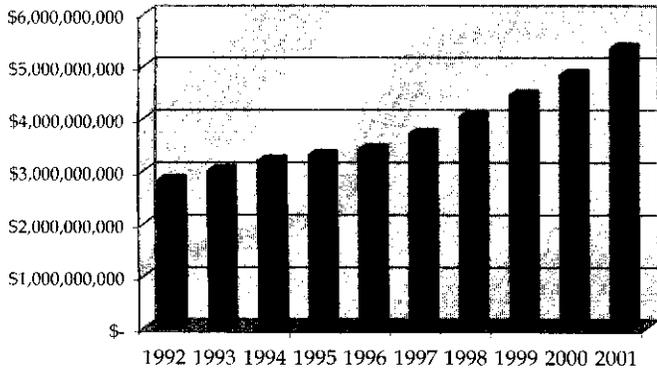
■ County Population

Fiscal Year	City Population	Santa Clara County Population	City Population % of County
1992	28,031	1,526,768	1.84%
1993	28,390	1,559,755	1.82%
1994	28,709	1,587,768	1.81%
1995	29,576	1,607,673	1.84%
1996	29,579	1,612,258	1.83%
1997	30,591	1,653,061	1.85%
1998	31,097	1,689,908	1.84%
1999	31,255	1,715,374	1.82%
2000	31,320	1,736,722	1.80%
2001	29,843	1,682,585 *	1.77%

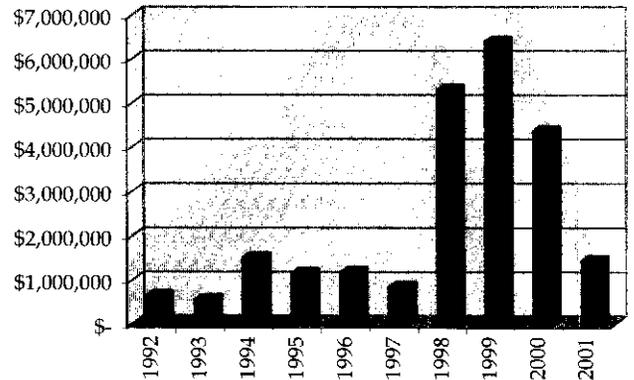
Source: State of California Department of Finance - Population Research Unit

* U.S. Census 2000

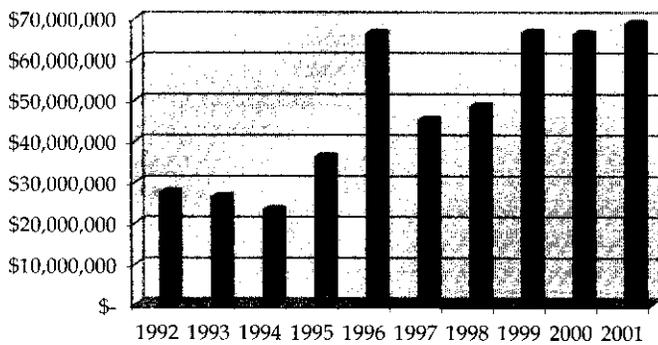
City of Saratoga
Property Values, Remodeling and Construction
Last ten fiscal years



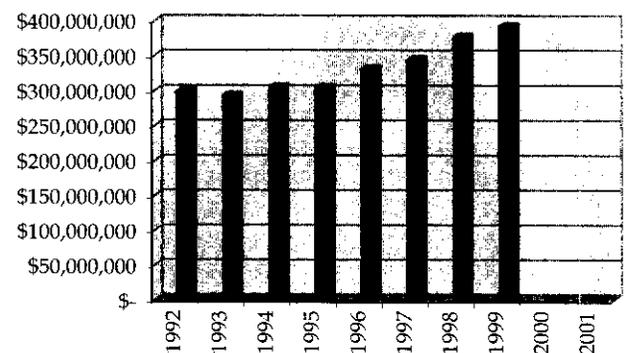
■ Property Values



■ Residential Remodeling & Construction



■ Commercial Remodeling & Construction



■ Bank Deposits

Fiscal Year	Property Values	Commercial Remodeling and Construction		Residential Remodeling and Construction		Bank Deposits
		Number of Permits	Value	Number of Permits	Value	
1992	\$ 2,809,614,703	53	\$ 636,851	2,493	\$ 27,263,597	\$ 298,512,000
1993	2,996,971,420	67	547,502	2,481	26,151,346	292,516,000
1994	3,181,662,768	94	1,509,805	2,653	23,020,867	304,441,000
1995	3,289,224,679	57	1,147,719	3,194	35,922,169	304,179,000
1996	3,398,224,679	69	1,171,533	2,535	66,013,893	331,014,000
1997	3,697,796,461	52	843,020	1,834	44,982,977	343,982,200
1998	4,029,381,944	47	5,300,593	1,844	48,230,194	376,130,000
1999	4,432,656,416	66	6,383,068	1,916	66,218,156	391,733,000
2000	4,823,743,087	57	4,362,875	1,960	65,901,107	N/A
2001	5,331,749,683	61	1,438,538	1,631	68,500,341	N/A

Source: City of Saratoga Finance Department

Bank deposits from Findley Reports and Sheshenoff Information Services

City of Saratoga
Computation of Legal Debt Margin
June 30, 2001

Assessed value	\$ 5,331,749,683
Bonded debt limit (15% of assessed value)	\$ 799,762,452
Amount of debt subject to limit:	
Total long-term debt	15,100,000
Legal debt margin	\$ 814,862,452

Source: City of Saratoga Finance Department

City of Saratoga
Computation of Legal Debt Margin
June 30, 2001

	Percentage Applicable to City of Saratoga	Amount Applicable to City of Saratoga
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Santa Clara County Flood Control and Water Conservation District Zone NC-1	11.908%	\$ 80,379
Santa Clara County Flood Control and Water Conservation District Zone W-1	3.706	369,859
Foothill-De Anza Community College District	1.778	1,777,912
Campbell Union High School District	5.612	1,122,400
Fremont Union High School District	3.663	3,465,198
Los Gatos Joint Union High School District	39.709	16,779,038
Campbell Union School District	7.280	2,999,237
Cupertino Union School District	6.294	4,279,920
Moreland School District	12.533	3,638,901
Saratoga Union School District	85.897	34,358,090
Midpeninsula Regional Open Space Park District	6.180	2,445,238
Saratoga Fire Protection District	97.623	5,831,741
City of Saratoga	100.000	15,100,000
City of Saratoga 1915 Act Bonds	100.000	790,000
Total Gross Direct and Overlapping Tax and Assessment Debt		\$ 93,037,913
Less: Santa Clara County FC and WCD, Zone NC-1 (100% self supporting)		80,379
Total Net Direct and Overlapping Tax and Assessment Debt		\$ 92,957,534
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Santa Clara County General Fund Obligations	3.525%	17,537,404
Santa Clara County Board of Education Certificates of Participation	3.525	672,570
Foothill-De Anza Community College District Certificates of Participation	1.778	575,983
West Valley Community College Districts certificates of Participation	10.751	2,200,730
Los Gatos-Saratoga Joint Union High School district Certificates of Participation	39.709	1,981,479
Campbell Union School District Certificates of Participation	7.280	837,200
Cupertino Union School District Certificates of Participation	6.294	623,735
Moreland School District Certificates of Participation	12.533	747,593
Midpeninsula Regional Open Space Park District Certificates of Participation	6.180	4,500,784
Santa Clara Valley Water District Certificates of Participation	3.525	7,210,035
Santa Clara County Central Fire District Certificates of Participation	14.250	53,833
Total direct and overlapping general fund obligation debt		\$ 36,941,346
Gross combined total debt		\$ 129,979,259 (1)
Net combined total debt		\$ 129,898,880

(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligation.

Ratios to assessed valuation:

Direct debt \$185,000	0.28%
Total gross debt and overlapping tax and assessment debt	1.74%
Total net direct and overlapping tax and assessment debt	1.74%
Gross combined total debt	2.44%
Net combined total debt	2.44%

Source: California Municipal Statistics, Inc.

City of Saratoga
Principal Taxpayers
June 30, 2001

<u>Assessee</u>	<u>Use</u>	<u>Assessed Value</u>	<u>Percent of Total Assessed Value</u>
Income Opportunity Saratoga Co.	Office building	\$ 10,815,186	0.20%
Carson Estate Co.	Shopping center	9,900,103	0.19%
Pfeiffer Ranch Investors Inc.	Residential properties	9,105,196	0.17%
Public Storage Props IX Inc.	Warehousing	7,890,365	0.15%
David C. and Roxanne N. Peterschmidt, Trustee	Single family residential	7,715,174	0.15%
Bagher Navid, Trustee	Single family residential	7,475,322	0.14%
David J. and Terri E. Morrison, Trustees	Office building	7,087,871	0.13%
San Jose Water Works	Water utility	6,987,052	0.13%
Argonaut Associates LLC	Shopping center	5,132,303	0.10%
David L. House	Single family residential	5,118,700	0.10%
Richard J. Justice, Trustee	Single family residential	4,933,587	0.09%
Danna Blue Hills LLC	Office building	4,778,942	0.09%
Gary Valenzuela, Trustee	Single family residential	4,590,000	0.09%
Iqbal A. Jusain and Sharmin S. Khan, Trustee	Single family residential	4,476,526	0.08%
John H. and Judy H. Hart	Single family residential	4,341,766	0.08%
Ray A. Russo, Sr., Trustee	Commercial	4,218,902	0.08%
Cali Investments	Commercial	4,214,133	0.08%
Haresh and Vina Patel	Single family residential	4,200,000	0.08%
Inn at Saratoga Inc.	Commercial	4,148,493	0.08%
Saratoga Oaks LLC	Office building	3,999,766	0.08%
Totals		\$ 121,129,387	2.29%
Total assessed valuation		\$ 5,292,676,050	

Source: California Municipal Statistics, Inc.

City of Saratoga
Miscellaneous Statistics
June 30, 2001

Date of Incorporation	1956
Form of Government	Council-Manager
Employees:	
Public safety	5
City manger's office	6
Recreation	10
Public works / maintenance	21
Community development	9
Administrative services	10
Total employees	61
Area	12 square miles
Miles of Streets	150
Length of Storm Drains	45 miles
Fire Protection:	
Saratoga Fire District:	
Number of stations	1
Number of firefighters	24
Number of reserve firefighters	15-20
Central Fire District:	
Number of stations	2
Number of firefighters	12
Number of reserve firefighters	45
Police Protection:	
Number of stations	1
Number of police officers	65
Number of support personnel	5
Water Utility:	
San Jose Water Company:	
Number of meters	10,038
Average daily consumption	393 gallons per household
Length of water mains	133 miles
Length of storm drains	45 miles
Sewer:	
West Valley Sanitation District:	
Number of connections	8,071
Length of sewer lines	122 miles
Cupertino Sanitation District:	
Number of connections	2,074
Length of sewer lines	35 miles
Culture and Recreation:	
Parks	15
Acres in parks	81 acres
Taxable Sales	\$ 125,572,655
Registered Voters	18,658
Population	29,843

Sources: Various City records