

# CITY OF SARATOGA California



*Historical Park  
Saratoga*

**Comprehensive Annual Financial Report  
June 30, 2000**

**CITY OF SARATOGA, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEARS ENDED JUNE 30, 2000 AND 1999**

**Prepared By:**  
**ADMINISTRATIVE SERVICES DEPARTMENT**



CITY OF SARATOGA

Comprehensive Annual Financial Report  
For the Years Ended June 30, 2000 and 1999

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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 Mehatfey*  
*Nick Streit*  
*Ann Waltonsmith*

November 7, 2000

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, 2000, 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 this report be audited by an independent firm of certified public accountants. 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 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 are included as part 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 31,320 as reported by the California Department of Finance. The City is a general law city of the State of California and operates under a council-manager form of government. Policy making 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 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. This is partially due to the renovation of one of the major retail outlets in the City, in which two of the City's top five sales producers are located.

The region's strong economy has continued to fuel a surging real estate market that has seen

assessed valuations of real property in the City increase by nearly 9% from 1999 to 2000. This has resulted in corresponding increases in property tax apportionments to the City that account for the largest single source of revenue to the City's General Fund. In fiscal year 1999-00 for example, property tax receipts exceeded projections by about \$100,000. Similarly, Motor Vehicle License Fees remitted to the City by the State and interest earnings on the City's investment portfolio each surpassed budgeted amounts by more than \$200,000. 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 and related revenues, have placed the City in a healthy fiscal condition as of the end of fiscal year 1999-00.

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 generally 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 \$2.1 million General Fund operating reserve is maintained, as well as a \$200,000 contingency appropriation. 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 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 projects funds and debt service funds revenues for the year ended June 30, 2000.

<u>Revenues</u>	<u>Total FY 1999-00</u>	<u>% of Total</u>	<u>Increase (Decrease) from FY 1998-99</u>
Property taxes	\$2,879,698	17%	\$924,782
Special assessments	157,936	1	102,431
Other local taxes	2,718,358	16	390,287
Intergovernmental-State	2,820,679	17	440,889
Intergovernmental-Federal	427,351	3	138,683
Franchise fees	886,618	5	109,058
Use of money and property	1,008,812	6	221,594
Current service charges	4,298,725	26	484,010
Reimbursement of interfund cost allocations	<u>1,484,918</u>	<u>9</u>	<u>159,516</u>
 Total revenues and transfers	 <u>\$16,683,095</u>	 <u>100%</u>	 <u>\$2,971,250</u>

The largest source of revenues City-wide is from current service charges, comprising about 26% of total revenues. This is primarily development-related fees. Property taxes, other local taxes (primarily sales taxes) and intergovernmental state revenues (primarily motor vehicle license fees) also generate significant revenues for the City.

The largest revenue increase was from property taxes, primarily due to a one-time payment of Tax Equity Allocation funds, as well as vigorous increases in the assessed valuation of property in Saratoga. Current service charges increased significantly as well, due to the active development environment that the City is currently experiencing. Increases in intergovernmental state revenues resulted from higher motor vehicle license fee revenues. Other local taxes increased primarily as a result of sales tax revenues.

The schedule below summarizes general fund, special revenue funds, capital projects funds and debt service funds expenditures for the year ended June 30, 2000.

<u>Expenditures</u>	<u>Total FY 1999-00</u>	<u>% of Total</u>	<u>Increase (Decrease) from FY 1998-99</u>
Current:			
Public safety	\$2,825,749	21%	16,075
Environmental services	2,452,845	19	448,427
Public works services	3,567,958	27	(316,687)
Community services	1,358,636	10	49,888
Community support	232,916	2	(131,436)
General and inter-governmental services	1,404,530	11	185,835
Capital outlay	1,240,312	9	871,585
Debt Service:			
Principal	80,000	0.8	5,000
Interest	18,783	0.2	712
 Total expenditures and transfers	 <u>\$13,181,729</u>	 <u>100%</u>	 <u>\$1,129,399</u>

The increase in capital outlay expenditures was due to major park development, street repair and storm drain projects that were completed during the fiscal year. Environmental services expenditures increased as a result of development-related services and the City's Altrans congestion management program. Public works services decreased due to the less expensive overlay phase of the City's pavement management program that was completed this year, rather than the slurry seal phase that is performed in alternating years.

**General Fund Balance.** The fund balance of the General Fund increased by \$2,212,957 to \$9,085,620 during the fiscal year. As previously discussed, this was attributable to several factors, including higher than anticipated property taxes, sales taxes, development fees, and motor vehicle in lieu fees. Expenditures were also slightly lower than originally anticipated from savings throughout the City's General Fund programs.

**Debt Administration.** At year-end, the City had a \$185,000 general obligation bond debt outstanding, which is repayable from lease revenues from the County of Santa Clara for the Saratoga Library.

**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 during fiscal year 1999-00. At June 30, 2000, investments in the City Treasury matured in less than one year. The City's overall average rate of return on investments was 5.7% in fiscal year 1999-00.

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, 2000, 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
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**Independent Audit.** California law requires cities to prepare an annual audit by an independent certified public accountant. The firm of Maze and Associates 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 and the 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, 1999. 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.

**Acknowledgments.** 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 Ray Galindo, the City's Accounting Supervisor. We commend him for his professionalism and commitment to excellence. Furthermore, we would like to thank Maze and Associates 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



Mary Jo Walker  
Administrative Services Director



**CITY OF SARATOGA**  
**ELECTED OFFICIALS AND**  
**ADMINISTRATIVE PERSONNEL**

**JUNE 30, 2000**

**CITY COUNCIL**

Stan Bogosian - Mayor  
John Mehaffey - Vice Mayor  
Evan Baker  
Nick Streit  
Ann Waltonsmit

**CITY STAFF**

Dave Anderson - City Manager  
Mary Jo Walker - Administrative Services Director  
James Walgren - Community Development Director  
Joan M. Pisani - Recreation Director  
John Cherbone - Public Works Director

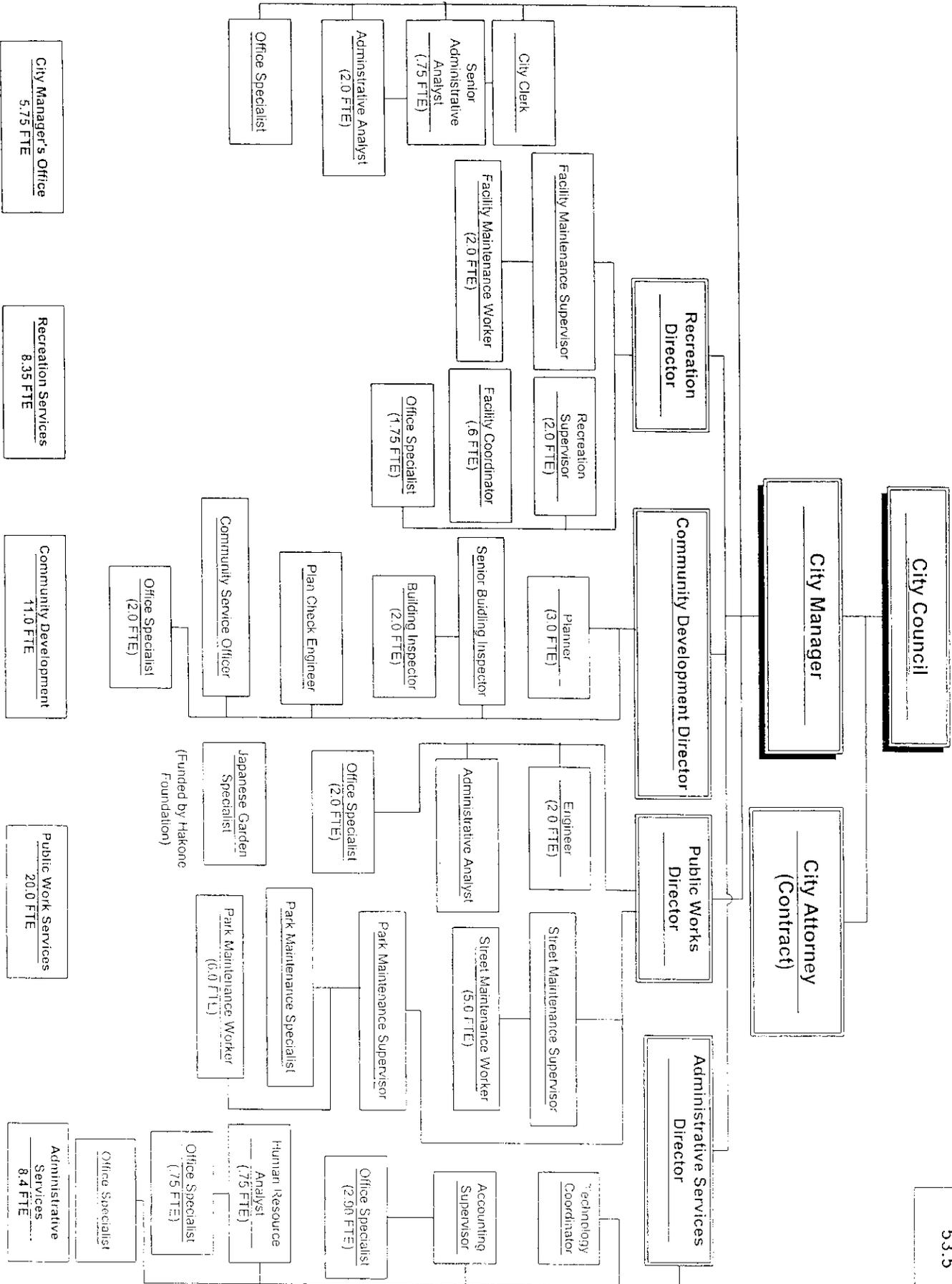
**CITY ATTORNEY**

Richard S. Taylor

CITY OF SARATOGA - ORGANIZATION CHART

Effective 10-1-00

Total FTE  
53.5



# 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, 1999

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.



*Cary Brueck*  
President

*Jeffrey L. Essler*  
Executive Director



ACCOUNTANCY CORPORATION  
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Website: [www.mazeassociates.com](http://www.mazeassociates.com)

## INDEPENDENT AUDITORS' REPORT

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

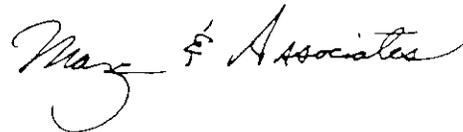
We have audited the general purpose financial statements of the City of Saratoga as of and for the years ended June 30, 2000 and 1999 as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards (1994 Revision)*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits 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 of Saratoga at June 30, 2000 and 1999 and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed 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 of Saratoga. Such information has been subjected to the auditing procedures applied in our audits of the general purpose financial statements and in our opinion is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The statistical section listed in the Table of Contents was not audited by us and we do not express an opinion on this information.



October 27, 2000



**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 "financial flow" 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 SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2000  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 1999

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	
	General	Special Revenue	Capital Projects	Debt Service	Agency
<b>ASSETS AND OTHER DEBITS</b>					
Cash and investments (Note 3)	\$8,763,104	\$2,475,409	\$2,266,636		\$571,677
Restricted cash and investments (Notes 3 and 6F)					361,246
Receivables:					
Accounts	196,205	656,976			
Interest	199,795				
Hakone Foundation (Note 4A)	169,075				
Housing rehabilitation loan program (Note 4B)		450,111			
Due from other funds (Note 8)	159,233				
Fixed assets (Note 5)					
Other debits:					
Amount available in debt service funds					
Amount to be provided for retirement of general long-term debt					
<b>Total Assets and Other Debits</b>	<b>\$9,487,412</b>	<b>\$3,582,496</b>	<b>\$2,266,636</b>		<b>\$932,923</b>
<b>LIABILITIES</b>					
Accounts payable	\$133,450	\$369,057	\$122,672		
Accrued payroll	49,267	33,768			
Accrued vacation and sick leave (Note 2M)					
Due to other funds (Note 8)		159,233			
Due to assessment district bondholders					\$361,246
Deposits payable					571,677
Deferred revenue (Note 4)	169,075	450,111			
Claims payable (Note 10)	50,000				
Long term debt (Note 6):					
General obligation bonds					
<b>Total Liabilities</b>	<b>401,792</b>	<b>1,012,169</b>	<b>122,672</b>		<b>932,923</b>
<b>FUND EQUITY AND OTHER CREDITS</b>					
Other credits:					
Investment in general fixed assets					
Fund balances (Note 7)					
Reserved for:					
Encumbrances	181,912	332,264	267,366		
Debt service					
Petty cash					
Unreserved					
Designated for operations	2,114,497				
Undesignated	6,789,211	2,238,063	1,876,598		
<b>Total Fund Equity and Other Credits</b>	<b>9,085,620</b>	<b>2,570,327</b>	<b>2,143,964</b>		
<b>Total Liabilities and Fund Equity &amp; Other Credits</b>	<b>\$9,487,412</b>	<b>\$3,582,496</b>	<b>\$2,266,636</b>		<b>\$932,923</b>

See accompanying notes to financial statements

ACCOUNT GROUPS		TOTALS (Memorandum Only)	
General Fixed Assets	General Long- Term Obligations	2000	1999
		\$14,076,826	\$10,754,413
		361,246	313,539
		853,181	576,759
		199,795	105,271
		169,075	207,641
		450,111	492,501
		159,233	153,302
\$13,195,177		13,195,177	16,378,427
			5,574
	\$353,096	353,096	425,612
<u>\$13,195,177</u>	<u>\$353,096</u>	<u>\$29,817,740</u>	<u>\$29,413,039</u>
		\$625,179	\$571,830
		83,035	44,719
	\$118,096	118,096	116,186
		159,233	153,302
		361,246	307,739
		571,677	477,149
		619,186	700,142
	50,000	100,000	100,000
	185,000	185,000	265,000
	353,096	2,822,652	2,736,067
\$13,195,177		13,195,177	16,378,427
		781,542	5,574
			1,300
		2,114,497	2,000,000
		10,903,872	8,291,671
<u>13,195,177</u>		<u>26,995,088</u>	<u>26,676,972</u>
<u>\$13,195,177</u>	<u>\$353,096</u>	<u>\$29,817,740</u>	<u>\$29,413,039</u>



CITY OF SARATOGA  
 COMBINED STATEMENTS OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	GOVERNMENTAL FUND TYPES				TOTALS (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service	2000	1999
REVENUES						
Property taxes	\$2,790,294	\$89,404			\$2,879,698	\$1,954,916
Special assessments		157,936			157,936	55,505
Other local taxes	2,718,358				2,718,358	2,328,071
Intergovernmental - State	1,623,583	1,197,096			2,820,679	2,379,790
Intergovernmental - Federal		427,351			427,351	288,668
Franchise fees	886,618				886,618	777,560
Use of money and property	630,833	284,770		\$93,209	1,008,812	787,218
Current service charges	520,265	3,554,900	\$223,560		4,298,725	3,814,715
Reimbursement of interfund cost allocations (Note 2G)	1,484,918				1,484,918	1,325,402
Total Revenues	<u>10,654,869</u>	<u>5,711,457</u>	<u>223,560</u>	<u>93,209</u>	<u>16,683,095</u>	<u>13,711,845</u>
EXPENDITURES						
Current:						
Public safety	2,761,741	64,008			2,825,749	2,809,674
Environmental services	129,849	2,322,996			2,452,845	2,004,418
Public works services	1,113,870	2,454,088			3,567,958	3,884,645
Community services	96,393	1,262,243			1,358,636	1,308,748
Community support	76,156	156,760			232,916	364,352
General and intergovernmental services	1,404,530				1,404,530	1,218,695
Capital outlay	578,612	330,121	331,579		1,240,312	368,727
Debt service:						
Principal				80,000	80,000	75,000
Interest and fiscal charges				18,783	18,783	18,071
Total Expenditures	<u>6,161,151</u>	<u>6,590,216</u>	<u>331,579</u>	<u>98,783</u>	<u>13,181,729</u>	<u>12,052,330</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,493,718</u>	<u>(878,759)</u>	<u>(108,019)</u>	<u>(5,574)</u>	<u>3,501,366</u>	<u>1,659,515</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in (Note 8)	22,267	2,761,661			2,783,928	2,771,893
Operating transfers (out) (Note 8)	(2,303,028)	(480,900)			(2,783,928)	(2,771,893)
Total Other Financing Sources (Uses)	<u>(2,280,761)</u>	<u>2,280,761</u>				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>2,212,957</u>	<u>1,402,002</u>	<u>(108,019)</u>	<u>(5,574)</u>	<u>3,501,366</u>	<u>1,659,515</u>
Fund balances at beginning of year	<u>6,872,663</u>	<u>1,168,325</u>	<u>2,251,983</u>	<u>5,574</u>	<u>10,298,545</u>	<u>8,639,030</u>
Fund balances at end of year	<u>\$9,085,620</u>	<u>\$2,570,327</u>	<u>\$2,143,964</u>	<u>\$13,799,911</u>	<u>\$10,298,545</u>	<u>\$10,298,545</u>

See accompanying notes to financial statements

CITY OF SARATOGA  
 COMBINED SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 (NON-GAAP LEGAL BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property taxes	\$2,689,431	\$2,790,294	\$100,863	\$73,750	\$89,404	\$15,654
Special assessments				157,645	157,936	291
Other local taxes	2,270,561	2,718,358	447,797			
Intergovernmental - State	1,336,270	1,623,583	287,313	1,011,838	1,197,096	185,258
Intergovernmental - Federal				870,988	427,351	(443,637)
Franchise fees	781,200	886,618	105,418			
Use of money and property	411,473	630,833	219,360	150,500	284,770	134,270
Current service charges	482,414	520,265	37,851	2,629,611	3,554,900	925,289
<b>Total Revenues</b>	<b>7,971,349</b>	<b>9,169,951</b>	<b>1,198,602</b>	<b>4,894,332</b>	<b>5,711,457</b>	<b>817,125</b>
<b>EXPENDITURES</b>						
Current:						
Public safety	2,960,805	2,761,741	199,064	101,199	64,008	37,191
Environmental services	177,974	129,849	48,125	2,379,012	2,322,996	56,016
Public works services	1,153,968	1,113,870	40,098	2,649,600	2,454,088	195,512
Community services	89,742	96,393	(6,651)	1,157,581	1,262,243	(104,662)
Community support	75,400	76,156	(756)	315,529	156,760	158,769
General and intragovernmental services	2,097,563	2,037,857	59,706			
Indirect cost allocation (Note 2G)	(2,118,245)	(2,118,245)				
Capital outlay	610,716	578,612	32,104	581,071	330,121	250,950
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<b>5,047,923</b>	<b>4,676,233</b>	<b>371,690</b>	<b>7,183,992</b>	<b>6,590,216</b>	<b>593,776</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,923,426</b>	<b>4,493,718</b>	<b>1,570,292</b>	<b>(2,289,660)</b>	<b>(878,759)</b>	<b>1,410,901</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	109,294	22,267	(87,027)	2,069,185	2,761,661	692,476
Operating transfers (out)	(1,676,336)	(2,303,028)	(626,692)	(467,030)	(480,900)	(13,870)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,567,042)</b>	<b>(2,280,761)</b>	<b>(713,719)</b>	<b>1,602,155</b>	<b>2,280,761</b>	<b>678,606</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$1,356,384</b>	<b>2,212,957</b>	<b>\$856,573</b>	<b>(\$687,505)</b>	<b>1,402,002</b>	<b>\$2,089,507</b>
Fund balances at beginning of year		6,872,663			1,168,325	
Fund balances at end of year		<u>59,085,620</u>			<u>\$2,570,327</u>	

See accompanying notes to financial statements

CAPITAL PROJECTS FUND			DEBT SERVICE FUND			TOTALS (Memorandum Only)			1999
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Actual
						\$2,763,181	\$2,879,698	\$116,517	\$1,954,916
						157,645	157,936	291	55,505
						2,270,561	2,718,358	447,797	2,328,071
						2,348,108	2,820,679	472,571	2,379,790
						870,988	427,351	(443,637)	288,668
						781,200	886,618	105,418	777,560
			\$94,262	\$93,209	(\$1,053)	656,235	1,008,812	352,577	787,218
<u>\$111,780</u>	<u>\$223,560</u>	<u>\$111,780</u>				<u>3,223,805</u>	<u>4,298,725</u>	<u>1,074,920</u>	<u>3,814,715</u>
<u>111,780</u>	<u>223,560</u>	<u>111,780</u>	<u>94,262</u>	<u>93,209</u>	<u>(1,053)</u>	<u>13,071,723</u>	<u>15,198,177</u>	<u>2,126,454</u>	<u>12,386,443</u>
						3,062,004	2,825,749	236,255	2,809,674
						2,556,986	2,452,845	104,141	2,004,418
						3,803,568	3,567,958	235,610	3,884,648
						1,247,323	1,358,636	(111,313)	1,308,748
						390,929	232,916	158,013	364,352
						2,097,563	2,037,857	59,706	1,754,995
						(2,118,245)	(2,118,245)		(1,881,702)
603,698	331,579	272,119				1,795,485	1,240,312	555,173	364,298
			80,000	80,000		80,000	80,000		75,000
			13,505	18,783	(5,278)	13,505	18,783	(5,278)	18,071
<u>603,698</u>	<u>331,579</u>	<u>272,119</u>	<u>93,505</u>	<u>98,783</u>	<u>(5,278)</u>	<u>12,929,118</u>	<u>11,696,811</u>	<u>1,232,307</u>	<u>16,722,499</u>
<u>(491,918)</u>	<u>(108,019)</u>	<u>383,899</u>	<u>757</u>	<u>(5,574)</u>	<u>(6,331)</u>	<u>142,605</u>	<u>3,501,366</u>	<u>3,358,761</u>	<u>1,663,944</u>
						2,178,479	2,783,928	605,449	2,771,893
						(2,143,366)	(2,783,928)	(640,562)	(2,755,651)
						35,113		(35,113)	6,242
<u>(\$491,918)</u>	<u>(108,019)</u>	<u>\$383,899</u>	<u>\$757</u>	<u>(5,574)</u>	<u>(\$6,331)</u>	<u>\$177,718</u>	<u>3,501,366</u>	<u>\$3,323,648</u>	<u>1,670,186</u>
	2,251,983			5,574			10,298,545		8,283,357
	<u>\$2,143,964</u>						<u>\$13,799,911</u>		<u>\$13,298,545</u>

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 1 - GENERAL**

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, population at June 30, 2000 was 31,320.

The City operates under the Council-Manager form of government, with five elected Council members served by a full-time City Manager and staff. At June 30, 2000 the City's staff comprised 53 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 districts. 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 19 employees. Major projects may be contracted out to reduce costs.

*Community Development* - Zoning administration, plan checking and advance planning services are provided by 6 employees.

*Culture, Recreation and Community Support* services are provided by a total of 8 employees.

*General Governmental* services are provided by a total of 15 employees.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City conform with generally accepted accounting principles applicable to governments, as set forth below:

**A. Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The general purpose financial statements of the City include the financial activities of the City and the Lighting and Landscaping District #1 since this District is controlled by the City. City Council is the governing body and adopts the budget and authorizes expenditure of funds for this District. The activities of the District have been merged (termed "blended") with those of the City.

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

The City acts as the agent for the Saratoga Public Financing Authority, which was established to provide financing to Parking Assessment District #2 and the Leonard Road Assessment District. The Authority's revenue source is assessments remitted from the above Districts; its activity is included in the Assessment Districts Bonds Agency Fund.

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial statements for each of these component units 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. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statement in this report as follows:

**GOVERNMENTAL FUNDS**

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

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

**Debt Service Funds** are used to account for financial resources to be used for the payment of principal and interest on long-term obligations.

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

**FIDUCIARY FUNDS**

**Agency Funds** are used to account for assets held by the City as an agent for its employees, other individuals, private organizations or assessment districts in the City.

**C. Measurement Focus**

All governmental funds are accounted for on a spending or *financial flow* measurement focus which means that only *current* assets and *current* liabilities are generally included on their balance sheets. Their reported fund balance is their net current assets, which is considered only to be a measure of *available spendable resources*. Governmental fund operating statements present a summary of sources and uses of *available spendable resources* during a period by presenting increases and decreases in net current assets.

Because of their spending measurement focus, governmental funds exclude fixed assets and noncurrent liabilities. Instead, these assets and liabilities are reported in the General Fixed Assets Account Group and the General Long-Term Obligations Account Group. These account groups measure only financial position; they are not funds and they do not measure results of operations. They maintain accounting control over the City's governmental fund fixed assets and City debt which will be repaid by governmental funds.

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In those cases when a governmental fund records a long-term receivable or other non-current asset, an offsetting credit is made to deferred revenue, or undesignated fund balance is reduced to reflect the fact that this amount is not yet available.

**D. Basis of Accounting**

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. These funds' revenues are recognized when they become measurable *and* available as net current assets. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts which could not be measured or were not available were not accrued as revenue in the current fiscal year.

Revenues susceptible to accrual include property taxes, assessments, certain charges for services, interest and rentals. Fines, forfeitures, licenses and permits, sales taxes and motor vehicle taxes are not susceptible to accrual because they are not measurable until received in cash.

Expenditures are generally recognized when incurred under the modified accrual basis of accounting. Exceptions to this general rule include principal and interest on general long-term debt, which are recognized when due. Financial resources usually are appropriated in other funds for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. Such amounts thus are not current liabilities of the debt service fund, as their settlement will not require expenditure of existing fund assets.

**E. Fixed Assets and Long-Term Liabilities**

The General Fixed Assets Account Group provides accounting control over the cost of fixed assets used by the City's governmental funds. The General Fixed Assets Account Group is not a fund and its balances are not financial resources available for expenditure. Rather, they provide an historical accounting record of resources expended on general fixed assets. Public domain (infrastructure) general fixed assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized because these assets are immovable and of value only to the public. No depreciation has been provided on general fixed assets.

The General Long Term Obligations Account Group provides accounting control over the unmatured principal of the City's general long term obligations. This debt will be repaid out of governmental funds but is not accounted for in these funds because this part of the obligations does not require an appropriation or expenditure in this accounting period.

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. *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 any 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 appropriation of the City Council.

**G. *Budget (Non-GAAP Legal Basis)***

The City uses a budget basis which differs from generally accepted accounting principles in that the City allocates budgeted indirect costs to operating departments partially within the same fund. For the year ended June 30, 2000 a total of \$2,118,245 in indirect General Fund costs were allocated, of which \$1,484,918 was allocated to other funds and \$633,327 was allocated within the General Fund. The City's Budget and its Budget Basis Statements of Revenues, Expenditures and Changes in Fund Balances reflect the entire amount of indirect cost allocations as a separate line-item credit to expenditures, while for GAAP basis financial statement purposes the \$633,327 of intra-General Fund cost allocations has been eliminated and the remaining \$1,484,918 classified as General Fund revenue.

**H. *Excess of Expenditures over Appropriations***

The following funds had expenditures in excess of budget in the following amounts for the year ended June 30, 2000. Each of these funds had sufficient fund balance to cover these excess expenditures.

Development Services Special Revenue Fund	\$40,615
Recreation Special Revenue Fund	104,662
Lighting and Landscaping Assessment District #1 Special Revenue Fund	5,815

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***I. Encumbrances and Appropriations***

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unexpended appropriations lapse at year end and are reappropriated in the following year.

***J. Fund Balances, Reserves and Designations***

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

***K. Deferred Compensation Plan***

City employees may defer a portion of their compensation under City sponsored deferred compensation plans created in accordance with Internal Revenue Code Section 457. Under these plans, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The City has contracts with the International City Managers' Association and National Plan Coordinators to manage and invest the assets of the Plans.

The City's contracts with ICMA and NPC require the establishment of separate trusts for assets in the Plans, which are held for the exclusive benefit of plan participants and their beneficiaries and are not controlled by the City.

***L. Property Taxes and Special Assessments***

County tax assessments include 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.

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. *Accrued Vacation and Sick Leave***

Employees accrue vacation and sick leave on a daily basis and have a vested interest in fifty percent of accrued leave. The City's obligation for accrued vacation and sick leave is recorded in the General Long Term Obligations Account Group since the amount is repayable from future resources. The City does not pay post-retirement health care benefits. Accrued vacation and sick leave increased \$1,910 for fiscal year 1999-00.

**N. *Closed Funds***

The City has closed the Hillside Street Repair Special Revenue Fund, the State Park Bond Capital Projects Fund and the Quarry Creek Trust Agency Fund. These funds have been removed from the general purpose financial statements. The City changed the name of the State Gas Tax Special Revenue Fund to the Streets and Roads Special Revenue Fund.

**O. *Total Columns on Combined Financial Statements***

Although each of the City's funds is a separate accounting entity, the Combined Financial Statements also include total columns, which are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, since no interfund elimination have been made in the aggregation of this data.

**NOTE 3 - CASH AND INVESTMENTS**

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except that held by fiscal agents under debt indentures, and the Housing Assistance and Rehabilitation Loans Program so that it can be safely invested at maximum yields, consistent with safety and liquidity, while individual funds can make expenditures at any time.

**A. *Categorization of Credit Risk of Securities Instruments***

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all its investments, regardless of their form.

The City categorizes its individual securities instruments in ascending order to reflect the relative risk of loss of these instruments. This risk is called Credit Risk, the lower the number, the lower the risk. The three levels of risk prescribed by generally accepted accounting principles are described below:

**Category 1** - Securities instruments in this category are in the City's name and are in the possession of the Trust Department of the bank employed by the City solely for this purpose. The City is the registered owner of securities held in book entry form by the bank's Trust Department.

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**Category 2** - Securities instruments and book entry form securities in this category are in the bank's name as the City's agent, but are held by its Trust Department in a separate account in the City's name.

**Category 3** - None of the City's investments are in this category, which would include only City-owned securities instruments or book entry form securities which were not in the City's name or which were not held by the bank's Trust Department.

**Pooled Investments** - Pooled investments are not categorized because of their pooled, rather than individual, nature.

Cash and investments, recorded at fair value, were as follows at June 30:

	2000			1999 Totals
	City Treasury Available for Operations	Restricted	Totals	
<b>Category 1 investments:</b>				
Certificates of deposit (insured)	\$200,000		\$200,000	200,000
<b>Category 2 investments:</b>				
Certificates of deposit (collateralized)	862,683		862,683	831,358
<b>Noncategorized investments:</b>				
California Local Agency Investment Fund	12,603,437		12,603,437	8,659,598
Investment contract		\$160,002	160,002	160,000
Mutual funds (U.S. securities)		142,709	142,709	128,106
<b>Cash deposits (overdraft)</b>	410,706	58,535	469,241	1,088,890
Total cash and investments	<u>\$14,076,826</u>	<u>\$361,246</u>	<u>\$14,438,072</u>	<u>\$11,067,952</u>

**B. Authorized Investments**

Under the City's Investment Policy, applicable debt indentures, and in accordance with the California Government Code, the City may invest in the following types of investments:

- U.S. Treasury Bills with maturity to one year
- U.S. Treasury Notes with maturity of one to five years
- U.S. Government Agency issues with a maturity of six months to five years
- Certificates of Deposit or Time Deposits placed with commercial banks and/or savings and loan companies, limited to 20% of the portfolio per issuing institution
- Negotiable Certificates of Deposit, limited to 20% of the portfolio per issuing institution
- Local Agency Investment Fund with a maximum investment of \$20,000,000
- Passbook Savings Account and Demand Deposits, limited to the minimum necessary for current cash flows
- Investment-grade obligations of state, local governments or public authorities, limited to 20% of the portfolio per issuing institution
- Money market mutual funds, limited to 20% of the portfolio per issuing institution.

Investments held by the City's fiscal agent are governed by related debt indenture requirements.

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**C. LAIF**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

**D. Cash and Certificates of Deposit**

Cash and certificates of deposit are considered to be Category 1, because they are entirely insured, or Category 2, because they are collateralized by the institution holding the deposit. California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all municipal deposits. This collateral remains with the institution, but is considered under the law to be held in the City's name and places the City ahead of general creditors of the institution. The City has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

The carrying amount of the City's cash and certificates of deposit was \$1,531,924 at June 30, 2000. Bank balances before reconciling items were \$1,966,733 of which \$708,869 was insured (category 1), and \$1,257,864 was collateralized (category 2) as discussed above.

**NOTE 4 - LOANS RECEIVABLE**

Since none of the loans discussed below are due within the next year, the City has offset them with deferred revenue.

**A. Hakone Foundation**

The City has a loan to the Hakone Foundation, which bears interest at 6 1/2% and matures March 1, 2004, with principal and interest payments due monthly. Proceeds of the loan were used to complete improvements at the Hakone Gardens Cultural Exchange Center. Effective July 1, 1997 the City and the Foundation amended the loan agreement to require the Foundation to assume responsibility for operating and maintaining the Center and in exchange the City will forgive principal and interest due in accordance with the original amortization schedule. The outstanding balance on the loan was \$169,075 and \$207,641 at June 30, 2000 and 1999 respectively.

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 4 - LOANS RECEIVABLE (Continued)**

**B. Housing Rehabilitation Loan Program**

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 Program, 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 homes. 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, 2000 and 1999, the City had outstanding Housing Assistance and Rehabilitation Program loans of \$450,111 and \$492,501, respectively. During the year ended June 30, 2000, the City received \$47,546 from all participants.

**NOTE 5 - GENERAL FIXED ASSETS**

The City makes capital outlays for general fixed assets and for infrastructure. General fixed assets include land, buildings and equipment used in City operations. Depreciation is not provided on general fixed assets since the cost of these assets is accounted for as an expenditure, reducing fund balance in the year they are acquired. General fixed assets comprise the following:

	<u>June 30, 1999</u>	<u>Additions</u>	<u>Adjustment</u>	<u>June 30, 2000</u>
Land and land improvements	\$7,575,658		(\$2,777,810)	\$4,797,848
Buildings	6,079,888	\$144,767	(239,519)	5,985,136
Equipment and rolling stock	2,722,881	136,226	(446,914)	2,412,193
Total	<u>\$16,378,427</u>	<u>\$280,993</u>	<u>(\$3,464,243)</u>	<u>\$13,195,177</u>

General fixed assets are stated at cost, or at estimated historical acquisition 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 fair market value on the date donated. Fixed assets acquired under lease agreements are capitalized at cost, based on the present value of future lease payments.

The City conducted a physical inventory of its general fixed assets during fiscal year 1999-2000. An adjustment of \$3,464,243 was recorded to reduce the historical cost of general fixed assets to the actual inventoried assets.

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 6 - LONG-TERM DEBT**

**A. Additions and Retirements**

Long term debt expected to be financed from governmental funds is accounted for in the general long-term obligations account group, not in governmental funds. Changes in general long term debt were as follows:

	Interest Rates	Final Maturity	June 30, 1999	Retirements	June 30, 2000
<b>General Obligation 1976</b>					
<b>Library Bonds</b>	5%-7%	12/15/01	\$265,000	\$80,000	\$185,000

**B. General Obligation Bonds**

The City's general obligation bonds are due in 2001 and may be redeemed earlier. Principal payments are payable annually on December 15, with interest payments payable semiannually on June 15 and December 15. The proceeds from these bonds were used to construct a public library which is leased to Santa Clara County. Lease revenues received from the County are pledged for repayment of the bonds.

**C. Special Assessment Debt Without City Commitment**

The City is the collecting and paying agent for bonds outstanding in the amount of \$915,000, as of June 30, 2000 for Village Parking District #2 and the Leonard Road Improvement Assessment District. However, the City has no direct or contingent liability or moral obligation for the payment of these bonds and has not reflected them in its financial statements. The City is also responsible, as the Districts' agent, for the Districts' cash receipts, disbursements and balances, which are reported as Agency Funds transactions in the Assessment Districts Bonds Agency Fund.

**D. Repayment Requirements**

At June 30, 2000 future annual repayment requirements for long-term debt were as follows:

Year Ending June 30, 2000	General Obligation Bonds
2001	93,407
2002	102,950
	196,357
Less Interest	11,357
Principal	\$185,000

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 6 - LONG-TERM DEBT (Continued)**

The bond indentures contain certain limitations and restrictions regarding annual debt service requirements, maintenance and flow of monies through various restricted accounts. City management believes the City is in compliance with all such indenture requirements.

**E. *Debt Authorized But Not Issued***

On March 7, 2000 voters approved the issuance of General Obligation Bonds not to exceed \$15 million for the expansion and renovation of the Saratoga Library. As of the issuance of this report the bonds have not been issued.

**F. *Debt Service Reserves With Trustees***

The City is required to maintain amounts of Restricted Cash and Investments with trustees or fiscal agents under the terms of certain debt issues. These funds generally include unexpended debt proceeds or amounts pledged as reserves to be used if the City fails to meet its obligations under the debt issues. Reserves, unexpended debt proceeds and other funds with fiscal agents totaled \$361,246 and \$313,539, respectively at June 30, 2000 and 1999.

The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute. All these funds have been invested as permitted under the Code.

**NOTE 7 - FUND EQUITY**

**A. *Reservations of Fund Balance***

Fund equity consists of reserved and unreserved amounts. Reserved fund equity represents that portion of a fund balance that has been appropriated for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved. Fund balances at June 30, 2000 are reserved for encumbrances.

**B. *Designations of Fund Balance***

A portion of unreserved 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 of 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.

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 8 - INTERFUND TRANSACTIONS**

**A. Operating Transfers Between Funds**

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers, called operating transfers, is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a residual equity transfer may be made to open or close a fund.

Operating transfers between funds during the fiscal year ended June 30, 2000 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount
	<b>Special Revenue Funds:</b>	
General Fund	Transportation Development Act	\$3,748
General Fund	Recreation	7,816
General Fund	Environmental Programs	10,703
<b>Special Revenue Funds:</b>		
State Gas Tax	Environmental Programs	319,366
State Gas Tax	Traffic Safety	139,267
State Gas Tax	General Fund	1,870,134
Community Development Block Grant	General Fund	9,050
Local Law Enforcement	General Fund	9,359
Recreation	General Fund	414,485
		<u>\$2,783,928</u>

**B. Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2000 the General Fund was owed \$141,242 from the Community Development Block Grant Special Revenue Fund and \$17,991 from the Traffic Safety Special Revenue Fund.

**NOTE 9 - PENSION PLAN**

**CALPERS Miscellaneous Employee Plan**

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the Miscellaneous Employee Plan. Benefit provisions under the Plan are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2000, are summarized as follows:

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 9 - PENSION PLAN (Continued)**

	Miscellaneous
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Retirement age	50
Monthly benefits, as a % of annual salary	1.092-2.418%
Required employee contribution rates	7%
Required employer contribution rates	0%

The City's labor contracts require it to pay employee contributions as well as its own.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the unfunded actuarial accrued liability. The City does not have a net pension obligation since it pays these actuarially required contributions monthly. Annual pension costs, representing the payment of all contributions required by CALPERS, for the three fiscal years ended June 30, 2000, 1999 and 1998 amount to \$177,444, \$164,830 and \$289,056, respectively.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 8.25% is assumed, including inflation at 3.50%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains or losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

The Plan's actuarial value (which differs from market value) and funding progress over the most recent three years available are set forth below at the actuarial valuation date of June 30:

*Miscellaneous Plan:*

	Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll	
1996	\$10,086,427	\$10,722,758	(\$636,331)	106.3%	\$2,368,072	(26.871%)	
1997	9,734,565	12,475,286	(2,740,721)	128.2%	2,322,420	(118.011%)	
1998	10,540,332	15,721,109	(5,180,777)	149.2%	2,127,638	(243.499%)	

Audited annual financial statements and 10 year comparison statistics are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 9 - PENSION PLAN (Continued)**

The market value of the net assets held for pension benefits in the Plans changed as follows during the year ended June 30, 1998, the most recent available:

	<u>Miscellaneous</u>
Beginning Balance, June 30, 1997	\$12,475,286
Contributions received	218,495
Benefits and Refunds Paid	(334,826)
Expected Investment Earnings Credited	1,024,508
Expected Actuarial Value of Assets, June 30, 1998	\$13,383,463
Market Value of Assets, June 30, 1998	\$16,548,536
Actuarial Value of Assets, June 30, 1998	\$15,721,109

Additional disclosures will be included when made available by PERS.

**NOTE 10 - RISK MANAGEMENT**

The City participates in the following public entity risk pools:

**A. 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, 2000 the City contributed \$76,520 for current year coverage and received a refund of \$52,919 of prior years excess contributions.

The ABAG Worker's Compensation Pool Insurance Authority (ABAG Pool) covers worker's compensation claims up to the statutory limit. The City has no deductible for these claims. During the fiscal year ended June 30, 2000 the City contributed \$75,756 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.

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

**CITY OF SARATOGA**  
**Notes to General Purpose Financial Statements**

**NOTE 10 - RISK MANAGEMENT (Continued)**

**B. Liability for Uninsured Claims**

The current portion of the City's estimated liability for uninsured claims is recorded in the General Fund, and the noncurrent portion is recorded in the General Long Term Obligations Account Group. These amounts were estimated by management based on claims experience; \$6,530 was paid in fiscal 2000 for uninsured claims losses. Changes in the estimated liability are as follows:

	2000		Total	1999
	General Fund	General Long-Term Obligations Account Group		
Liability at beginning of year	\$50,000	\$50,000	\$100,000	\$100,000
Losses paid	6,530		6,530	109
Provision for losses	(6,530)		(6,530)	(109)
Liability at end of year	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

**NOTE 11- JOINT POWERS AGREEMENTS**

The City is a member of the Santa Clara County Traffic Authority, which consists of various cities in the San Francisco Bay Area. The City is also a member of other JPAs, but has had no material transactions with them.

The JPAs 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.

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 Santa Clara County Traffic Authority, 1754 Technology Drive, Suite 224, San Jose, CA 95110.

**NOTE 12 - CONTINGENT LIABILITIES**

The City participates in Federal and State grant programs. These programs will be 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 disallowances are expected as a result of these audits; however, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

**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  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash and investments	\$8,763,104	\$6,610,965
Receivables		
Accounts	196,205	248,132
Interest	199,795	105,271
Hakone Foundation	169,075	207,641
Due from other funds	<u>159,233</u>	<u>153,302</u>
Total Assets	<u><u>\$9,487,412</u></u>	<u><u>\$7,325,311</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$133,450	\$168,764
Accrued payroll	49,267	26,243
Deferred revenues	169,075	207,641
Uninsured claims	<u>50,000</u>	<u>50,000</u>
Total Liabilities	<u>401,792</u>	<u>452,648</u>
<b>FUND BALANCES</b>		
Reserved for:		
Petty cash		1,300
Encumbrances	181,912	
Unreserved:		
Designated for operations	2,114,497	2,000,000
Undesignated	<u>6,789,211</u>	<u>4,871,363</u>
Total Fund Balances	<u>9,085,620</u>	<u>6,872,663</u>
Total Liabilities and Fund Balances	<u><u>\$9,487,412</u></u>	<u><u>\$7,325,311</u></u>

CITY OF SARATOGA  
GENERAL FUND  
COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
(NON-GAAP LEGAL BASIS)  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2000  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1999

	2000		Variance Favorable (Unfavorable)	1999
	Budget	Actual		Actual
<b>REVENUES</b>				
Property taxes	\$2,689,431	\$2,790,294	\$100,863	\$1,864,766
Other local taxes	2,270,561	2,718,358	447,797	2,328,071
Intergovernmental - State	1,336,270	1,623,583	287,313	1,680,670
Franchise fees	781,200	886,618	105,418	777,560
Use of money and property	411,473	630,833	219,360	472,198
Current service charges	482,414	520,265	37,851	380,290
<b>Total Revenues</b>	<b>7,971,349</b>	<b>9,169,951</b>	<b>1,198,602</b>	<b>7,503,555</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	2,960,805	2,761,741	199,064	2,719,188
Environmental services	177,974	129,849	48,125	42,735
Public works services	1,153,968	1,113,870	40,098	1,051,334
Community services	89,742	96,393	(6,651)	49,787
Community support	75,400	76,156	(756)	71,845
General and intragovernmental services	2,097,563	2,037,857	59,706	1,754,995
Indirect cost allocation	(2,118,245)	(2,118,245)		(1,861,702)
Capital outlay	610,716	578,612	32,104	212,223
<b>Total Expenditures</b>	<b>5,047,923</b>	<b>4,676,233</b>	<b>371,690</b>	<b>4,040,405</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,923,426</b>	<b>4,493,718</b>	<b>1,570,292</b>	<b>3,463,150</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	109,294	22,267	(87,027)	6,242
Operating transfers (out)	(1,676,336)	(2,303,028)	(626,692)	(2,444,102)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,567,042)</b>	<b>(2,280,761)</b>	<b>(713,719)</b>	<b>(2,437,860)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$1,356,384</b>	<b>2,212,957</b>	<b>\$856,573</b>	<b>1,025,290</b>
Fund balances at beginning of year		6,872,663		5,847,373
Fund balances at end of year		<u>\$9,085,620</u>		<u>\$6,872,663</u>



CITY OF SARATOGA

SPECIAL REVENUE FUNDS

These funds account for the proceeds derived from specific revenue sources which are legally restricted to expenditures for specified purposes.

***Community Development Block Grant*** - This fund accounts for grant funds received from the federal government for the purpose of developing viable urban communities and for the City's rehabilitation loan program.

***Traffic Safety*** - This fund accounts for vehicle code fine and forfeiture revenues and related public safety expenditures.

***Streets and Roads*** - This fund accounts for revenues and expenditures received from the Federal Government, under T.E.A. and State, under Street and Highway Code Sections 2105, 2106, 2107, and 2107.5. The allocations must be spent for street maintenance or repairs; a limited amount may be spent for engineering.

***Lighting and Landscaping Assessment District #1*** - This fund accounts for lighting and landscaping assessment revenues and the related maintenance expenditures.

***Environmental Programs*** - This fund accounts for environmental fees accumulated to offset the cost of environmental programs budgeted in the General Fund.

***Development Services*** - This fund accounts for revenues and expenditures associated with development in the City.

***Recreation*** - This fund accounts for the City's recreation program revenues and related program expenditures.

***Transportation Development Act*** - This fund accounts for grants received from the State of California which are used for sidewalk construction.

***Local Law Enforcement*** - This fund accounts for State Supplemental Law Enforcement entitlement allocated based on population.

CITY OF SARATOGA  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2000  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 1999

	Community Development Block Grant	Traffic Safety	Streets and Roads	Lighting and Landscaping Assessment District #1
ASSETS				
Cash and investments	\$84,567		\$403,797	\$114,271
Accounts receivable	97,920	\$24,397	459,767	374
Housing rehabilitation loans receivable	450,111			
Total Assets	<u>\$632,598</u>	<u>\$24,397</u>	<u>\$863,564</u>	<u>\$114,645</u>
LIABILITIES				
Accounts payable	\$41,000	\$6,406	\$216,888	\$6,045
Accrued payroll	245		7,942	660
Due to other funds	141,242	17,991		
Deferred revenue	450,111			
Total Liabilities	<u>632,598</u>	<u>24,397</u>	<u>224,830</u>	<u>6,705</u>
FUND BALANCES				
Reserved for encumbrances	51,776		280,488	
Unreserved, undesignated	(51,776)		358,246	107,940
Total Fund Balances	<u></u>	<u></u>	<u>638,734</u>	<u>107,940</u>
Total Liabilities and Fund balances	<u>\$632,598</u>	<u>\$24,397</u>	<u>\$863,564</u>	<u>\$114,645</u>

Environmental Programs	Development Services	Recreation	Transportation Development Act	Local Law Enforcement	TOTALS	
					2000	1999
\$390,633	\$1,396,681	\$40,567		\$44,893	\$2,475,409	\$1,410,156
67,477	6,476	565			656,976	328,627
					450,111	492,501
<u>\$458,110</u>	<u>\$1,403,157</u>	<u>\$41,132</u>		<u>\$44,893</u>	<u>\$3,582,496</u>	<u>\$2,231,284</u>
\$36,959	\$31,976	\$29,783			\$369,057	\$398,680
693	12,276	11,178		\$774	33,768	18,476
					159,233	153,302
					450,111	492,501
<u>37,652</u>	<u>44,252</u>	<u>40,961</u>		<u>774</u>	<u>1,012,169</u>	<u>1,062,959</u>
420,458	1,358,905	171		44,119	332,264	1,168,325
					2,238,063	1,168,325
<u>420,458</u>	<u>1,358,905</u>	<u>171</u>		<u>44,119</u>	<u>2,570,327</u>	<u>1,168,325</u>
<u>\$458,110</u>	<u>\$1,403,157</u>	<u>\$41,132</u>		<u>\$44,893</u>	<u>\$3,582,496</u>	<u>\$2,231,284</u>

CITY OF SARATOGA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Community Development Block Grant	Traffic Safety	Streets and Roads	Lighting Landscaping Assessment District #1
<b>REVENUES</b>				
Property				\$89,404
Special assessments				157,936
Intergovernmental - State			\$1,093,842	
Intergovernmental - Federal	\$97,282			
Use of money and property	3,584			2,836
Current service charges	46,844	\$150,523	143,163	
Total Revenues	<u>147,710</u>	<u>150,523</u>	<u>1,237,005</u>	<u>250,176</u>
<b>EXPENDITURES</b>				
Current:				
Public safety		11,256		
Environmental services			350,084	
Public works services			2,249,433	204,655
Community services				
Community support	156,760			
Capital outlay			327,521	
Total Expenditures	<u>156,760</u>	<u>11,256</u>	<u>2,927,038</u>	<u>204,655</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(9,050)</u>	<u>139,267</u>	<u>(1,690,033)</u>	<u>45,521</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	9,050		2,328,767	
Operating transfers out		(139,267)		
Total other Financing Sources (Uses)	<u>9,050</u>	<u>(139,267)</u>	<u>2,328,767</u>	
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>			638,734	45,521
Fund balances at beginning of year				62,419
Fund balances at end of year			<u>\$638,734</u>	<u>\$107,940</u>

Environmental Programs	Development Services	Recreation	Transportation Development Act	Local Law Enforcement	TOTALS	
					2000	1999
					\$89,404	\$90,150
					157,936	55,505
\$27,512			\$6,348	\$69,394	1,197,096	699,120
330,069					427,351	288,668
26,992	\$80,528	\$168,375		2,455	284,770	217,777
<u>601,718</u>	<u>1,925,282</u>	<u>687,370</u>			<u>3,554,900</u>	<u>3,322,645</u>
<u>986,291</u>	<u>2,005,810</u>	<u>855,745</u>	<u>6,348</u>	<u>71,849</u>	<u>5,711,457</u>	<u>4,673,865</u>
				52,752	64,008	90,486
438,798	1,534,114				2,322,996	1,961,683
					2,454,088	2,833,311
		1,262,243			1,262,243	1,258,961
					156,760	292,507
			\$2,600		330,121	73,000
<u>438,798</u>	<u>1,534,114</u>	<u>1,262,243</u>	<u>2,600</u>	<u>52,752</u>	<u>6,590,216</u>	<u>6,509,948</u>
<u>547,493</u>	<u>471,696</u>	<u>(406,498)</u>	<u>3,748</u>	<u>19,097</u>	<u>(878,759)</u>	<u>(1,836,083)</u>
		414,485		9,359	2,761,661	2,765,651
<u>(330,069)</u>		<u>(7,816)</u>	<u>(3,748)</u>		<u>(480,900)</u>	<u>(327,791)</u>
<u>(330,069)</u>		<u>406,669</u>	<u>(3,748)</u>	<u>9,359</u>	<u>2,280,761</u>	<u>2,437,860</u>
217,424	471,696	171		28,456	1,402,002	601,777
<u>203,034</u>	<u>887,209</u>			<u>15,663</u>	<u>1,168,325</u>	<u>566,548</u>
<u>\$420,458</u>	<u>\$1,358,905</u>	<u>\$171</u>		<u>\$44,119</u>	<u>\$2,570,327</u>	<u>\$1,168,325</u>

CITY OF SARATOGA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES--BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	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	\$234,313	\$97,282	(\$137,031)			
Use of money and property	2,000	3,584	1,584			
Current service charges		46,844	46,844	146,000	150,523	\$4,523
Total Revenues	<u>236,313</u>	<u>147,710</u>	<u>(88,603)</u>	<u>146,000</u>	<u>150,523</u>	<u>4,523</u>
EXPENDITURES						
Current:						
Public safety				22,311	11,256	11,055
Environmental services						
Public works services						
Community services						
Community support	315,529	156,760	158,769			
Capital outlay						
Total Expenditures	<u>315,529</u>	<u>156,760</u>	<u>158,769</u>	<u>22,311</u>	<u>11,256</u>	<u>11,055</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(79,216)</u>	<u>(9,050)</u>	<u>70,166</u>	<u>123,689</u>	<u>139,267</u>	<u>15,578</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in		9,050	9,050			
Operating transfers (out)				(123,689)	(139,267)	(15,578)
Total Other Financing Sources (Uses)		<u>9,050</u>	<u>9,050</u>	<u>(123,689)</u>	<u>(139,267)</u>	<u>(15,578)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u><u>(\$79,216)</u></u>		<u><u>\$79,216</u></u>			
Fund balances at beginning of year						
Fund balances at end of year						

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	\$89,404	\$15,654			
			157,645	157,936	291			
\$919,938	\$1,093,842	\$173,904				\$20,000	\$27,512	\$7,512
224,082		(224,082)				329,390	330,069	679
			2,000	2,836	836		26,992	26,992
13,566	143,163	129,597	2,800		(2,800)	527,290	601,718	74,428
1,157,586	1,237,005	79,419	236,195	250,176	13,981	876,680	986,291	109,611
347,876	350,084	(2,208)				537,637	438,798	98,839
2,450,760	2,249,433	201,327	198,840	204,655	(5,815)			
482,983	327,521	155,462						
3,281,619	2,927,038	354,581	198,840	204,655	(5,815)	537,637	438,798	98,839
(2,124,033)	(1,690,033)	434,000	37,355	45,521	8,166	339,043	547,493	208,450
1,758,942	2,328,767	569,825						
						(329,390)	(330,069)	(679)
1,758,942	2,328,767	569,825				(329,390)	(330,069)	(679)
<u>(\$365,091)</u>	638,734	<u>\$1,003,825</u>	<u>\$37,355</u>	45,521	<u>\$8,166</u>	<u>\$9,653</u>	217,424	<u>\$207,771</u>
				62,419			203,034	
	<u>\$638,734</u>			<u>\$107,940</u>			<u>\$420,458</u>	

(Continued)

CITY OF SARATOGA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES--BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	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		\$80,528	\$80,528	\$146,500	\$168,375	\$21,875
Current service charges	\$1,283,100	1,925,282	642,182	656,855	687,370	\$30,515
Total Revenues	<u>1,283,100</u>	<u>2,005,810</u>	<u>722,710</u>	<u>803,355</u>	<u>855,745</u>	<u>52,390</u>
EXPENDITURES						
Current:						
Public safety						
Environmental services	1,493,499	1,534,114	(40,615)			
Public works services						
Community services				1,157,581	1,262,243	(104,662)
Community support						
Capital outlay						
Total Expenditures	<u>1,493,499</u>	<u>1,534,114</u>	<u>(40,615)</u>	<u>1,157,581</u>	<u>1,262,243</u>	<u>(104,662)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(210,399)</u>	<u>471,696</u>	<u>682,095</u>	<u>(354,226)</u>	<u>(406,498)</u>	<u>(52,272)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in				301,724	414,485	112,761
Operating transfers (out)				(7,578)	(7,816)	(238)
Total Other Financing Sources (Uses)				<u>294,146</u>	<u>406,669</u>	<u>112,523</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(\$210,399)</u>	<u>471,696</u>	<u>\$682,095</u>	<u>(\$60,080)</u>	<u>171</u>	<u>\$60,251</u>
Fund balances at end of year		<u>887,209</u>				
Fund balances at end of year		<u>\$1,358,905</u>			<u>\$171</u>	

TRANSPORTATION DEVELOPMENT ACT			LOCAL LAW ENFORCEMENT		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
	\$6,348	\$6,348	\$71,900	\$69,394	(\$2,506)
\$83,203		(83,203)		2,455	2,455
<u>83,203</u>	<u>6,348</u>	<u>(76,855)</u>	<u>71,900</u>	<u>71,849</u>	<u>(51)</u>
			78,888	52,752	26,136
98,088	2,600	95,488			
<u>98,088</u>	<u>2,600</u>	<u>95,488</u>	<u>78,888</u>	<u>52,752</u>	<u>26,136</u>
(14,885)	3,748	18,633	(6,988)	19,097	26,085
			8,519	9,359	840
<u>(6,373)</u>	<u>(3,748)</u>	<u>2,625</u>			
<u>(6,373)</u>	<u>(3,748)</u>	<u>2,625</u>	<u>8,519</u>	<u>9,359</u>	<u>840</u>
<u>(\$21,258)</u>		<u>\$21,258</u>	<u>\$1,531</u>	28,456	<u>\$26,925</u>
				15,663	
				<u>\$44,119</u>	

(Continued)

CITY OF SARATOGA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES--BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	TOTALS			1999
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Property taxes	\$73,750	\$89,404	\$15,654	\$90,150
Special assessments	157,645	157,936	291	55,505
Intergovernmental - State	1,011,838	1,197,096	185,258	699,120
Intergovernmental - Federal	870,988	427,351	(443,637)	288,668
Use of money and property	150,500	284,770	134,270	217,777
Current service charges	2,629,611	3,554,900	925,289	3,322,645
Total Revenues	<u>4,894,332</u>	<u>5,711,457</u>	<u>817,125</u>	<u>4,673,865</u>
EXPENDITURES				
Current:				
Public safety	101,199	64,008	37,191	90,486
Environmental services	2,379,012	2,322,996	56,016	1,961,683
Public works services	2,649,600	2,454,088	195,512	2,833,311
Community services	1,157,581	1,262,243	(104,662)	1,258,961
Community support	315,529	156,760	158,769	292,507
Capital outlay	581,071	330,121	250,950	73,000
Total Expenditures	<u>7,183,992</u>	<u>6,590,216</u>	<u>593,776</u>	<u>6,509,948</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,289,660)</u>	<u>(878,759)</u>	<u>1,410,901</u>	<u>(1,836,083)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,069,185	2,761,661	692,476	2,765,651
Operating transfers (out)	<u>(467,030)</u>	<u>(480,900)</u>	<u>(13,870)</u>	<u>(321,549)</u>
Total Other Financing Sources (Uses)	<u>1,602,155</u>	<u>2,280,761</u>	<u>678,606</u>	<u>2,444,102</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(\$687,505)</u>	1,402,002	<u>\$2,089,507</u>	608,019
Fund balances at beginning of year		1,168,325		560,306
Fund balances at end of year		<u>\$2,570,327</u>		<u>\$1,168,325</u>

**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* - is utilized to account for resources used for the acquisition and construction of major capital facilities by the City, primarily the acquisition and construction of various City parks.

CITY OF SARATOGA  
 CAPITAL PROJECTS FUND  
 BALANCE SHEETS  
 JUNE 30, 2000  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 1999

	2000	1999
<b>ASSETS</b>		
Cash and investments	\$2,266,636	\$2,253,123
Accounts receivable		
Total Assets	\$2,266,636	\$2,253,123
<b>LIABILITIES</b>		
Accounts payable	\$122,672	\$1,140
Total Liabilities	122,672	1,140
<b>FUND BALANCE</b>		
Reserved for encumbrances	267,366	
Unreserved, undesignated	1,876,598	2,251,983
Total Fund Balances	2,143,964	2,251,983
Total Liabilities and Fund Balance	\$2,266,636	\$2,253,123

CITY OF SARATOGA  
 CAPITAL PROJECTS FUND  
 STATEMENTS OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
REVENUES		
Current service charges	<u>\$223,560</u>	<u>\$111,780</u>
Total Revenues	<u>223,560</u>	<u>111,780</u>
EXPENDITURES		
Capital outlay	<u>331,579</u>	<u>83,504</u>
Total Expenditures	<u>331,579</u>	<u>83,504</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(108,019)	28,276
Fund balance, beginning of the year	<u>2,251,983</u>	<u>2,223,707</u>
Fund balance, end of the year	<u><u>\$2,143,964</u></u>	<u><u>\$2,251,983</u></u>

CITY OF SARATOGA  
 CAPITAL PROJECTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	2000		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Current service charges	\$111,780	\$223,560	\$111,780
Total Operating Revenues	111,780	223,560	111,780
EXPENDITURES			
Capital outlay	603,698	331,579	272,119
Total Expenditures	603,698	331,579	272,119
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(\$491,918)	(108,019)	\$383,899
Fund balance, beginning of the year		2,251,983	
Fund balance, end of year		\$2,143,964	

**CITY OF SARATOGA**

**DEBT SERVICE FUND**

Debt Service Funds are used to account for the payment of interest and principal on the general debt service of the City and related entities.

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



CITY OF SARATOGA  
LIBRARY DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2000  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 1999

	2000	1999
ASSETS		
Cash and investments		
Restricted cash and investments		5,800
Total Assets		\$5,800
LIABILITIES		
Accounts payable		\$226
Total Liabilities		226
FUND BALANCE		
Reserved for debt service		5,574
Total Fund Balance		5,574
Total Liabilities and Fund Balance		\$5,800

CITY OF SARATOGA  
LIBRARY DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	2000		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Use of money and property	\$94,262	\$93,209	(\$1,053)
Total Operating Revenues	94,262	93,209	(1,053)
EXPENDITURES			
Debt service:			
Principal	80,000	80,000	
Interest and fiscal charges	13,505	18,783	(5,278)
Total Expenditures	93,505	98,783	(5,278)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	757	(5,574)	(6,331)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)	\$757	(5,574)	(\$6,331)
Fund balance, beginning of the year		5,574	
Fund balance, end of year			

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 agency 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.

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Balance June 30, 1999	Additions	Reductions	Balance June 30, 2000
<u>Cable T.V. Trust</u>				
Cash and investments	\$81,630	\$4,673		\$86,303
Deposits payable	\$81,630	\$4,673		\$86,303
<u>Assessment Districts Bonds</u>				
Parking District #2 Restricted Cash	\$11,871		\$10,363	\$1,508
Parking District #3 Restricted Cash	9,550	\$176,149	169,001	16,698
Saratoga Public Financing Authority Restricted Cash	245,165	57,546		302,711
Leonard Road Assessment District Restricted Cash	41,153	10,653	11,477	40,329
Total Assets	\$307,739	\$244,348	\$190,841	\$361,246
Accounts payable				
Due to bondholders	\$307,739	\$244,348	\$190,841	\$361,246
Total Liabilities	\$307,739	\$244,348	\$190,841	\$361,246
<u>Deposits</u>				
Cash and investments	\$398,539	\$86,835		\$485,374
Accounts payable	\$3,020		\$3,020	
Deposits payable	395,519	\$86,835	(3,020)	\$485,374
Total Liabilities	\$398,539	\$86,835	\$3,020	\$485,374
<u>Total Agency Funds</u>				
Cash and investments	\$480,169	\$91,508		\$571,677
Restricted cash and investments	307,739	244,348	\$190,841	361,246
Total Assets	\$787,908	\$335,856	\$190,841	\$932,923
Accounts payable	\$3,020		\$3,020	
Deposits payable	477,149	\$91,508	(3,020)	\$571,677
Due to bondholders	307,739	244,348	190,841	361,246
Total Liabilities	\$787,908	\$335,856	\$190,841	\$932,923

**CITY OF SARATOGA**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**

The General Fixed Asset Account Group is used to record and account for the cost of all City property and equipment except infrastructure.

CITY OF SARATOGA  
 COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS  
 BY SOURCE  
 JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>GENERAL FIXED ASSETS</b>		
Land and Land Improvements	\$4,797,848	\$7,575,658
Building	5,985,136	6,079,888
Equipment and Rolling Stock	<u>2,412,193</u>	<u>2,722,881</u>
Total General Fixed Assets	<u>\$13,195,177</u>	<u>\$16,378,427</u>
<b>INVESTMENT IN GENERAL FIXED ASSETS</b>		
Donations	\$1,500	\$1,500
Expenditures from:		
General Fund Revenues	11,883,918	15,113,686
Special Revenue Fund Revenues	876,400	829,882
Capital Projects Fund Revenues	<u>433,359</u>	<u>433,359</u>
Total General Fixed Assets	<u>\$13,195,177</u>	<u>\$16,378,427</u>

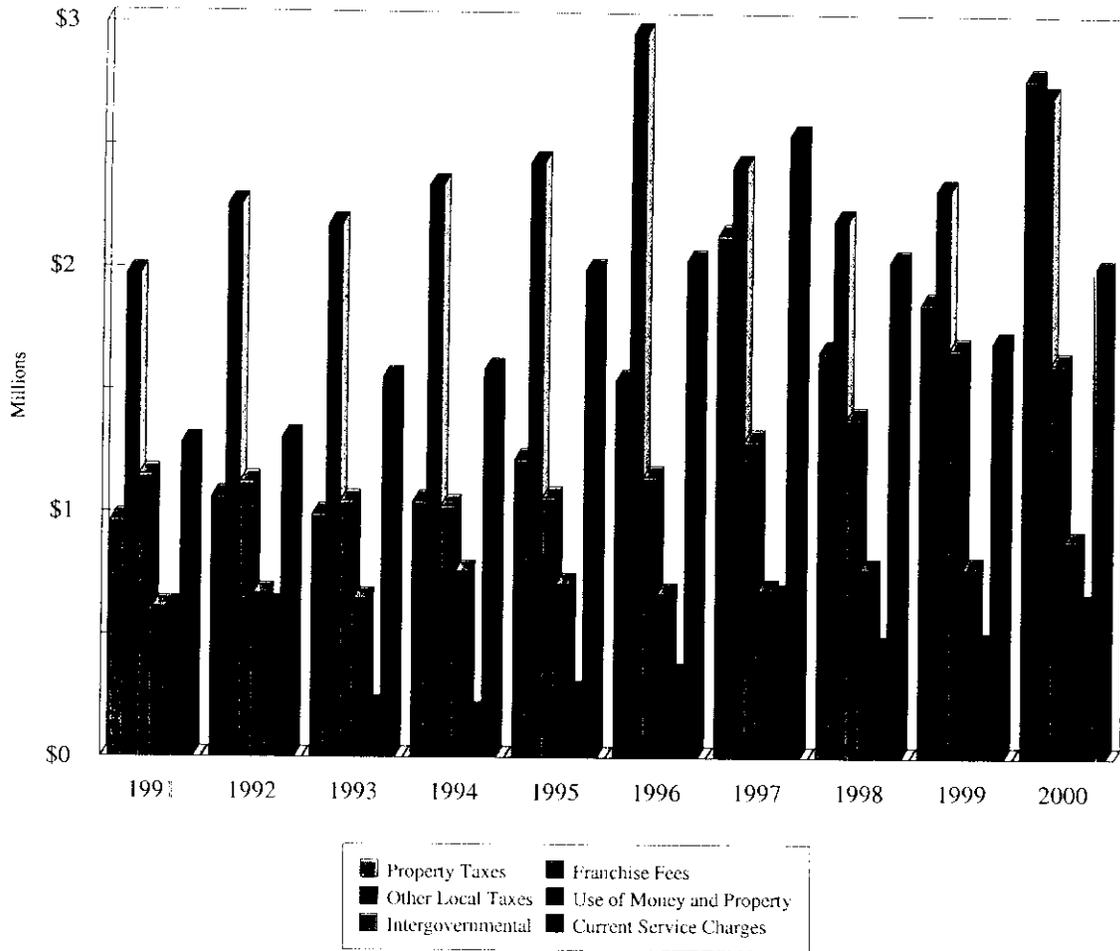
CITY OF SARATOGA  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
 BY SOURCE  
 FOR THE YEAR ENDED JUNE 30, 2000

	<u>Land and Land Improvements</u>	<u>Building</u>	<u>Equipment and Rolling Stock</u>	<u>Total</u>
BALANCE, JUNE 30, 1999	<u>\$7,575,658</u>	<u>\$6,079,888</u>	<u>\$2,722,881</u>	<u>\$16,378,427</u>
ADDITIONS:				
Expenditures from:				
General Fund Revenues		123,622	110,853	234,475
Special Revenue Fund Revenues		21,145	25,373	46,518
Capital Projects Fund Revenues				
Total Additions		144,767	136,226	280,993
INVENTORY ADJUSTMENT:				
General Fund Revenue	<u>(2,777,810)</u>	<u>(239,519)</u>	<u>(446,914)</u>	<u>(3,464,243)</u>
BALANCE, JUNE 30, 2000	<u><u>\$4,797,848</u></u>	<u><u>\$5,985,136</u></u>	<u><u>\$2,412,193</u></u>	<u><u>\$13,195,177</u></u>

CITY OF SARATOGA  
SCHEDULE OF GENERAL FIXED ASSETS  
BY FUNCTION  
JUNE 30, 2000

	<u>Land and Land Improvements</u>	<u>Building</u>	<u>Equipment and Rolling Stock</u>	<u>Total</u>
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	5,756,003	429,464	10,344,115
Intragovernmental	<u>73,280</u>	<u>30,628</u>	<u>266,857</u>	<u>370,765</u>
Total	<u><u>\$4,797,848</u></u>	<u><u>\$5,985,136</u></u>	<u><u>\$2,412,193</u></u>	<u><u>\$13,195,177</u></u>

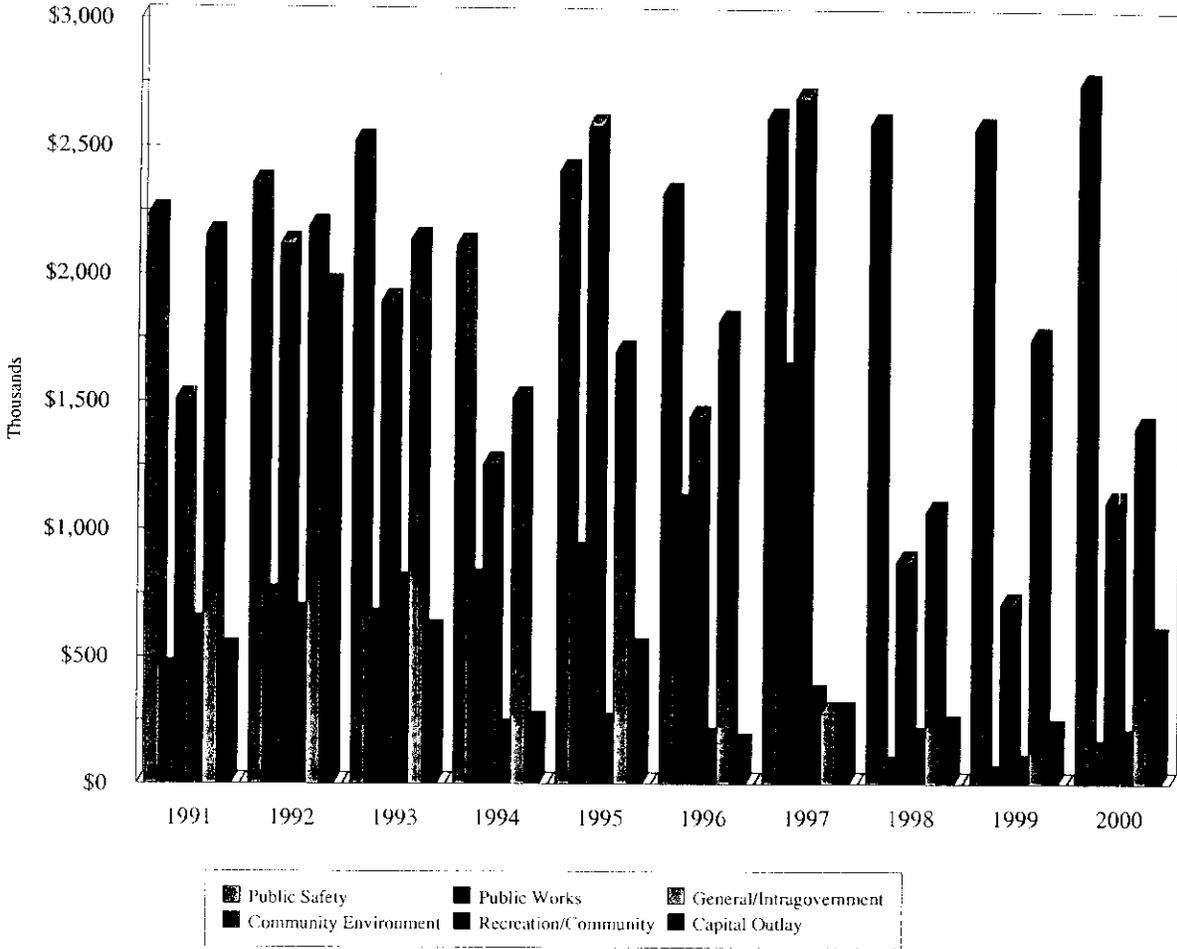
CITY OF SARATOGA  
GENERAL FUND REVENUES BY SOURCE  
LAST TEN FISCAL YEARS



Fiscal Year	Property Taxes	Other Local Taxes	Intergovernmental	Franchise Fees	Use of Money and Property	Current Service Charges	Total
1991	896,434	\$1,972,750	\$1,153,007	\$610,839	\$612,603	\$1,282,344	\$6,598,977
1992	964,177	2,258,079	1,125,916	667,800	615,059	1,307,341	7,038,372
1993	991,862	2,180,000	1,027,480	647,989	209,111	1,553,690	6,630,132
1994	1,048,915	2,338,826	1,029,467	758,611	183,061	1,587,425	6,943,361
1995	1,221,096	2,434,070	1,064,087	707,822	272,425	1,996,874	7,696,339
1996	1,546,162	2,965,069	1,182,968	669,467	343,295	2,036,854	8,713,815
1997	2,042,454	2,424,825	1,307,443	685,083	665,966	2,552,050	9,771,821
1998	1,064,144	2,202,826	1,397,591	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	1,796,794	2,718,358	1,623,583	886,618	630,833	2,005,183	10,654,869

Source: City of Saratoga Annual Financial Report

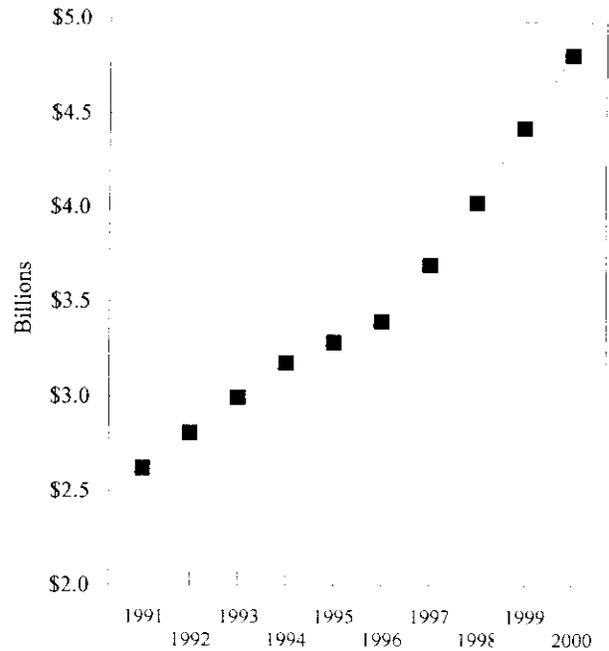
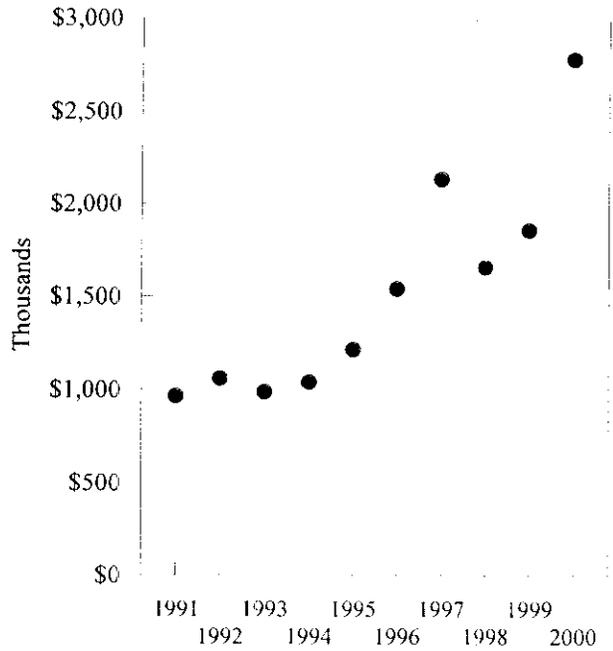
CITY OF SARATOGA  
GENERAL FUND EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS



Fiscal Year	Public Safety	Environmental Services	Public Works	Community Services & Support	General/Intra-government	Capital Outlay	Total
1991	225,000	\$444,152	\$1,508,748	\$623,549	\$2,341,077	\$525,449	\$7,495,823
1992	240,000	737,911	2,419,201	665,699	2,188,096	1,955,104	10,024,094
1993	255,000	645,466	1,896,690	786,702	2,100,002	601,792	8,593,594
1994	215,000	801,058	1,288,065	209,890	2,100,000	240,882	6,144,518
1995	245,000	907,232	2,887,008	234,788	1,700,000	531,607	8,370,061
1996	235,000	1,098,931	1,444,155	177,837	1,800,000	154,695	7,017,231
1997	265,000	1,616,532	2,697,413	349,019	2,300,000	280,500	7,840,174
1998	260,000	65,502	877,204	179,928	1,000,000	226,310	5,021,873
1999	260,000	30,947	712,822	72,880	700,000	212,223	5,365,807
2000	275,000	129,849	1,113,870	172,549	600,000	578,612	6,161,151

Source: City of Saratoga Annual Financial Report

CITY OF SARATOGA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS



● Tax Levied

■ Value of property

Fiscal Year	Property Tax Levied and Collected	Value of Property Subject to Local Tax Rate
1991	\$950,000	\$2,623,305,289
1992	\$1,050,000	2,809,614,793
1993	\$980,000	2,996,971,420
1994	\$1,020,000	3,181,662,768
1995	\$1,200,000	3,289,435,553
1996	\$1,550,000	3,398,224,679
1997	\$2,100,000	3,697,796,461
1998	\$1,650,000	4,029,381,944
1999	\$1,850,000	4,432,656,416
2000	\$2,750,000	4,823,743,087

Sources: City of Saratoga Annual Financial Reports  
California Municipal Statistics Inc. (1990-1992)  
County of Santa Clara Tax Rates and Information Publication (1993-2000)

CITY OF SARATOGA  
GENERAL FUND TAX REVENUE  
LAST TEN FISCAL YEARS



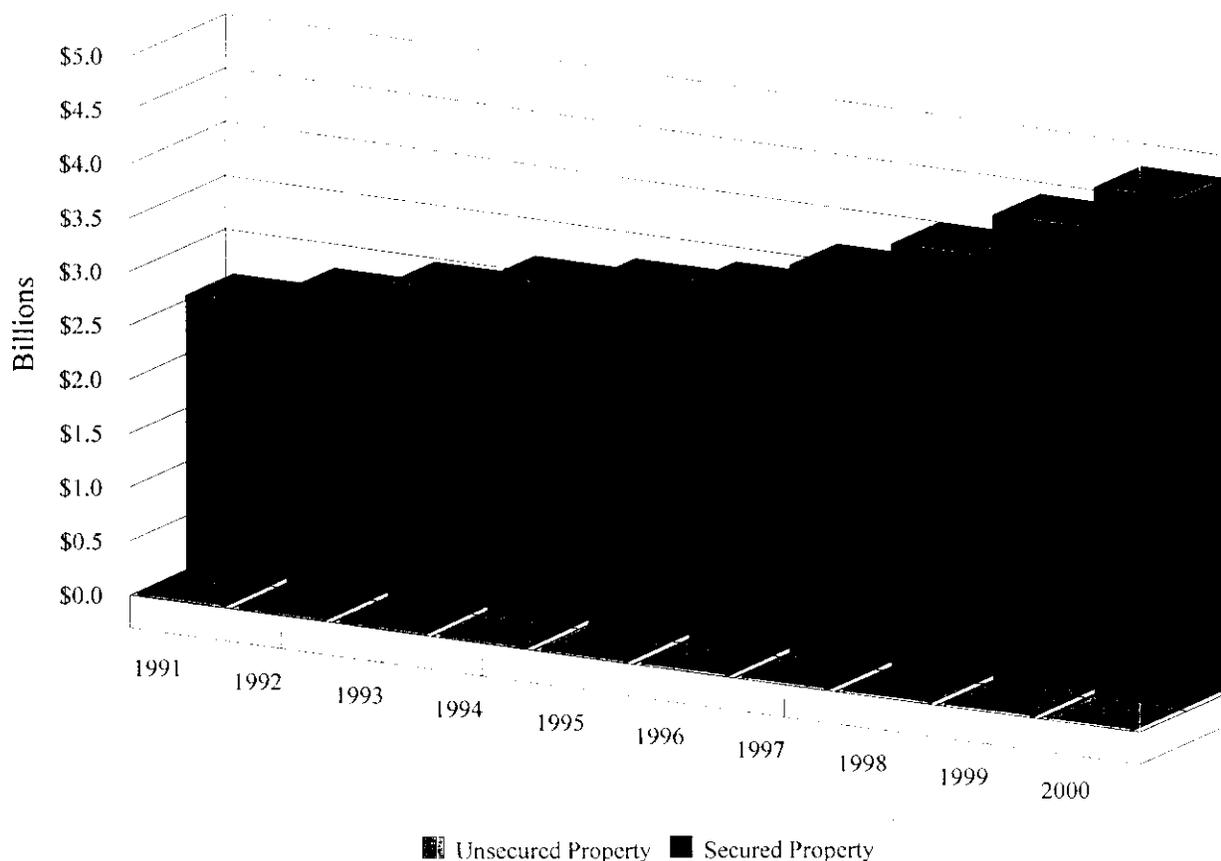
Fiscal Year	Utility Users' Tax	Property Tax (2)	Sales Tax	Other Taxes (1)	Total
1991	\$861,768	\$967,434	\$852,262	\$508,780	\$2,940,184
1992	764,177	1,064,177	939,635	684,387	3,322,256
1993	777,567	991,862	910,834	533,604	3,171,862
1994	718,279	1,045,975	958,436	665,151	3,384,801
1995	788,273	1,221,096	872,134	836,563	3,655,166
1996	729,668	1,546,162	896,799	1,338,802	4,511,231
1997	871,252	2,142,454	966,900	1,145,461	4,567,279
1998	781,250	1,664,144	1,057,677	1,145,149	3,866,970
1999	781,250	1,864,766	979,192	1,348,879	4,192,837
2000	861,768	2,790,294	1,071,122	1,647,236	5,508,652

(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

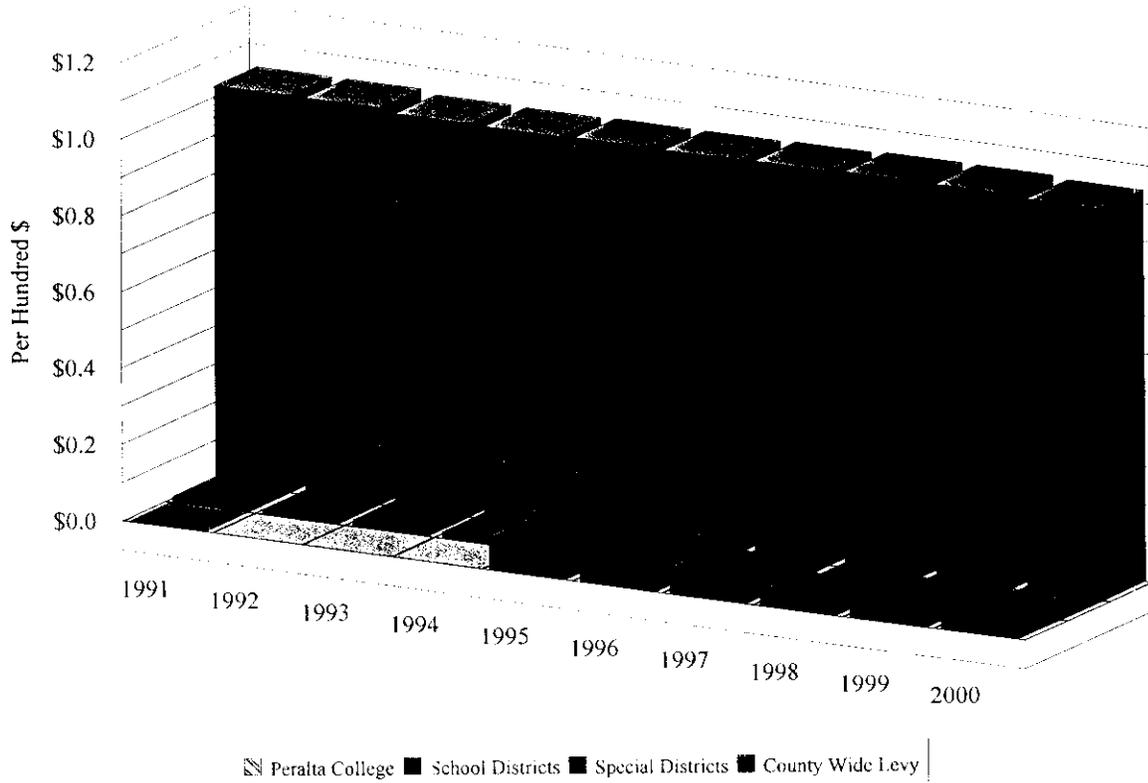


Fiscal Year	Secured Property	Unsecured Property	Total Assessed	Estimated Market
1991	\$2,592,579,136	8,617,267,853	\$2,623,305,289	\$2,623,305,289
1992	2,779,394,739	9,021,976,334	2,809,614,703	2,809,614,703
1993	2,966,543,181	9,428,239,239	2,996,971,420	2,996,971,420
1994	3,153,176,308	9,486,490,360	3,181,662,768	3,181,662,768
1995	3,261,741,964	9,595,813,589	3,289,435,553	3,289,435,553
1996	3,363,964,334	9,700,312,345	3,398,224,679	3,398,224,679
1997	3,660,513,753	9,982,708,208	3,697,796,461	3,697,796,461
1998	3,990,741,994	10,247,152,450	4,029,381,944	4,029,381,944
1999	4,392,456,823	10,498,891,393	4,432,656,416	4,432,656,416
2000	4,789,325,625	11,177,763,262	4,823,743,087	4,823,743,087

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.

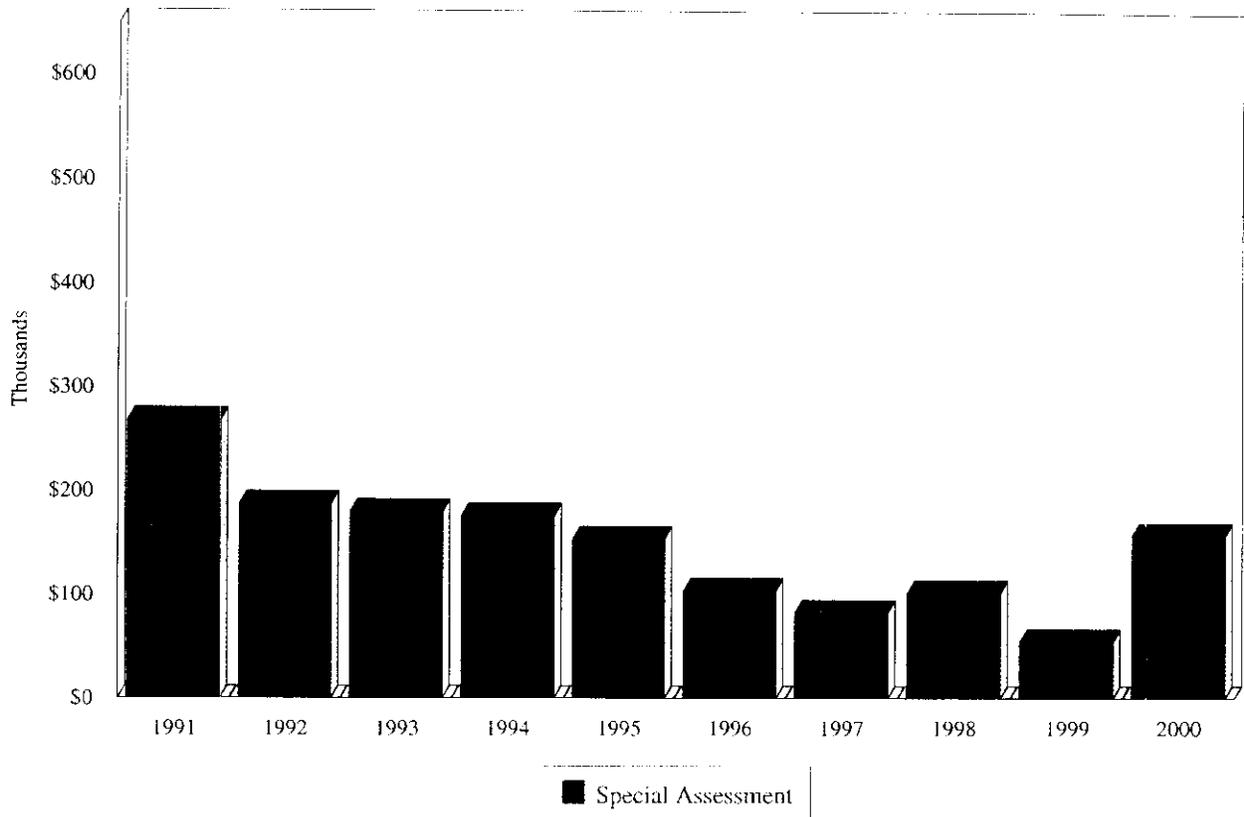
CITY OF SARATOGA  
PROPERTY TAX RATES  
(PER \$100 OF ASSESSED VALUATION)  
ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS



Fiscal Year	Basic County Wide Levy	School Districts	Special Districts and Other
1991	1.0412	0.0011	0.0164
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

Source: County of Santa Clara Tax Rates and Information Publication

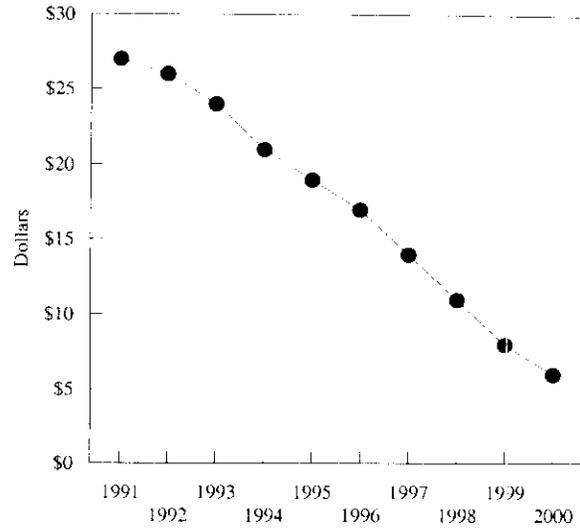
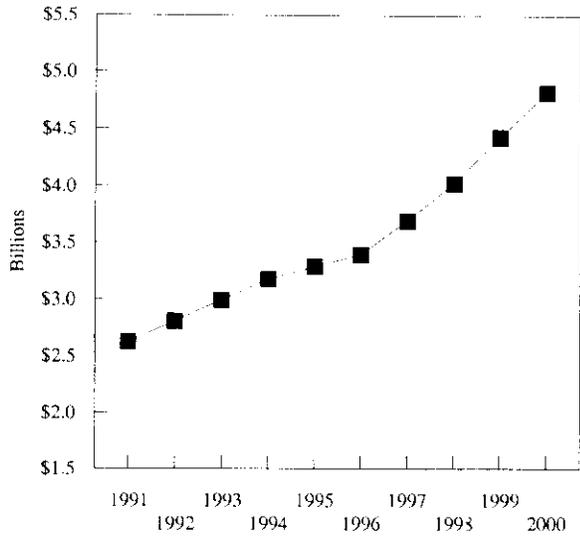
CITY OF SARATOGA  
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN FISCAL YEARS



Fiscal Year	Special Assessment Billings and Collections
1991	\$268.647
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

Source: City of Saratoga Annual Financial Reports  
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



■ Assessed Value

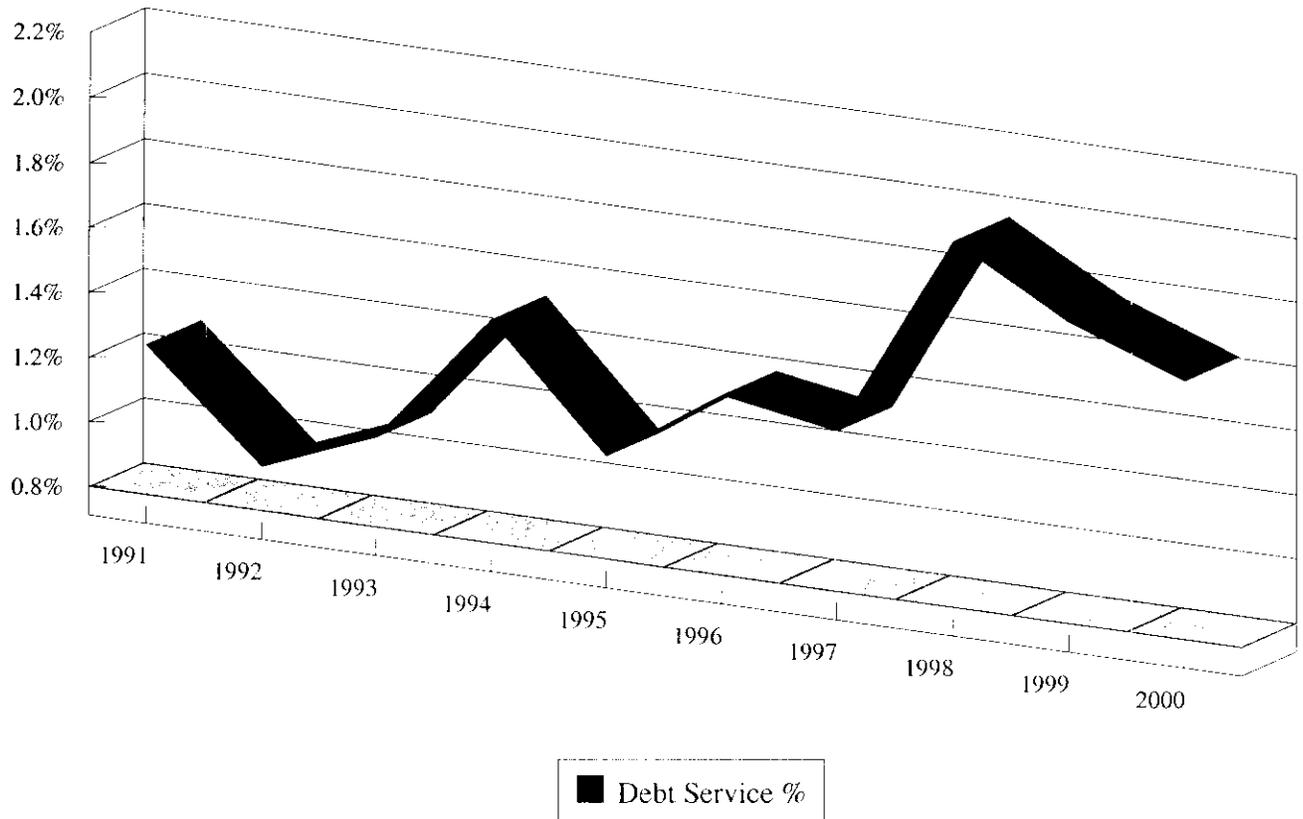
● Bonded Debt Per Capita

Fiscal Year	Population	Assessed Value	Bonded Debt	Net Bonded Debt Per Capita
1991	28,061	\$2,623,305,289	\$770,000	\$27
1992	28,031	2,809,614,705	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

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

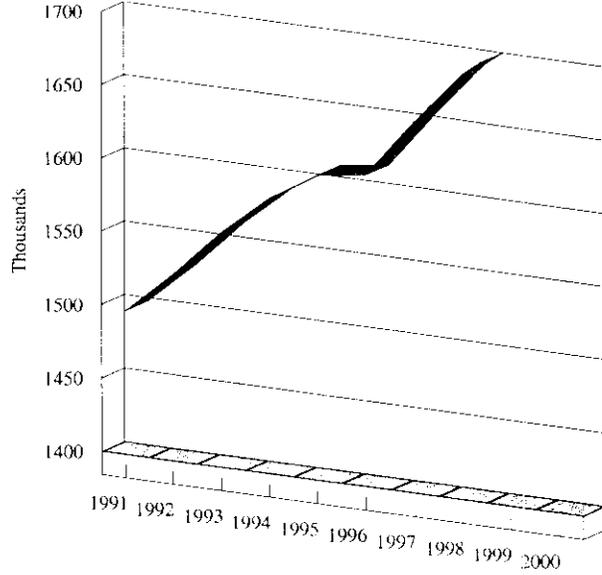
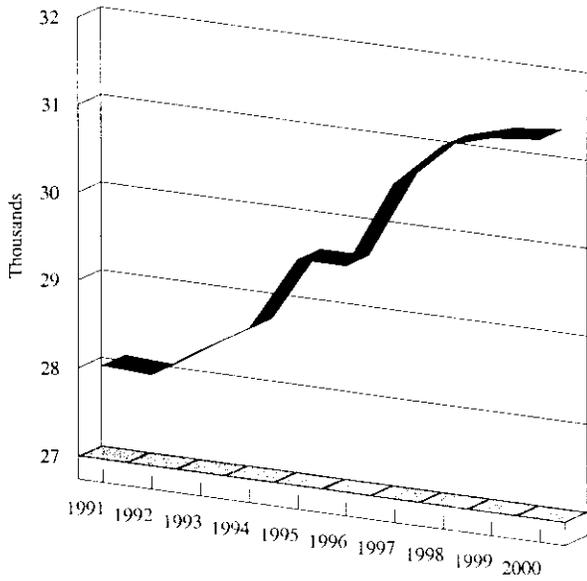


Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Percent of Debt Service to General Fund Expenditures
1991	\$50,000	\$44,725	\$94,725	\$7,495,823	1.26%
1992	50,000	43,890	93,890	10,024,094	0.94%
1993	50,000	42,523	92,523	8,593,594	1.08%
1994	55,000	36,590	91,590	6,144,518	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%

Includes General Obligation Bonds

Source: City of Saratoga Annual Financial Reports

CITY OF SARATOGA  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS



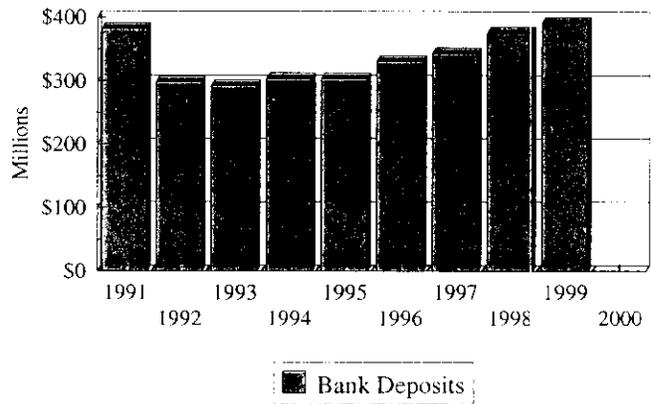
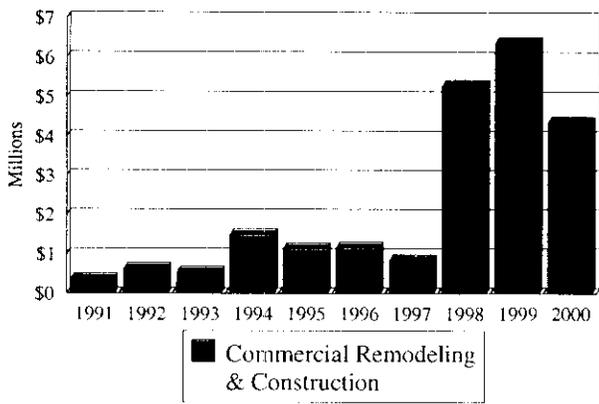
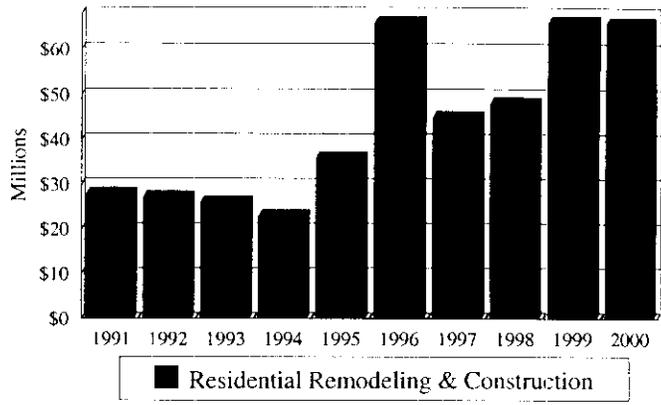
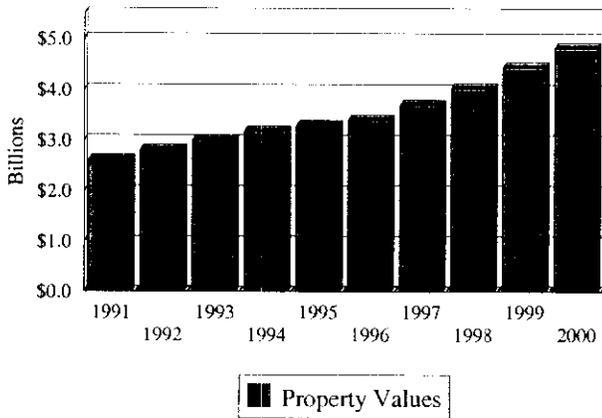
■ City Population

■ County Population

Fiscal Year	City Population	Santa Clara County Population	City Population % of County
1991	28,061	1,497,508	1.87%
1992	28,031	1,506,768	1.84%
1993	28,390	1,549,387	1.82%
1994	28,709	1,587,769	1.81%
1995	29,576	1,607,300	1.84%
1996	29,579	1,617,300	1.83%
1997	30,591	1,677,300	1.85%
1998	31,097	1,670,300	1.84%
1999	31,255	1,717,300	1.82%
2000	31,320	1,740,300	1.80%

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

CITY OF SARATOGA  
PROPERTY VALUES, REMODELING AND CONSTRUCTION  
LAST TEN FISCAL YEARS



Fiscal Year	Property Values	Commercial Remodeling and Construction		Residential Remodeling and Construction		Bank Deposits
		Number of Permits	Value	Number of Permits	Value	
1991	\$2,705,308,289	30	\$379,500	2,556	\$28,046,500	\$2,743,087
1992	\$2,891,874,703	53	636,851	2,493	27,263,597	\$2,919,174
1993	\$3,066,971,420	67	547,502	2,481	26,151,346	\$3,066,971
1994	\$3,362,708	94	1,509,805	2,653	23,020,867	\$3,362,708
1995	\$3,438,883	57	1,147,719	3,194	35,922,169	\$3,438,883
1996	\$3,221,679	69	1,171,533	2,535	66,013,893	\$3,221,679
1997	\$3,796,161	52	843,020	1,834	44,982,977	\$3,796,161
1998	\$3,381,944	47	5,300,593	1,844	48,230,194	\$3,381,944
1999	\$4,056,416	66	6,383,068	1,916	66,218,156	\$4,056,416
2000	\$4,743,087	57	4,362,875	1,960	65,901,107	\$4,743,087

Source: City of Saratoga Building Department  
Bank Deposits from Findley Reports and Sheshenoff Information Services

CITY OF SARATOGA  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2000

ASSESSED VALUE	<u>\$4,823,743,087</u>
BONDED DEBT LIMIT (15% OF ASSESSED VALUE)	\$723,561,463
AMOUNT OF DEBT SUBJECT TO LIMIT:	
Total Long Term Debt	<u>185,000</u>
LEGAL DEBT MARGIN	<u>\$723,376,463</u>

SOURCE: CITY OF SARATOGA FINANCE DEPARTMENT

CITY OF SARATOGA  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2000

	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	11.473%	\$101,536
Santa Clara County Flood Control and Water Conservation District Zone W-1	3.643%	426,049
Foothill-De Anza Community College District	1.815%	1,814,910
Fremont Union High School District	3.700%	1,406,000
Los Gatos Joint Union High School District	39.338%	7,366,041
Campbell Union High School District	5.644%	1,128,800
Campbell Union School District	7.233%	3,050,757
Cupertino Union School District	6.443%	4,434,394
Moreland School District	12.746%	3,803,349
Saratoga Union School District	86.546%	34,812,413
Midpeninsula Regional Open Space Park District	6.115%	2,425,635
City of Saratoga	100.000%	185,000
City of Saratoga 1915 Act Bonds	100.000%	765,000
<b>TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>61,719,884</b>
Less: Santa Clara County Fc and WCD, Zone NC-1 (100% Self Supporting)		101,536
<b>TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>61,618,348</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Santa Clara County General Fund Obligations	3.475%	17,897,293
Santa Clara County Board of Education Certificates of Participation	3.475%	682,143
Foothill-DeAnza Community College District Certificates of Participation	1.815%	623,634
West Valley Community College District Certificates of Participation	10.482%	2,264,112
Campbell Union School District Certificates of Participation	7.233%	831,795
Cupertino Union School District Certificates of Participation	6.443%	741,589
Moreland School District Certificates of Participation	12.746%	760,299
Midpeninsula Regional Open Space Park District Certificates of Participation	6.115%	4,545,171
Santa Clara Valley Water District Certificates of Participation	3.475%	4,392,400
Santa Clara County Central Fire District Certificates of Participation	14.068%	67,934
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>32,806,370</b>
<b>GROSS COMBINED TOTAL DEBT</b>		<b>\$94,526,254</b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$94,424,778</b>

(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	0.004%
Total Gross Debt and Overlapping Tax and Assessment Debt	1.28%
Total Net Direct and Overlapping Tax and Assessment Debt	1.28%
Gross Combined Total Debt	1.96%
Net Combined Total Debt	1.96%

SOURCE: California Municipal Statistics, Inc.

CITY OF SARATOGA  
PRINCIPAL TAXPAYERS  
JUNE 30, 2000

Assessee	Use	Assessed Value	Percent of Total Assessed Value
Income Opportunity Saratoga Co.	Office Building	\$10,603,125	0.22%
Carson Estate Company	Shopping Center	8,630,000	0.18%
San Jose Water Works	Water Utility	11,388,740	0.24%
Argonaut Associates LLC	Shopping Center	3,957,896	0.08%
Inn at Saratoga, Inc.	Commercial	4,062,020	0.08%
Public Storage Props IX Inc.	Warehousing	7,735,653	0.16%
Pfeiffer Ranch Investors Inc.	Single Family Residential	9,374,682	0.19%
Bagher and Kefayat Navid	Single Family Residential	5,882,768	0.12%
Dr. Walter Donald Head	Office Building	4,466,628	0.09%
Cali Investments	Commercial	4,123,950	0.09%
Danna Blue Hills LLC	Office Building	4,685,238	0.10%
George and Gloria Janac	Single Family Residential	3,469,875	0.07%
John H. and Judy H. Hart	Single Family Residential	4,519,677	0.09%
Ray A. Russo, Sr., Trustee	Commercial	4,136,180	0.09%
Saratoga Oaks LLC	Office Building	3,921,340	0.08%
David L. House	Single Family Residential	4,013,489	0.08%
Ronnoco Saratoga Properties	Office Building	3,550,000	0.07%
William G. and Marguerite Paseman	Single Family Residential	3,510,000	0.07%
August Partners II	Commercial	3,412,735	0.07%
Peninsula Recreation Inc.	Commercial	3,272,911	0.07%
Totals		\$108,716,907	2.25%
Total assessed valuation		\$4,823,743,087	

SOURCE: CALIFORNIA MUNICIPAL STATISTICS

CITY OF SARATOGA  
MISCELLANEOUS STATISTICS  
JUNE 30, 2000

<i>Date of Incorporation</i>	1956
<i>Form of Government</i>	Council-Manager
<i>Employees:</i>	
City Manager's Office	5
Recreation	9
Public Works/Maintenance	19
Community Development	9
Finance	9
Total	51
<i>Area</i>	13 Square miles
<i>Miles of Streets</i>	250
<i>Length of storm drains</i>	45 Miles
<i>Fire Protection:</i>	
Saratoga Fire District	
Number of stations	1
Number of firefighters	24
Number of reserve firefighters	20
Central Fire District	
Number of stations	3
Number of firefighters	12
Number of reserve firefighters	32
<i>Police Protection:</i>	
Number of stations	1
Number of police officers	65
Number of support personnel	4
<i>Water Utility:</i>	
San Jose Water Company	
Number of meters	10,038
Average daily consumption	393 Gallons per household
Length of water mains	132.5 Miles
Length of Storm Drains	45 Miles
<i>Sewer:</i>	
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
<i>Culture and Recreation:</i>	
Parks	14
Acres in parks	48.20 Acres
<i>Taxable sales</i>	\$107,112,247
<i>Registered Voters</i>	18,658
<i>Population</i>	31,320

SOURCES: VARIOUS CITY RECORDS