

FUND DESCRIPTIONS

The basic accounting and reporting entity for the City of Saratoga is a fund. A fund is a fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created. Funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Funds used in government are classified into three broad categories: governmental, proprietary and fiduciary. Governmental funds include activities usually associated with a typical state or local government's operations (public safety, general government activities, etc.) Proprietary funds are used in governments to account for activities often found in the private section (utilities, stadiums and golf courses are prime examples). Trust and Agency funds are utilized in situations where the government is acting in a fiduciary capacity as a trustee or agent. The various funds are grouped in fund types and categories as follows:

GOVERNMENTAL FUNDS

Includes activities usually associated with governmental entity operations, including public safety, planning and building services, parks and public works, and general administrative functions.

General Fund

Serves as the City's chief operating fund. All general tax revenues and other receipts not allocated by law or some other contractual agreement to other funds are accounted for in the General Fund. Expenditures of this fund include the general operating expenses traditionally associated with governments such as city administration, development services, public works, and public safety.

Special Revenue Funds

Special Revenue Funds are used to account for revenues that are legally restricted to expenditures for specific purposes. The City of Saratoga has the following types of Special Revenue Funds:

- ***Community Development Block Grant Funds*** – to account for federal block grant funds received for public service activities, ADA projects, and program administration fees.
- ***Landscape & Lighting District Funds*** – Saratoga currently has 25 special district funds which voted to have the City provide oversight and maintenance of trees, landscaping, irrigation systems, and lighting systems in neighborhood and commercial areas. These funds account for revenues and expenditures

Debt Service Funds

Debt Service Funds are used to account for the acquisition of resources and the payment of long-term debt on City obligations.

- ***2001 Series General Obligation Debt*** – established to account for the obligation incurred under the citizen approved 2001 General Obligation Bond debt for the Library remodel.

Capital Project Funds:

Capital Project Funds are used to account for the acquisition, construction, and improvement of capital infrastructure. The City budgets and accounts for capital projects in:

- **Capital Project Funds** – established to provide resources for capital projects funded from accumulated reserves and designated capital revenues.
- **Development Impact Funds** – accounts for revenues restricted for specific capital project uses.
- **Grant Project Fund** – budgets and accounts for projects funded in whole or in part by grant revenues.
- **Gas Tax Fund** – budgets and accounts for revenues and expenditures pertaining to the maintenance and construction of City Streets.

PROPRIETARY FUNDS

There are two classifications of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise Funds are used to account for activities that are operated in a manner similar to a private business enterprise, where the cost of the goods are to be financed or recovered primarily through user charges. The City of Saratoga does not currently utilize Enterprise Funds.

Internal Service Funds

Used to account for services provided to departmental programs by City-wide administered programs and staff. The City has several of these types of funds:

- **Liability/Risk Management Insurance Fund** – Accounts for insurance premiums, self-insured portion of claims, and administrative costs associated with settling claims. Charges are allocated to programs based upon liability risk and claim occurrence history.
- **Worker's Compensation Self-insurance Fund** - Accounts for insurance premiums, self insured portion of claims, and administrative costs associated with settling claims. Charges made to operating departments are based on liability risk and claim occurrence history.
- **Office Stores Fund** – Photocopy equipment, postage and bulk mail meter expenses are controlled at one source point and expended to the departments as goods or services are utilized.

- ***IT Services Fund*** – Information Technology Services supports the delivery of technology based services and infrastructure, including desktop support, network systems, technology upgrades and initiatives, communication systems, and associated IT equipment.
- ***Vehicle & Equipment Maintenance Fund*** - Accounts for the cost of operating and maintaining vehicles and equipment used for service operations in various City departments.
- ***Building Maintenance Fund*** – Accounts for operational costs associated with building maintenance. Includes custodial supplies and services, maintenance and repair, utilities, and staffing costs.
- ***Vehicle & Equipment Replacement Fund*** – Established to accumulate funding for the replacement of vehicles and equipment. Replacement costs are charged to departments over the asset’s life span reflective of usage.
- ***IT Equipment Replacement Fund*** – Established to accumulate funding for the replacement of information technology equipment. Replacement costs are charged to departments over the assets lifespan, reflective of usage.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City acting in a fiduciary capacity for other entities and individuals. Such funds are operated to carry out the specific actions of trust agreements, ordinances and other governing regulations. There are two categories of fiduciary funds, Trust and Agency.

Trust Funds

Accounts for assets held by the City in a trustee capacity where the City would oversee the use of resources in accordance with a formal trust agreement. The City does not currently administer this fund type.

Agency Funds

Accounts for assets held by the City in the capacity of an agent for individuals, governmental entities, and non-public organizations. The City currently administers two of these funds.

- ***KSAR Trust Fund*** – Accounts for assets deposited with the City by the local public television foundation board. Funds are held in trust and distributed to the KSAR board when requested.
- ***2001 Library Capital Project Fund*** – Accounts for the remaining bond funds from the 2001 GO Bond. Fund use is restricted for use toward capital improvements of the City’s library building under direction of the Library Commission.



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CITY OF SARATOGA

REFERENCE SECTION

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CITY OF SARATOGA STATISTICS

CITY OF SARATOGA

REFERENCE SECTION

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Community Facilities

Climate

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- City Population
- Population by Age Groups
- Population Ethnicity
- Population Occupations
- Annual Income
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Economic Factors

- Net Taxable Assessed Value History
- Property Tax Assessments by Category
- Top Property Taxpayers
- Property Tax Allocations

CITY OF SARATOGA

REFERENCE SECTION

CITY DEMOGRAPHICS

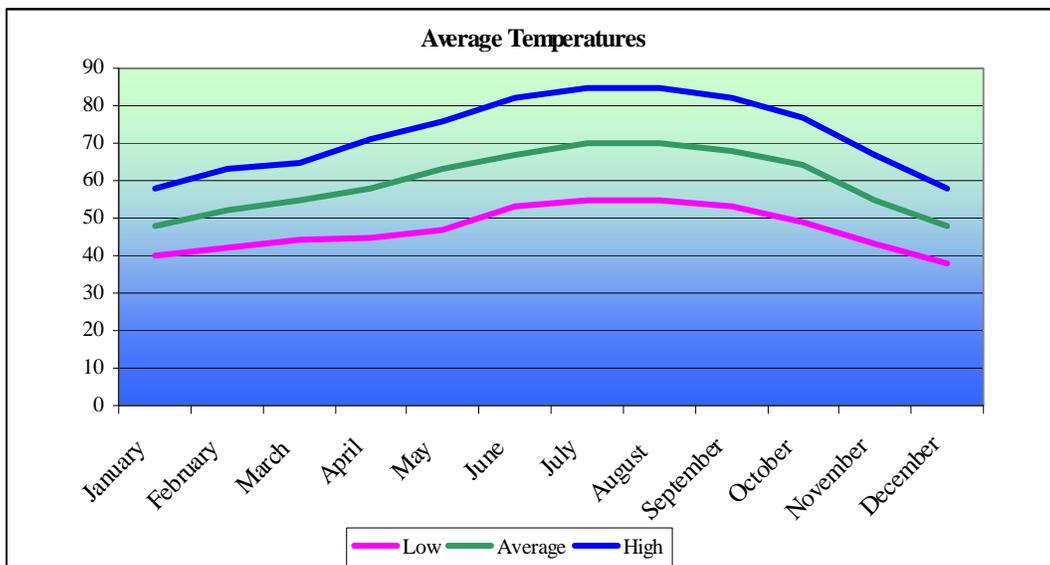
Current City Area:	12.1 square miles
Incorporated:	1956
Elevation:	410 feet
Miles of Streets:	135.2 miles
Number of Traffic Signals:	25
Number of Registered Voters:	19,009
Form of Government:	Council/Manager
City Employee/Citizen Ratio:	1: 578

COMMUNITY FACILITIES

87 acres of parklands
 14 neighborhood and specialty parks
 250 acres of designated open space
 Joan Pisani Community Center
 Saratoga Public Library and Book-Go-Round
 Saratoga Historical Museum and Pioneer McWilliams House

CLIMATE

	SARATOGA	US
Average Rainfall:	24.7 inches	36.6 inches
Average Days of Precipitation	58 days	101 days



Average temperature from May to October 50 – 86 degrees Fahrenheit
 Average temperature from November to April 40 – 65 degrees Fahrenheit

Source: City of Saratoga

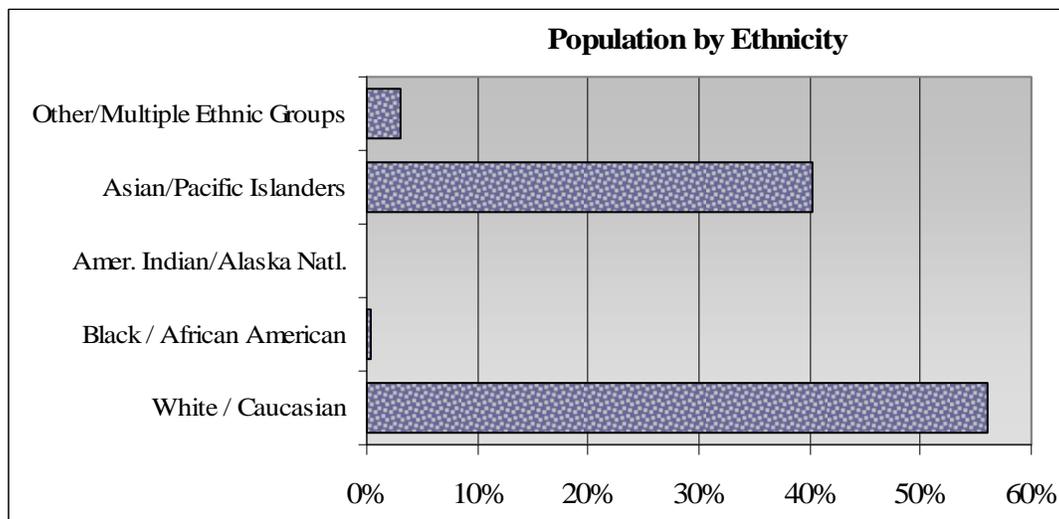
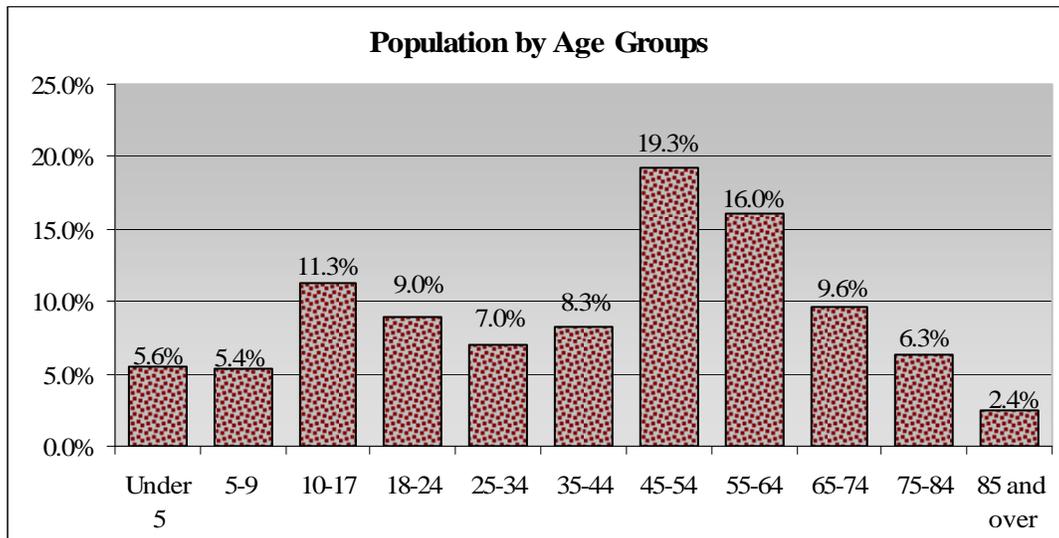
CITY OF SARATOGA

REFERENCE SECTION

POPULATION FACTORS

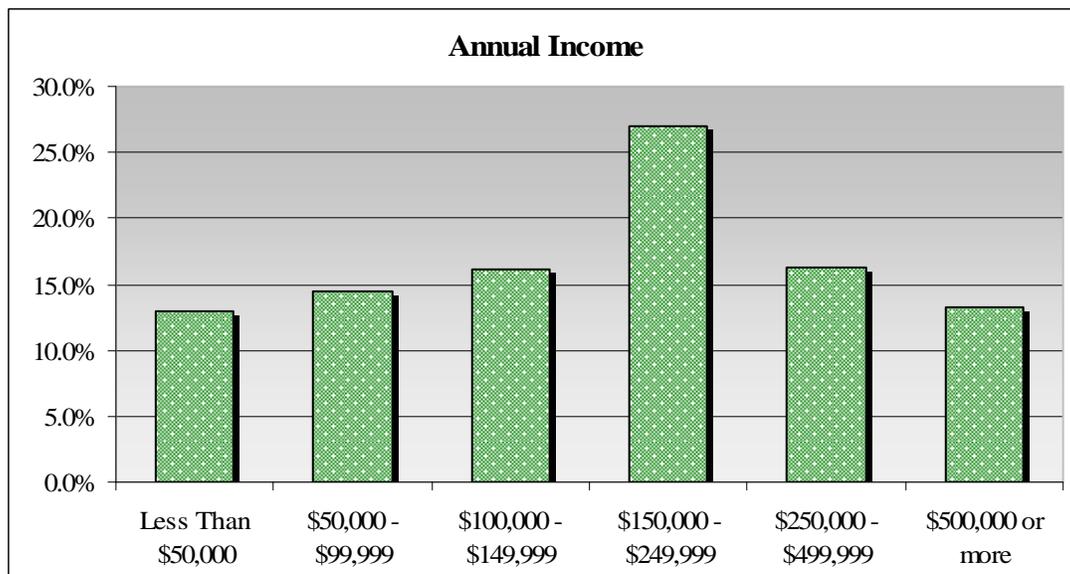
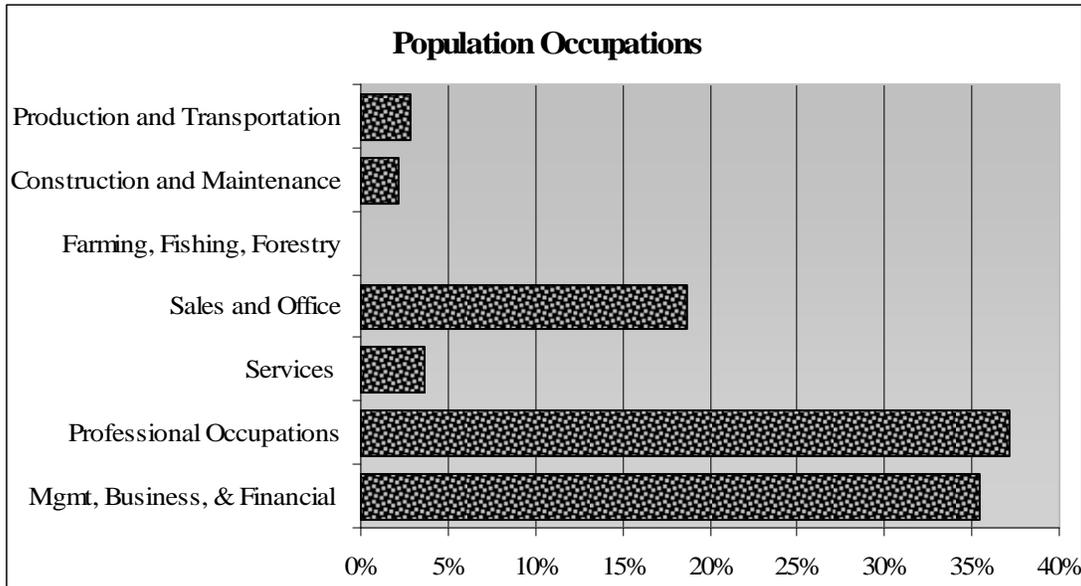
Data from CA Department of Finance

1970 Census:	26,810
1980 Census:	29,261
1990 Census:	28,061
2000 Census:	29,849
January 1, 2009	31,679
State ranking in population:	232 of 480 cities

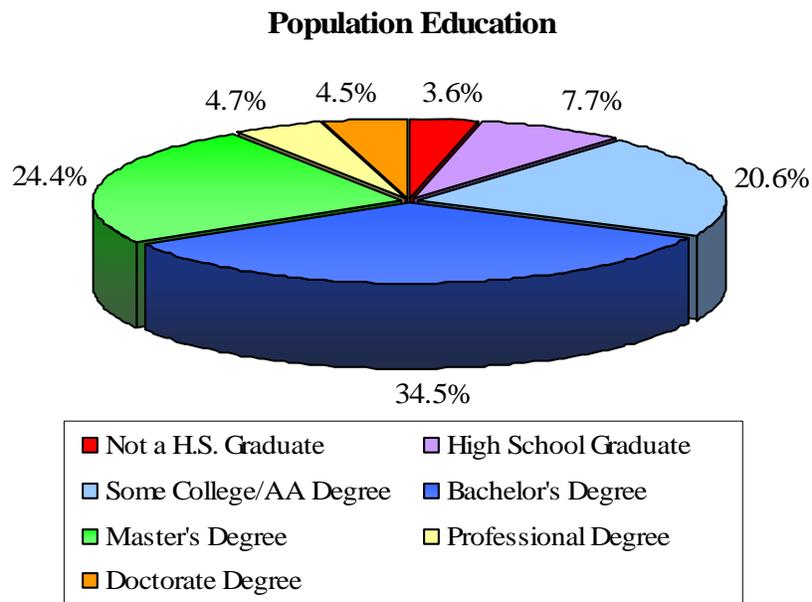
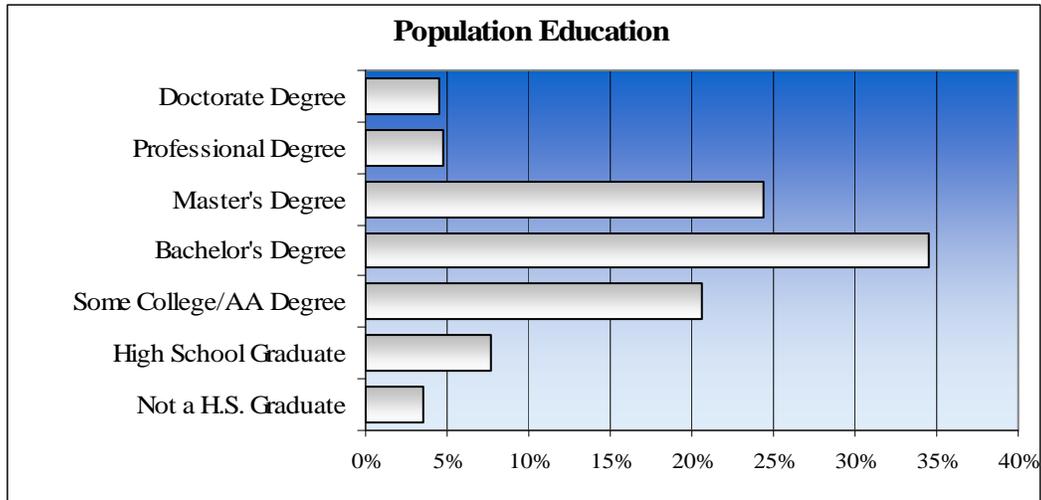


Source: Claritas Reports, Department of Finance

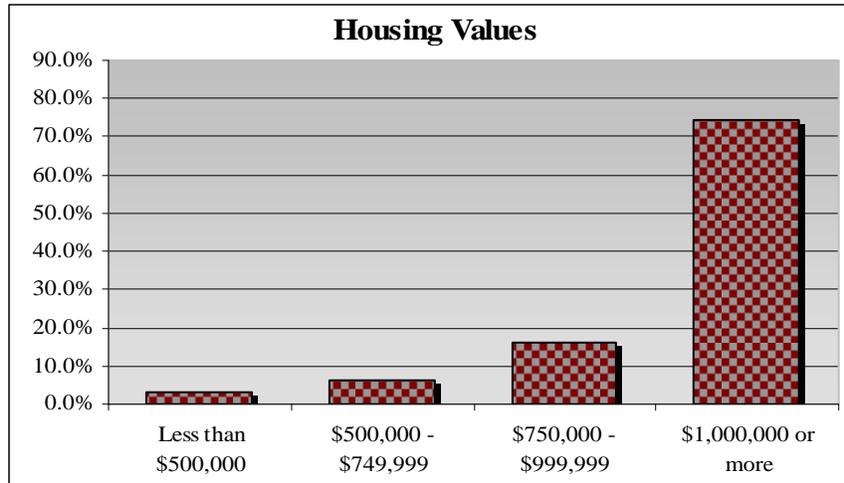
CITY OF SARATOGA
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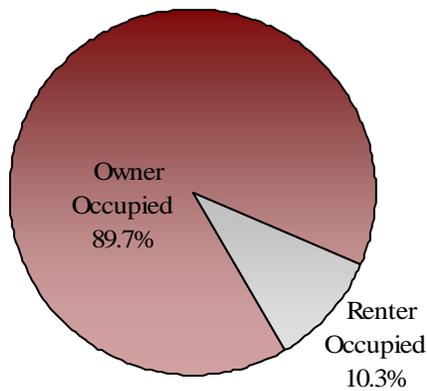
Source: Claritas Reports



HOUSING FACTORS



Housing by Resident Ownership

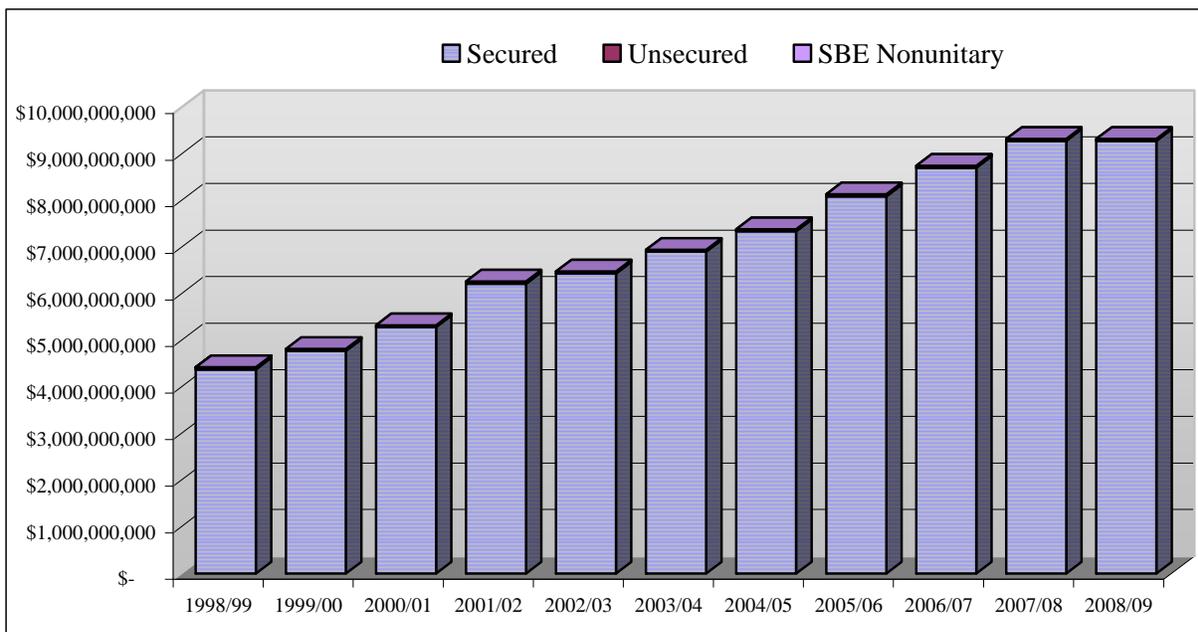


CITY OF SARATOGA
REFERENCE SECTION

ECONOMIC FACTORS

Net Taxable Assessed Value History
1998/99 - 2008/09 Taxable Property Values

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	%Change
1998/99	\$ 4,387,050,479	\$ 40,186,229	\$ 5,406,344	\$ 4,432,643,052	
1999/00	4,784,312,421	34,420,162	5,013,204	4,823,745,787	8.82%
2000/01	5,292,676,050	38,834,863	116,518	5,331,627,431	10.53%
2001/02	6,227,826,411	42,904,985	729,714	6,271,461,110	17.63%
2002/03	6,441,614,970	46,485,308	1,150,691	6,489,250,969	3.47%
2003/04	6,912,443,373	41,386,146	140,256	6,953,969,775	7.16%
2004/05	7,353,900,797	39,781,926	175,015	7,393,857,738	6.33%
2005/06	8,100,857,149	43,433,397	163,247	8,144,453,793	10.15%
2006/07	8,717,263,637	38,112,166	134,221	8,755,510,024	7.50%
2007/08	9,295,850,465	34,102,900	-	9,329,953,365	6.56%
2008/09	9,893,469,336	40,892,307	-	9,934,361,643	6.48%



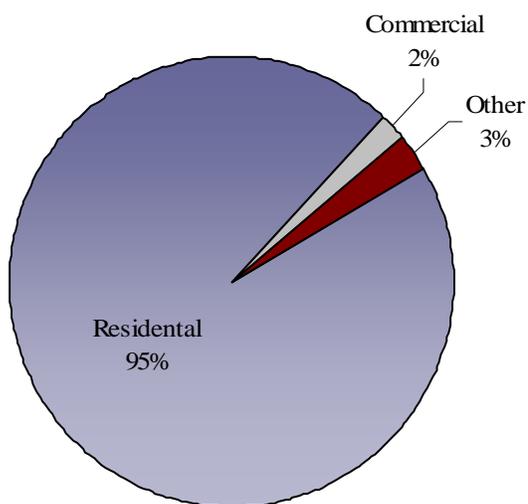
Source: HdL, Coren & Cone Reports

Basic Property Value Table
FY 2008/09 Assessments

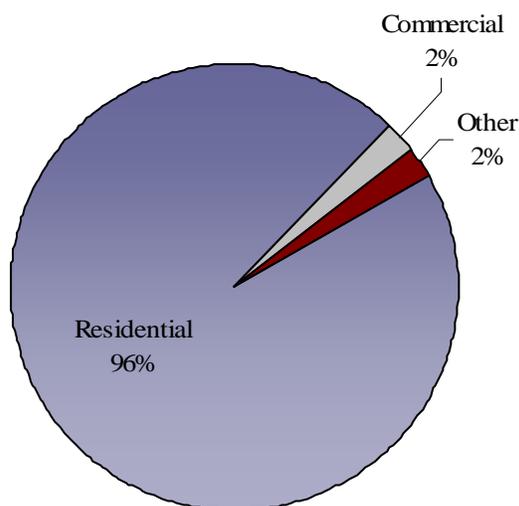
Category	Parcels	Assessed Value	Net Taxable Value
Residential	10,508	\$ 9,605,309,181	\$ 9,501,807,361
Commercial	159	213,951,532	213,951,532
Industrial	3	9,466,806	9,466,806
Dry Farm	4	2,591,550	2,591,550
Governmental	9	11,927,032	481,642
Institutional	24	51,051,688	8,153,988
Irrigated	22	7,030,715	7,030,715
Miscellaneous	43	15,283,764	15,283,764
Recreational	9	6,406,691	6,406,691
Vacant Land	260	128,898,651	128,295,287
Exempt	212	-	-
SBE Nonunitary	*[6]	-	-
Unsecured	*[482]	43,932,770	40,892,307
Totals	11,253	\$ 10,095,850,380	\$ 9,934,361,643

* not included in parcel total

Assessed Value



Net Taxable Value

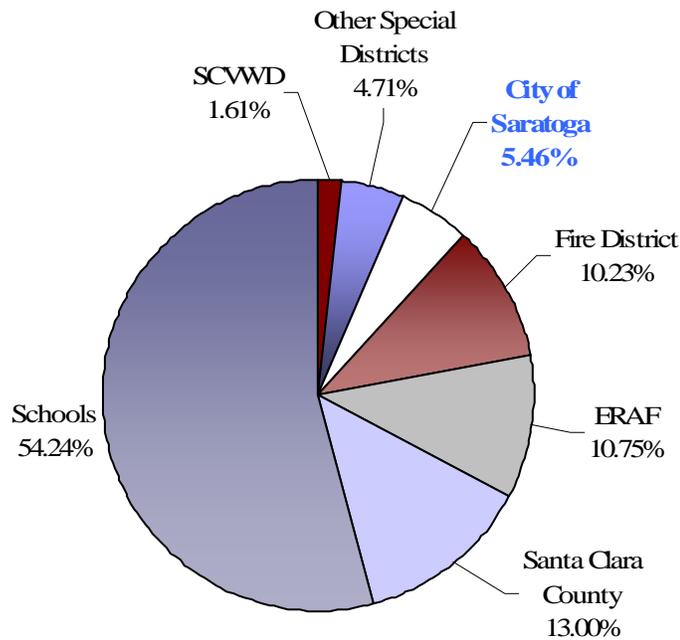


CITY OF SARATOGA
REFERENCE SECTION

Top Property Taxpayers
FY 2008/09

Owner	Parcels	Assessed Value
Cupertino Villages Association LLC	1	34,205,230
Quito Village Associates LLC	1	18,011,640
John M. Sobrato	2	17,296,752
Gregpenn Properties LLC	1	16,969,700
San Jose Water Works	31	13,189,518
Argonaut Associates LLC	6	12,369,458
Keller Family Living Trust	2	12,307,818
Stephen J. Luczo	3	10,607,886
Ashok Krishnamurthi Trustee	2	10,234,485
Coyote Properties IV LLC	2	10,043,202

Property Tax Allocation
FY 2008/09



Average Property Tax Allocation

<u>Agency</u>	<u>Allocation %</u>	<u>Allocation \$</u>
Santa Clara Valley Water District	1.61%	1,598,700
Other Special Districts	4.71%	4,682,100
City of Saratoga	5.45%	5,419,200
SCC Fire / Saratoga Fire District	10.23%	10,163,200
Educational Relief Augmentation Fund	10.75%	10,680,100
Santa Clara County	13.00%	12,918,300
Schools	54.24%	53,882,000
	<u>100.00%</u>	<u>99,343,616</u>

Source: Santa Clara County and HdL, Coren & Cone Reports



LIST OF ACRONYMS

Following is a list of acronyms common to local government terminology:

AB	Assembly Bill
ABAG	Association of Bay Area Governments
ADA	American Disabilities Act
ARS	Automated Reporting System
BMP	Below Market Price (Housing)
CAFR	Comprehensive Annual Financial Report
CDBG	Community Development Block Grant
CEQA	California Environmental Quality Act
CERT	Community Emergency Response Team
CLEEP	California Law Enforcement Equipment Program
CIP	Capital Improvement Program
COP	Certificates of Participation
CSMFO	California Society of Municipal Finance Officers
CSO	Community Services Officer
CY	Current Year
DART	Disaster Aid Response Team
DOJ	Department of Justice
EOC	Emergency Operations Center
ERAF	Educational Revenue Augmentation Fund
FEMA	Federal Emergency Management Agency
FTE	Full-Time Equivalent (2080 annual work hours)
FY	Fiscal Year
GAAP	General Accepted Accounting Principals
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographical Information System
GO	General Obligation (Bond)
HCD	Housing and Community Development
HHW	Household Hazardous Waste
HUD	Housing & Urban Development
HVAC	Heating / Ventilation & Air Conditioning
IT	Information Technology
JPA	Joint Powers Authority
LAIF	Local Agency Investment Fund
LLD	Landscaping & Lighting District
LT	Long-Term (as in Long-Term Notes Receivable)

CITY OF SARATOGA

REFERENCE SECTION

LIST OF ACRONYMS

MIS	Management Information Systems
MOU	Memorandum of Understanding
MVLF	Motor Vehicle in Lieu Fee (see also VLF)
NPDES	National Pollutant Discharge Elimination System
OCJP	Office of Criminal Justice Planning
OES	Office of Emergency Services
PCI	Pavement Condition Index
PERS	Public Employees Retirement System
POA	Police Officers Association
PW	Public Works Department
PSAP	Public Safety Answering Point
PY	Prior Year
RDA	Redevelopment Agency
SB	Senate Bill
SCC	Santa Clara County
SLESF	Supplemental Law Enforcement Services Fund Grant
TDA	Transportation Development Act
TEA	Tax Equity Allocation
TFCA	Transportation Fund for Clean Air
TOT	Transient Occupancy Tax
VLF	Motor Vehicles In Lieu Fee (see also MVLF)
VTA	Valley Transportation Agency
WVSD	West Valley Sanitation District

GLOSSARY

Accounting System - The set of records and procedures that are used to record, classify, and report information on the financial status and operations of the City.

Accrual Basis Accounting - Under this accounting method, transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements.

Ad Valorem - Latin for “in proportion to the value”. This refers to property taxes levied on value and includes the General Obligation (G.O.) Bond rates added to the 1% rate allowed by Prop. 13. These rates are applied to the secured, unsecured, supplemental, and other miscellaneous tax rolls.

Adoption - Formal action by the City Council, which sets the spending limits for the fiscal year. The City's budget is adopted by Council resolution.

Agency Fund – A fund used to account for assets held by the City in the capacity of an agent for individuals, organizations, or other governmental entities.

Annual Budget - A budget applicable to a single fiscal year.

Appropriation - An authorization made by the City Council, which permits officials to incur obligations against and to make expenditures of government resources. Appropriations are typically granted for a one-year period.

Assessed Valuation - A value established for real property for use as a basis in levying property taxes. For all agencies in the State of California, the County for the secured and unsecured property tax rolls establishes assessed value; the utility property tax roll is valued by the State Board of Equalization. Under Article XIII of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. Proposition 13 also modified the value of real taxable property for fiscal 1979 by rolling back values to fiscal 1976 levels. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change of ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Assessment Fund –A fund used to account for special levies made against certain properties to defray part or all of the costs of a specific improvement or service deemed to primarily benefit those parties.

Audit - Prepared by an independent Certified Public Accountant (CPA), the primary objective of an audit is to determine if the City's Financial Statements present fairly the City's financial position and results of operations in conformity with generally accepted accounting principles. In conjunction with their performance of an audit, it is customary for an independent auditor to issue a Management Letter stating the adequacy of the City's internal controls as well as recommending improvements to the City's financial management practices.

Bonds - A bond is a written promise to pay a specified sum of money (called the face value or principle amount) at a specified date or dates in the future (called the maturity date) together with period interest at a specified rate. Bonds are typically used to finance capital facilities.

CITY OF SARATOGA

REFERENCE SECTION

GLOSSARY

Budget - As the City's financial operating plan for the fiscal year, the budget displays the estimated expenditures (costs) for providing services and the estimated sources of revenue (income) to pay for them. Once the City Council adopts the budget, the total becomes the maximum spending limit. Saratoga's budget encompasses fiscal year (July 1, through June 30).

Budget Amendment - The Council has the sole responsibility for adopting the City budget, and may amend or supplement the budget at any time after adoption. The City Manager has the authority to approve administrative adjustments to the budget as outlined in the Financial and Administrative Policies set by Council.

Budget Calendar - The schedule of key dates which the City follows in the preparation and adoption of the budget.

Budget Document - The official financial spending and resource plan submitted by the City Manager and adopted by the City Council explaining the approved budget to the public and City Council.

Budget Message - Included in the opening section of the budget, the Budget Message provides the Council and the Public with a general summary of the most important aspects of the budget, comparative data from previous fiscal years, goals and objectives, and the views and recommendations of the City Manager.

Budget Overview - This section provides an overview of the changes adopted in the budget. Additionally, the significant impacts of budgetary changes are outlined along with dollar amounts (increase/decrease).

Budget Policies - General and specific guidelines adopted by the Council that governs the financial plan's preparation and administration.

Building Permit - Fee required for new construction or for any alteration or addition to a residence or commercial building. The fee is based on square footage and valuation. Electrical or plumbing/mechanical work will require a similar permit.

Business License Tax - A tax imposed on those conducting business within the City limits. Business License Tax is a non-regulatory tax implemented for the purpose of raising revenue to support General Fund activities.

Capital Acquisitions/Assets - Assets exceeding \$10,000 and having a useful life of several years. Capital assets are also called 'Fixed Assets' and include land, buildings, machinery, and equipment.

Capital Expenditures - Funds spent for the construction, improvement, or rehabilitation of City infrastructure.

Capital Improvement Plan (CIP) - The plan or schedule of expenditures for major construction of roads, sidewalks, City facilities and/or park improvements and for the purchase of equipment. The City of Saratoga's CIP follows a five-year schedule. Although the City adopts the CIP budget in a process that is separate from the adoption of the budget, the budget incorporates the first-year of the five-year CIP.

Capital Projects - Expenditures that have a value of \$25,000 or more which result in the acquisition of, construction of, rehabilitation of or additions to, infrastructure and fixed assets with a useful life of at least 5 years at a fixed location.

CITY OF SARATOGA

REFERENCE SECTION

GLOSSARY

Capital Projects Fund - In governmental accounting, a fund that accounts for financial resources to be used for the acquisition or construction of capital facilities. The total cost of a capital project is accumulated in a single expenditure account which accumulates until the project is completed, at which time the fund ceases to exist.

Cash Basis Accounting - A basis of accounting under which transactions are recognized only when cash is received or disbursed.

Community Development Block Grant (CDBG) - Federal grant funds distributed from the U.S. Department of Housing and Urban Development that are passed through to the City. The City primarily uses these funds for housing rehabilitation, public improvements and local social programs.

Comprehensive Annual Financial Report (CAFR) - The official financial report of the City. It includes an audit opinion as well as basic financial statements and supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions.

Contingency - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contingent Liabilities - Items which may become liabilities of the City but are undetermined at a given date, such as pending lawsuits, unsettled disputed claims, unfilled purchase orders and uncompleted contracts.

Contract Services - Services provided to the City from the private sector or other public agencies.

Debt Service - Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes, or Certificates of Participation (COPs).

Debt Service Fund - A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Deficit - The excess of liabilities over assets.

Department - A major organizational unit of the City, which has been assigned overall management responsibility for an operation, or a group of related operations within a functional area. In Saratoga, Department Heads are the chief administrators within a department.

Encumbrances - Commitments against an approved budget for unperformed (executory) contracts for goods or services. They cease to be encumbrances when the obligations are paid or otherwise terminated.

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

Equipment Replacement Fund - This fund is used to account for the replacement of existing fixed assets as equipment, machinery or building improvements become unserviceable or obsolete.

Expenditure - The outflow of funds paid or to be paid for an asset obtained or goods and services obtained. Note: An encumbrance is not expenditure; an encumbrance reserves funds to be expended. (See encumbrances.)

CITY OF SARATOGA

REFERENCE SECTION

GLOSSARY

Fiduciary Funds – Used to account for assets held by the City acting in a fiduciary capacity for other entities and individuals. Such funds are operated to carry out the specific actions of trust agreements, ordinances and other governing regulations. There are two categories of fiduciary funds: Trust and Agency.

Fiscal Year - A 12-month period to which the annual operating budget applies and at the end of which the City determines its financial position and results of its operations. The City's fiscal year runs from July 1st to June 30th.

Fixed Assets - Non-consumable assets of long-term nature such as land, buildings, machinery, furniture, and the other equipment. The City has defined such assets as those with an expected life in excess of one year and value in excess of \$10,000.

Franchise Fees - Imposed on utility companies for the privilege of doing business in the City. Fees are usually based upon a percentage of gross revenue derived from business conducted in the City.

Full-time Equivalent (FTE) - The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year. Full-time employees are paid for 2,080 hours in a year equating 1.0 FTE. Correspondingly, a part-time employee who worked 1,040 hours would equate to 0.5 FTE.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts in which cities record financial transactions relating to revenues, expenditures, assets and liabilities. Each fund type typically has a unique funding source and purpose. Establishing funds enables the town to account for the use of restricted revenue sources and carry on specific activities or pursue specific objectives.

Fund Accounting - System used by non-profit organizations, particularly governments. Since there is no profit motive, accountability is measured instead of profitability. The main purpose is stewardship of financial resources received and expended in compliance with legal requirements.

Fund Balance - Also known as financial position, fund balance is the excess of current assets over current liabilities, and represents the cumulative effect of revenues and other financing sources over expenditure and other financing uses.

GAAP (Generally Accepted Accounting Principles) - Uniform minimum standards for financial accounting and reporting. They govern the form and content of the basic financial statements of the City.

Gann Appropriation Limit – This is the common name of Proposition 4, approved by voters on November 6, 1979 which mandated an appropriation limit on the amount of tax revenues that government jurisdictions may appropriate within a fiscal year. This bill was named after Paul Gann, who was a co-sponsor of the famous Proposition 13 initiative enacted by the voters of California on June 6, 1978 which resulted in a cap on property taxes in the state, and a prominent author and advocate of this subsequent spending limitation bill.

Gas Fund Tax - The Gas Fund Tax is used to account for revenues and expenditures apportioned under the Streets and Highways Code of the State of California. Expenditures may be made for any street related purpose in the Town's system of streets.

General Fund - In governmental accounting, fund used to account for all assets and liabilities of a non-profit entity, except those particularly assigned for other purposes in another more specialized fund. It is the primary operating fund of the Town.

CITY OF SARATOGA

REFERENCE SECTION

GLOSSARY

General Government – City Council, City Manager, City Clerk, City Attorney, Human Resources, Finance, Community Development, Public Works, Recreation, and Public Safety.

General Liability Self Insurance Fund - The General Liability Self Insurance Fund is used to provide the City with liability and property insurance. Coverage is provided through the City participation in a joint powers agreement through (ABAG) Associations of Bay Area Governments.

General Obligation Bond – A municipal bond backed by the credit and "taxing power" of the issuing jurisdiction rather than the revenue from a given project. General obligation bonds are issued with the belief that a municipality will be able to repay its debt obligation through taxation or revenue from projects. No assets are used as collateral.

Government Finance Officers Association (GFOA) – GFOA is the professional association of state/provincial and local finance officers in the United States and Canada, and has served the public finance profession since 1906. Approximately 16,000 GFOA members are dedicated to the sound management of government financial resources.

Governmental Funds – the fund used to account for all assets and liabilities of a government agency, except those particularly assigned for other purposes in another more specialized fund. There are five different types of governmental funds: the general fund (which is the primary operating fund), special revenue funds, debt service funds, capital project funds, and permanent funds.

Grant - External contributions, and/or gifts of cash, or other assets typically from another governmental entity to be used or expended for a specific purpose, activity, or facility. An example is Community Development Block grant funding from the Federal Government.

Infrastructure – The basic facilities, services, and installations needed for the functioning of a community or society, such as streets and roads, sidewalks, bridges, communications systems, water and power lines, and public institutions including schools, police stations, libraries, and post offices.

Interest Income – The prudent investment of idle funds. The types of investments that can be made are limited by the Government Code to protect the safety of taxpayers' money.

Intergovernmental Revenue – Revenue received from other governmental agencies and municipalities, such as grants from the State or Federal government.

Internal Services Fund –The Internal Service Funds are used to finance and account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

Inter-Fund Transfers – When the City moves money between its various funds, it makes an inter-fund transfer, referred to as transfers-in and transfers-out. In aggregate, transfers in and out offset each other for the fiscal year.

Landscape and Lighting Fund – The City has formed landscape and lighting district funds established by majority consent of the property owners owning all of the property within the boundaries of the district.

Levy – To impose taxes, special assessments or service charges for the support of governmental activities. The total amount of taxes, special assessments or service charges imposed by Santa Clara County levying property taxes.

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Licenses and Permits – Revenues earned by the issuance of licenses or permits levied in accordance with the benefits conferred by the license or permit.

Limited Obligation Bond - A bond sold by a municipality to finance projects which are secured by the revenue generated by those projects.

Line-Item Budget – A budget that lists detailed expenditure categories (salaries & benefits, office supplies, travel, dues, rents, etc.) separately, along with the amount budgeted for each specified category. The Summary Budget reflects the program rather than line item budgets. The Detail Budget reflects the line-item detail.

Management Information Services Fund – The Information Technology Services Fund is used to account for costs associated with the City’s centralized computer system and to distribute these costs to departments using the system on a pro rata basis. Included are costs for hardware and software maintenance and development, computer training and staff support.

Modified Accrual Basis – Under this accounting method, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures for the most part are recognized when the related fund liability is incurred except for prepayments, accumulated employee leave and long-term debt. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

Motor Vehicle in Lieu Fee – A State fee charged for the privilege of operating a vehicle on public streets. A VLF is levied annually against the market value of a motor vehicle and is imposed by the State “in lieu” of local property taxes.

Non-Departmental – This program has the sole purpose of accounting for all expenditures that the City cannot specifically designate to any operating department within the General Fund.

Objective - A statement of specific direction, purpose, or intent based on the needs of the community and the goals established for a specific program or service level.

Ordinance - A formal legislative enactment by the City Council. It has the full force and effect of law within Town boundaries unless pre-empted by a higher form of law. An Ordinance has a higher legal standing than a Resolution and is typically codified in a Town's municipal code.

Operating Budget - The operating budget is the primary means by which most of the financing of acquisition, spending and service delivery activities of a government are controlled. The use of annual operating budgets is required by law.

Other Revenues - Revenues from sources other than those specifically identified that are too immaterial in amount to justify the creation of new revenue account line items

Performance Measure - Sets forth a performance objective and a goal for achieving the objective.

Personnel Benefits - Those benefits paid by the City as conditions of employment.

Personnel - City employees.

Present Value - The amount that a future sum of money is worth today given a specified rate of return.

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Proposition 218 - A statewide initiative passed by the voters of California on November 5, 1996. The initiative provided voters with the right to vote on new taxes.

Program - As subdivisions of departments, programs are budgetary or organizational units of government with limited sets of work responsibilities within their respective departments. Programs also serve to increase budgetary accountability. Saratoga's budget is compiled on a program basis.

Property Tax - Imposed on real property (land and permanently attached improvements). The tax is based upon the assessed value of such property. The tax rate may not exceed 1% of assessed value.

Proprietary Funds - Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

Public Employee's Retirement System (PERS) - Provided for the City's employees, by the State of California.

Reserve - An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

Resolution - A special order of the City Council which has a lower legal standing than an ordinance.

Resources - Total amounts available for appropriation including estimated revenues, inter-fund transfers, and beginning fund balances.

Revenue - Sources of income, which the City receives during a fiscal year. Examples of revenue include taxes, intergovernmental grants, charges for services, resources forward from the prior year, operating transfers for other funds, and other financing sources such as the proceeds derived from the sales of fixed assets.

Road Impact Fees - The City collects road impact fees in order to finance road construction and maintenance projects. Fees are to be used solely for design, construction, and repair of City streets.

Sales Tax - 1% is returned to the City by the State Board of Equalization on a monthly direct deposit basis.

Special Assessment Bonds - Bonds payable from the proceeds of special assessment.

Special Revenue Fund - In governmental accounting, fund used to account for the proceeds of special revenue sources (other than special assessments, expandable trusts, or for major capital projects) that are legally restricted to expenditure for specified purpose.

Service Charge - Charges for specific services rendered.

Services and Supplies - Expenditures for services and supplies which are directly related to a department's primary service activities.

Supplies - An expenditure classification for articles and commodities purchased for consumption or resale.

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Taxes - Compulsory charges levied by the City, County and State for the purpose of financing services performed for the common benefit.

City Code - A book that contains City Council approved ordinances currently in effect. The code defines City policy with respect to areas such as planning, etc.

Transient Occupancy Tax - Imposed on hotels, motels, inns or other lodging facilities. The rate in Saratoga is 10%.

Transfers In/Out - Money transferred from one City fund to another. Differs from revenues and expenses - see definition of these terms.

Worker's Compensation Fund - The Worker's Compensation Fund accounts for the cost to provide worker's compensation insurance coverage to all Town employees in compliance with State of California requirements.