

## 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 sector (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**

The 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 Support Services 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

Trust Funds account for assets held by the City in a trustee capacity where the City oversees the use of resources in accordance with formal trust agreements. The City does not currently administer this fund type.

#### Agency Funds

Agency funds account 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.



## LIST OF FUNDS

|  |         |
|--|---------|
| <b>GENERAL FUND</b> .....                                | 100     |
| <b>SPECIAL REVENUE FUNDS</b>                             |         |
| Community Development Block Grant Fund.....              | 211     |
| Saratoga Housing & Rehabilitation Program Fund.....      | 212     |
| Landscape & Lighting Assessment District Funds.....      | 231-277 |
| <b>INTERNAL SERVICE FUNDS</b>                            |         |
| Risk Management / Liability Fund.....                    | 611     |
| Workers Compensation Fund.....                           | 612     |
| Office Support Services Fund .....                       | 621     |
| Information Technology Services Fund .....               | 622     |
| Vehicle & Equipment Maintenance Fund .....               | 623     |
| Building Maintenance Fund .....                          | 624     |
| Equipment Replacement Fund .....                         | 631     |
| IT Equipment Replacement Fund.....                       | 632     |
| <b>DEBT SERVICE FUNDS</b>                                |         |
| 2001 Series G.O. Bonds .....                             | 311     |
| <b>TRUST AND AGENCY FUNDS</b>                            |         |
| Library Capital Improvement Fund.....                    | 711     |
| KSAR Fund .....  | 712     |
| <b>CAPITAL PROJECT FUNDS</b>                             |         |
| Capital Improvement Fund – Streets Projects .....        | 411     |
| Capital Improvement Fund – Park and Trail Projects ..... | 412     |
| Capital Improvement Fund – Facility Projects.....        | 413     |
| Capital Improvement Fund – Administrative Projects ..... | 414     |
| Park & Trail Tree Fund .....                             | 421     |
| Streets Grant Fund.....                                  | 431     |
| Park & Trail Grant Fund.....                             | 432     |
| Gas Tax Fund .....                                       | 481     |

## LIST OF PROGRAMS

### GENERAL FUND

#### *Council & Commissions*

|                    |      |
|--------------------|------|
| City Council ..... | 1101 |
| Commissions .....  | 1201 |

#### *City Manager's Departments*

|                             |      |
|-----------------------------|------|
| City Manager's Office.....  | 2101 |
| City Clerk's Office .....   | 2201 |
| Human Resources Office..... | 2301 |

#### *Finance & Administrative Services Department*

|                         |      |
|-------------------------|------|
| Financial Services..... | 3101 |
|-------------------------|------|

#### *Community Development Department*

|                                     |      |
|-------------------------------------|------|
| Development Services.....           | 4101 |
| Advanced Planning.....              | 4102 |
| Code Compliance .....               | 4103 |
| Building & Inspection Services..... | 4201 |

#### *Public Works Department*

|                                     |      |
|-------------------------------------|------|
| General Engineering .....           | 5101 |
| Development Engineering.....        | 5102 |
| Environmental Services.....         | 5103 |
| Streets & Storm Drains.....         | 5201 |
| Parks & Landscape Maintenance ..... | 5301 |

#### *Recreation Department*

|                           |      |
|---------------------------|------|
| Recreation Services ..... | 6101 |
| Teen Services .....       | 6102 |
| Facility Rentals.....     | 6201 |

#### *Public Safety*

|                              |      |
|------------------------------|------|
| Public Safety Services ..... | 7101 |
| Emergency Preparedness.....  | 7102 |

# CITY OF SARATOGA

## REFERENCE SECTION

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### INTERNAL SERVICE FUND PROGRAMS

#### *Finance & Administrative Services Department*

|   |      |
|---|------|
| Office Support Fund.....                  | 3102 |
| Information Technology Services Fund..... | 3201 |
| IT Equipment Replacement Fund.....        | 3202 |

#### *Public Works*

|   |      |
|---|------|
| Vehicle & Equipment Maintenance Fund..... | 5202 |
| Vehicle & Equipment Replacement Fund..... | 5203 |

#### *Recreation & Facilities Department*

|                                |      |
|--------------------------------|------|
| Building Maintenance Fund..... | 6202 |
|--------------------------------|------|

#### *Non-Departmental*

|                                       |      |
|---------------------------------------|------|
| Risk Management / Liability Fund..... | 8401 |
| Workers Compensation Fund.....        | 8501 |

### SPECIAL REVENUE FUNDS

#### *Community Development Department*

|  |      |
|--|------|
| CDBG Program Fund.....                                 | 4301 |
| Saratoga Housing & Rehabilitation Program (SHARP)..... | 4302 |

#### *Public Works*

|   |      |
|---|------|
| Landscape & Lighting Assessment District Funds..... | 5302 |
|---|------|



## MAJOR REVENUE SOURCES

The City of Saratoga receives revenues from various sources which offset the cost of operations and infrastructure improvements. Most commonly known are the property tax revenues, sales tax, permits, licenses, and fees; however the City also receives revenues for services provided to the community, for rental of its facilities, revenues from other governmental agencies, known as intergovernmental revenues, various assessment payments and both operating and capital grants. The City's revenues are used, not to build wealth as in a business environment, but for the administration of the city, for community services and infrastructure. The amounts of revenues therefore, are the basis for determining the level and types of operational services that can be provided to the community.

One of the analytical tools used in the revenue projection process is the City's five year financial forecast for the General Fund. This forecast is developed early in the budget process by analyzing key factors such as prior year receipts, trending, and comprehensive economic data to determine emerging trends, and together with information subsequently received from the State, County, various agencies, municipal finance groups, and staff's expertise and judgment, is used as the basis in projecting budgeted revenues for the upcoming fiscal year.

Overall, for FY 2010/11, the City of Saratoga's Operating Budget revenues are projected to total \$18.9 million, with \$15.1 million of this revenue received in the General Fund. Capital Budget Revenues total \$7.4 million, bringing total budgeted revenues to \$26.3 million for the fiscal year.

Outside of the General Fund, Operating Budget revenues consist primarily of Internal Service Funds service charges (approximately \$2 million). As this revenue is derived from internal billings to the City's organization and established for cost recovery accounting purposes, it is not included in this analysis as it is not a true revenue source. Other non-General Fund Operating Budget revenues include G.O. Bond Debt Service assessments, CDBG block grant revenues, and assessments from Landscape & Lighting Districts.

Budgeted capital project revenues include all outstanding grant reimbursement appropriations, which, while most will not be received in the budget year, are included in appropriations to validate budgeted project expenditures. The net effect of this project tracking method is to overstate both revenue and expenditure in the Capital Budget as many capital projects are multi-year appropriations.

The Major Revenues are categorized by fund type in the following discussions: General Fund Operating Revenues, Non-General Fund Operating Revenues, or Capital Project Revenues.

### GENERAL FUND MAJOR REVENUES

Each of the following Major Revenue sources includes descriptions of the revenue, underlying assumptions for the revenue estimates, and current revenue trends. The accompanying charts illustrate five years of actual receipts in the darker color bar, and the current budget year in the transparent bar.

#### PROPERTY TAX

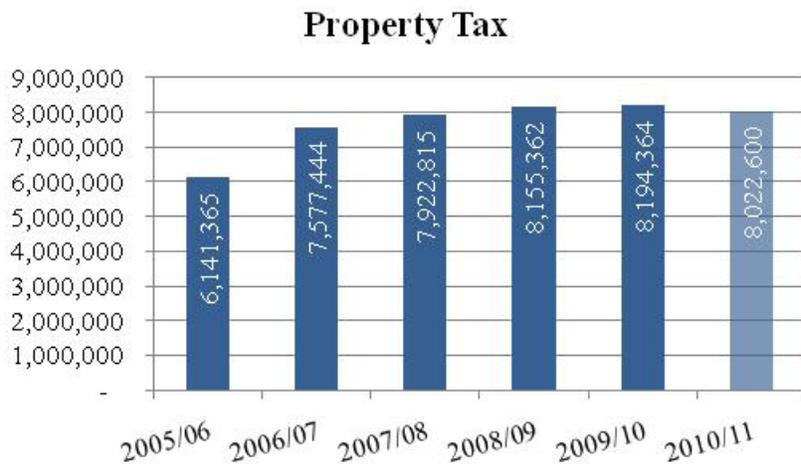
Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (moveable property) located within the City. The 1% ad valorem tax assessed on Saratoga residents is allocated between the various State, County, and Local agencies which service the property. The City, a minimum services city currently receives approximately 5.5% of the 1.0% ad valorem tax paid.

# CITY OF SARATOGA

## REFERENCE SECTION

**Tax Equity Allocation** - When Proposition 13 passed in 1978, it froze property taxes at their current levels. This action created significant problems for cities with low property tax rates. Subsequently, Section 98 of the California Revenue and Taxation Code was passed, establishing a minimum tax equity allocation of 7% of the 1.0% ad valorem tax to those cities below the average rate if their Counties accepted trial court funding. Because Santa Clara County determined it would receive less from the trial court funding than the additional tax moneys flowing to the four low tax cities (Saratoga, Cupertino, Los Altos Hills, and Monte Sereno), additional legislation was enacted which limited the four low property tax cities in Santa Clara County to just 55% of the 7% minimum allocation. In 2006, Assembly Bill 117 repealed the 55% limit, however it required the cities to continue to remit the County's ERAF rate on these funds so that the bill would have no effect on the State Budget, and therefore, avoid the Appropriations Committee. (The ERAF rate the County remits to the State is 47.7%, whereas the cities rate ranged from 7.53% to 17.37 %.) Although made partially whole, these four cities continue to be treated differently than the State's other TEA cities. For Saratoga, these legislative adjustments mean that since 2006, the City receives approximately 5.45% of the 1.0% property tax paid by residents.

**Current Assumptions** - With the economic downturn, property values decreased. For Saratoga, property values fared better than many other cities due to its excellent schools, beautiful neighborhoods, high-value homes, and stable residency. Once a resident buys a home in Saratoga, it tends to be on a long term basis,



and with above average income levels, most residents were better able to withstand the financial downturn. Therefore, housing turnover declined dramatically in current years since property values fell, and those properties owned long-term were not affected by declining assessed values due to the 2% annual Gann limitation. The County is reassessing recently purchased properties, however due to the County's backlog

in addressing these appeals, the net effect was stable property tax revenues in FY 2009/10. As the backlog is addressed over the next two years, the prior year assessments are expected to impact future year revenues. For that reason, the Property Tax budget reflects a 2% decrease for FY 2010/11.

The increase seen in FY 2006/07 is the result of Assembly Bill 117 returning a portion of the Tax Equity Allocation funds back to the City at the same time as property values were steadily increasing.

### SALES AND USE TAX

Sales Tax is imposed on retailers for selling tangible personal property in California. Use Tax is imposed on the user of a product purchased out of state and delivered for use in California. The State receives 8.25 cents and the City receives 1 cent of the 9.25 cents paid on every dollar of taxable sales in the City.

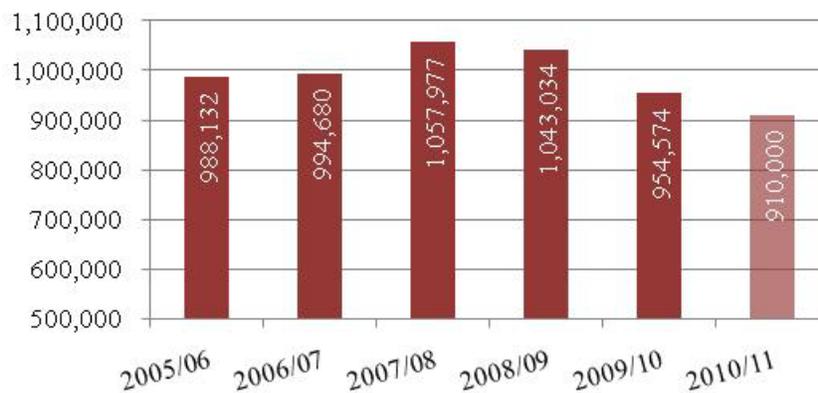
As a side-note, under the Triple-Flip funding realignment of 2004, the City's 1 cent portion was restructured to be three-fourths of 1 cent of Sales Tax, with the remaining one-fourth of the 1 cents temporarily received as Property Tax. This restructuring of the 1 cent will revert back to full Sales Tax after the State pays off a bond issue.

# CITY OF SARATOGA

## REFERENCE SECTION

Saratoga is primarily a semi-rural neighborhood community with limited retail sources, therefore Sales and Use Tax is small in comparison to other cities its size. The City's Sales Tax revenue is derived primarily from restaurants, grocery and drug stores, and gas stations. In an average year, the City receives about \$1 million, however; with the economic downturn, revenue dropped about 8% in FY 2009/10. The economy is expected to remain relatively flat for FY 2010/11; however the revenue budget was decreased another 5% due to ongoing declines in one of the top sales tax generators. As this change is a result of technological efficiencies, the decrease is expected to continue in future years.

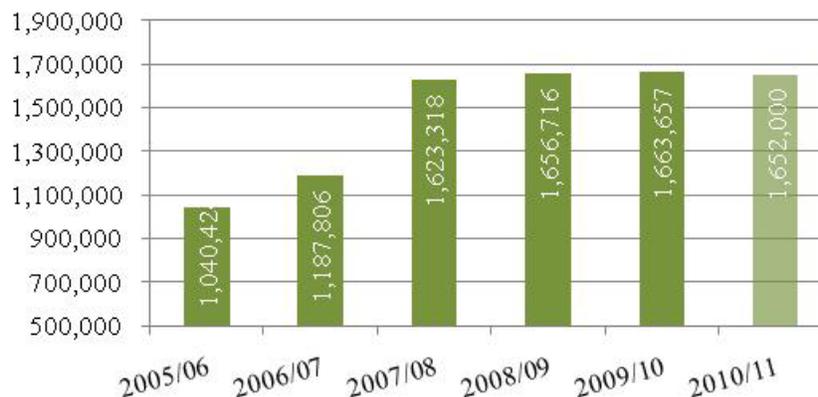
### Sales Tax



### FRANCHISE FEES

Franchise Fees are levied by the City on a variety of utilities at various rates. The State sets some of the franchise fee rates for utilities regulated by them (2% of gross revenues for gas and electricity). Others are directed by State laws, such as linear feet of pipeline for water utilities. The State contract for cable service providers was adopted by the City and states a fee of 5% of gross revenue, with an additional 1% passed through to the Public Education & Government public television organization servicing the City. A Joint Powers Authority agreement for local cities dictates the solid waste fees. Each of the franchise fees are fairly stable from year to year. The increase in FY 2007/08 from prior years was due primarily to the manner in which solid waste franchise fees were assessed under a prior JPA contract. Outgoing years are expected to remain fairly flat.

### Franchise Fees

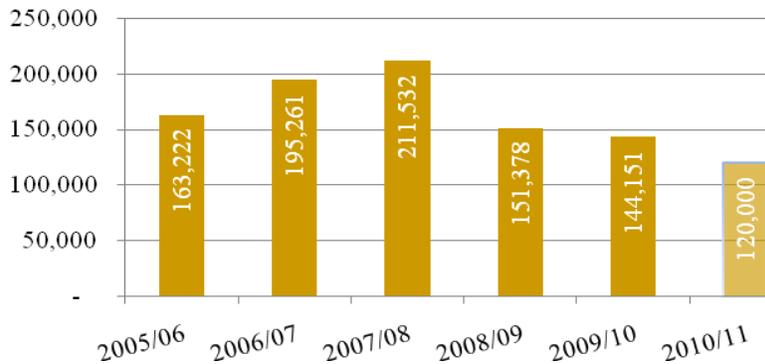


**TRANSIENT OCCUPANCY TAX**

Transient Occupancy Taxes (TOT) are levied on short term rentals, such as hotel, motel, or inn guests who are occupying a rented room for 30 days or less. The City’s TOT rate is 10% of the room rental rate. Although the tax is collected for the City by the rental operators, it is a tax on the occupant, not the hotel,

motel, or inn. The rental operators are required to collect this tax and submit it to the City on either a monthly or quarterly basis.

**Transient Occupancy Tax**

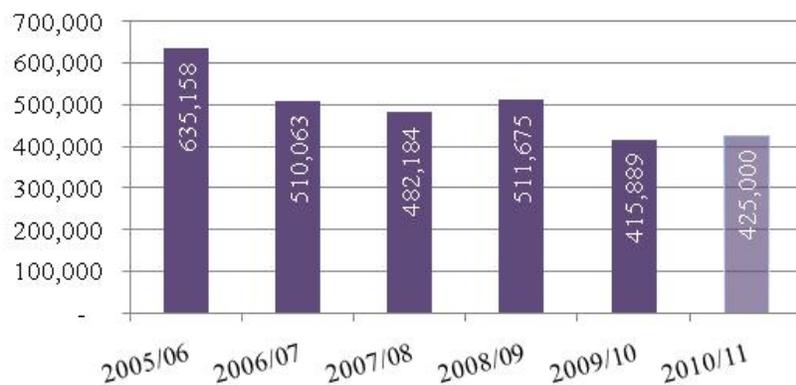


The City currently has two hotel/motel/inns from which TOT revenue is collected. As the graph below shows, revenues are directly aligned with the economic contraction in the last two years, and are expected to remain flat into FY 2010/11.

**BUSINESS TAXES**

Business Taxes are comprised of Business License Tax Fees, Supplemental Business License Taxes levied on Contractors pulling a building permit, and a Construction Tax of \$1 dollar per square foot of new floor area levied on building permits. Anyone conducting business in the City of Saratoga is subject to a municipal business license tax. The tax is not regulatory; however a business must be in compliance with City regulations in order to be issued a license to operate in the City. The Supplemental Business License Tax is based on building value, thereby more fairly taxing a contractor’s use of City’s infrastructure based on the level of construction activity.

**Business Tax**



The City contracted with an outside consultant for a compliance audit beginning in FY 2008/09. As they found many businesses were out of compliance, additional revenue was generated, however this audit began just as the economic downturn was severely impacting development. As a result, the supplemental portion of the business license tax and the Construction Tax decreased significantly. In the graph below, FY 2009/10 reflects a significant decrease from the prior year, and FY 2010/11 budget projections reflect the continued decrease as construction activity is expected to remain at a decreased activity level in the near future.

**CITY OF SARATOGA**  
**REFERENCE SECTION**

**DEVELOPMENT FEES**

Development Fees are considered User Fees based on the rationale that the services rendered is primarily for the benefit of the requestor. These Development Fee services include planning reviews, planning applications, building plan reviews, engineering reviews, building inspections, and all permits, fees and costs associated with performing these services. The services are regulatory to ensure compliance with all applicable laws, and to ensure health and safety of the community. Although the entire community benefits from the enforced regulatory program, the requestor of the service initiates the development changes and should pay most or all of the costs. The City reviews development and other user fees each year to determine if the established fees are maintaining cost recovery objectives.

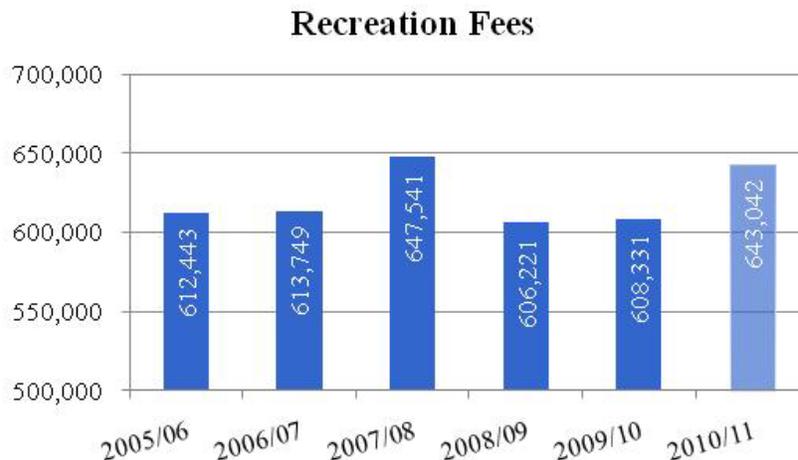
As evidenced by the graph, development fee revenue dropped in line with the credit crunch generated by the economic downturn. Overall, Development Fee revenues decreased by 30% or about \$750,000 over two years.

FY 2010/11 is expected to remain at approximately the same levels in FY 2010/11. However, Building Permit revenues may see a sharp increase in the next year if a large approved project that is shelf-ready begins construction. As this project activity is uncertain, it was not included in budgeted projections.



**RECREATION FEES**

Recreation Fees are also considered User Fees subject to cost recovery objectives as the services rendered are primarily for the benefit of the requestor. Recreation Fees include various exercise, skill development, and entertainment type classes for all age groups and are available to both the Saratoga Community and non-residents. The City offers very popular excursion trips throughout the year, and children's camps during the summer and over the winter holidays which encompass all sorts of activities. The Recreation Department's services are primarily contracted out to class instructors, who either pay a fee to hold their classes on the premises, or are paid a portion of the fees received for the classes. Non-residents pay a slightly higher fee in most fee categories.



Recreation Fees also suffered a decline during the last two fiscal years as a result of the economic downturn. FY 2010/11 reflects a good 6+% revenue increase however as a very popular dance program was added to the class roster and is

drawing in a greater use of the facilities.

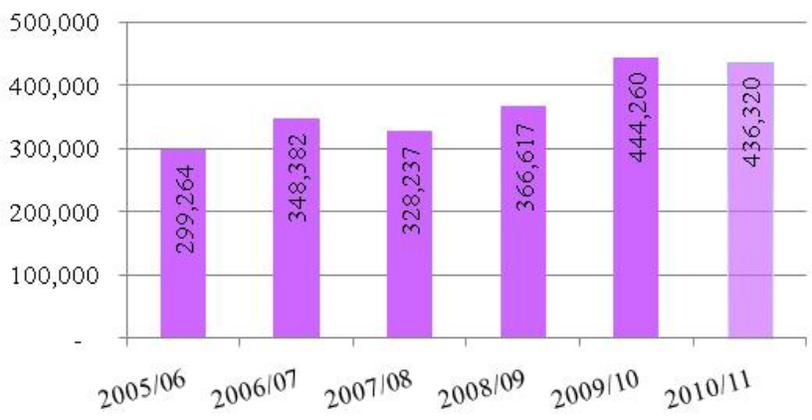
**RENTAL INCOME**

The City maintains numerous indoor and outdoor facilities for use by the public. This includes the Community Center and North Campus buildings, and the many parks and sport fields in Saratoga. Rental Income also includes cell tower leases for satellite antennas on City owned property to wireless communication companies. Facility staff oversees the facilities and manages the facility rentals and hourly park rentals. The Parks Division oversees the maintenance of the parks and sport fields and manages the sport user group contracts and team use.

Unlike the other revenue streams, Rental Income has increased during the economic downturn, in part due to the low cost of the facilities, and also from the addition of the Saratoga Prospect Center facilities and two new sport user fields located at Prospect High and West Valley College.

FY 2010/11 revenues are expected to continue at the higher levels seen in FY 2009/10 due to the ongoing sport user agreements and the increased rental activity seen at the community buildings at Saratoga Prospect Center due to the building improvements.

**Rental Income**

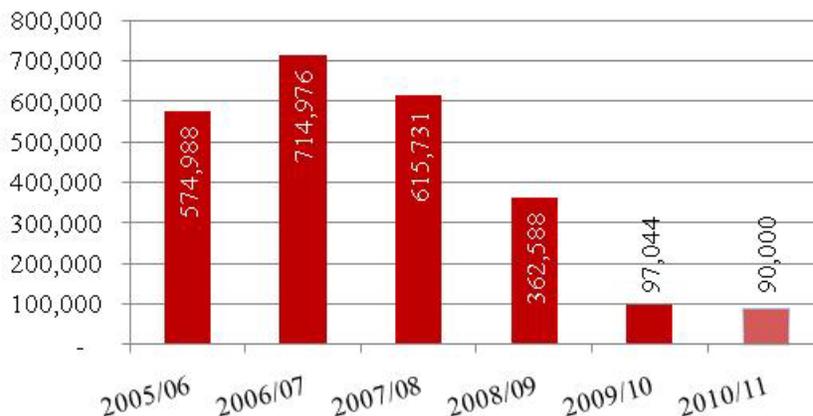


**INTEREST INCOME**

The City earns interest on funds not immediately required for disbursement, on funds accumulated for future use in operations and capital projects, and on funds held as reserves for specific purposes.

Saratoga's investment policy establishes a wide array of authorized and suitable investments in alignment with State government code; however the City's ongoing practice is to restrict investments to the Local Agency Investment Fund (LAIF)

**Interest Income**



Interest earning have been a significant income source in past years, however as the economy slipped into the Great Recession, interest

rates dropped to historic lows at a rapid pace, the City received less and delayed revenues thereby diminishing idle funds, and as a result, the City's interest earnings fell quickly to an astounding low.

The expected average fund balance and interest rates are the key factors in projecting budgeted revenue, and as interest rates continued to hold at rock-bottom levels, the projection for FY 2010/11 interest income was decreased even further to reflect a full year at historic low rates. While interest rates are expected to return to normal levels eventually, the climb back up is expected at a much slower pace.

## NON-GENERAL FUND OPERATING REVENUES

### G.O. BOND DEBT SERVICE ASSESSMENTS

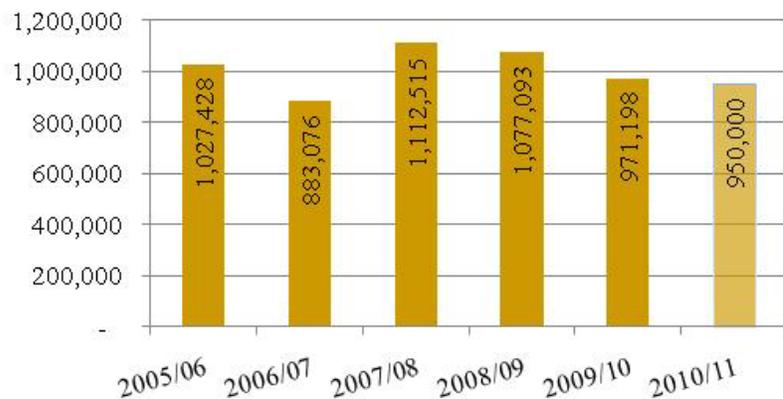
In March 2000, the citizens of Saratoga approved the issuance of General Obligation Bonds to pay for improvements to the City's library building. With this bond approval, property owners are to be assessed an additional property tax levy over thirty years to fund the debt service (principal and interest payments) resulting from the bond issuance.

The levy is assessed on property tax bills as a percentage of property tax valuation, as are school and Water District bonds.

In prior years, the City's tax levy rate was structured to yield a total levy amount approximately equal to the fiscal year's debt service, however with rising property tax growth, receipts surpassed debt service payments each year, and the Debt Fund reserves now exceed debt service payment requirements.

To reduce fund balance, the property tax levy calculation was structured to assess slightly less than the debt service payment requirements in FY 2009/10. This was repeated in FY 2010/11, and will be into the following years to reduce property owner's levies at a consistent level and thereby bring the fund balance closer to annual funding requirements.

GO Bond Debt Service Assessment

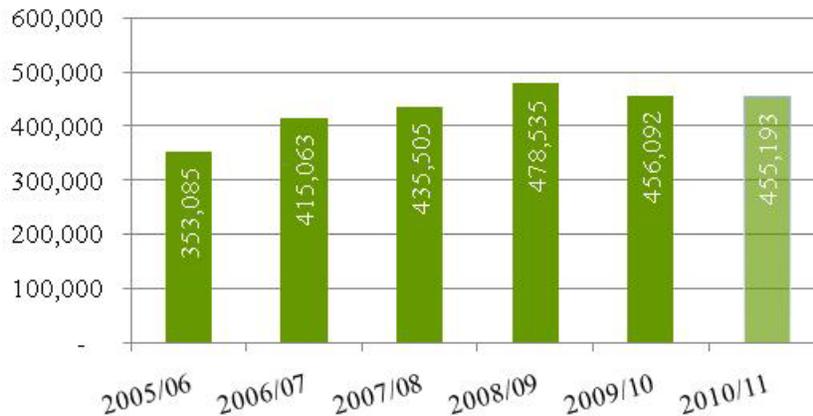


### LANDSCAPE & LIGHTING ASSESSMENTS

Assessment Districts are a defined area of land which, by majority election of the property owners, has voted to allow the City to assess levies on each parcel to pay for public improvements or services provided within a predetermined agreement for the benefit of the property owners. The City currently has 24 Assessment Districts. Some of the districts provide for street lighting services, others for landscaping services, and a few for both. Seven of the districts are funded by property tax assessments as they were in effect prior to Proposition 13. The remainder, and in some cases some of those with property tax assessments, have agreed to charges known as benefit assessments added on to their tax bills.

The district expenses are generally consistent, allowing for minor increases each year due to increasing utility and service costs. On occasion improvement projects or repairs occur which require each of the districts to have sufficient funds on hand to pay for these major expenses. The City strives to assess the parcels at a slightly higher level than expenditures to keep a positive fund balance.

### L&L Assessments



As the graph above shows, the FY 2009/10 assessments decreased slightly. The reduction in assessments resulted in reduced special project costs overall, and thereby a slightly lower assessment was required. As no changes are expected currently, FY 2010/11 assessments are consistent with the prior year.

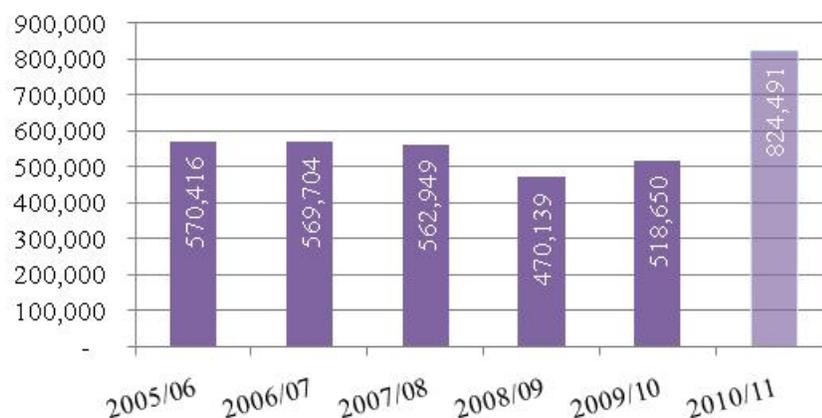
## CAPITAL PROJECT REVENUES

### MOTOR VEHICLE FUEL TAX (GAS TAX) REVENUES

The State of California imposes excise taxes on transportations fuels, which in turn is allocated to Cities and Counties under various complex formulas, on a share basis. This tax allocation revenue is required to be recorded in its own account, and an annual “Streets Report” must be filed with the State each year to document how the funds were expended. State law requires all motor vehicle fuel tax funds allocated must be expended for the construction, improvements, and maintenance of public streets, which includes the engineering and administrative costs necessarily incurred in the foregoing purposes.

Gas Tax Revenues are derived from the 18 cents per gallon tax on fuel purchased within city limits, as determined by the State’s allocation formulas. For Saratoga, the key factors in projecting these revenues are historical revenues and the cost of gas – as well as the State’s projections for the year.

### Gas Tax



As gas prices rise, gas usage tends to go down, and the city in turn receives less revenue, as was seen in FY 2008/09. An additional factor affecting the current budget year is that effective with the 2010/11 fiscal year, Prop 42 TCR funding is eliminated and restructured as Gas Tax Revenue; hence there is a increase in this revenue category equal to the TCR allocation for the current budgeted fiscal year and ongoing.

# CITY OF SARATOGA

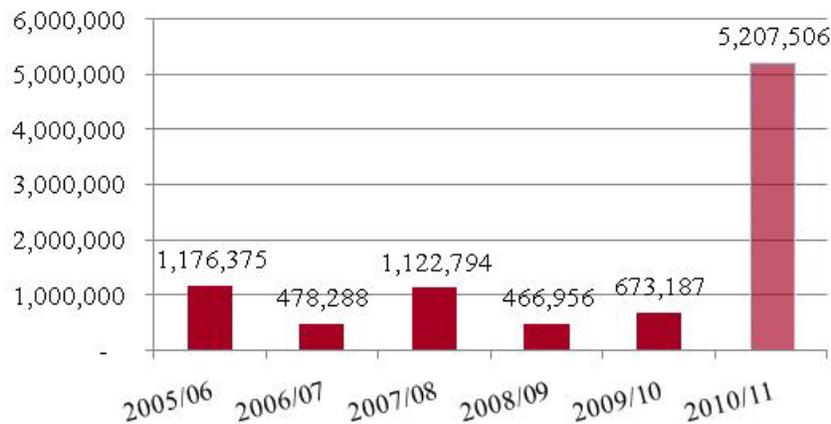
## REFERENCE SECTION

### CAPITAL GRANT REVENUES

Grants are applied for and awarded from various Federal, State, and Local agencies. Grants are restricted for specific purposes and often require some percentage of matching funds. The City's capital grants are primarily obtained for street maintenance and improvements, bridge repairs, traffic safety improvements, and park improvements.

In the chart below, the darker bars reflect actual grants received in each fiscal year, while the end transparent bar reflects budgeted revenues. As mentioned earlier, budgeted capital project revenues include all outstanding grant reimbursement appropriations, which, while most will not be received in the budget year, are included in appropriations to validate budgeted project expenditures.

**Capital Project Grants**



The net effect of this project tracking method is to overstate both revenue and expenditure in the Capital Budget as many capital projects are multi-year appropriations, hence, budgeted capital project grants far exceed actual expectations. While budgeted amount reflects all known capital grants at the time of budget adoption, with the influx of grants in the last year and major construction work being completed this year, the City will receive more grant revenue than average – estimated at approximately \$2 million during the 2010/11 fiscal year.



## CITY OF SARATOGA STATISTICS

## STATISTICAL CATEGORIES

City Demographics

Community Facilities

Climate

Population Factors

- City Population
- Population by Age Groups
- Population Ethnicity
- Population Occupations
- Annual Income
- Population Education

Housing Factors

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

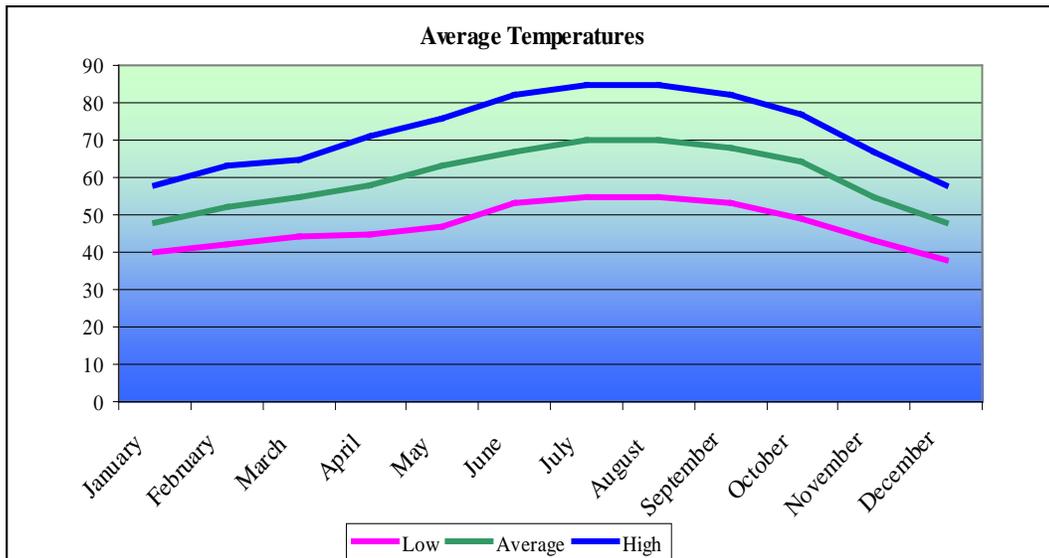
|                              |                   |
|------------------------------|-------------------|
| Current City Area:           | 12.1 square miles |
| Incorporated:                | 1956              |
| Elevation:                   | 410 feet          |
| Miles of Streets:            | 135.2 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
- Community Theater
- Saratoga Prospect 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    |



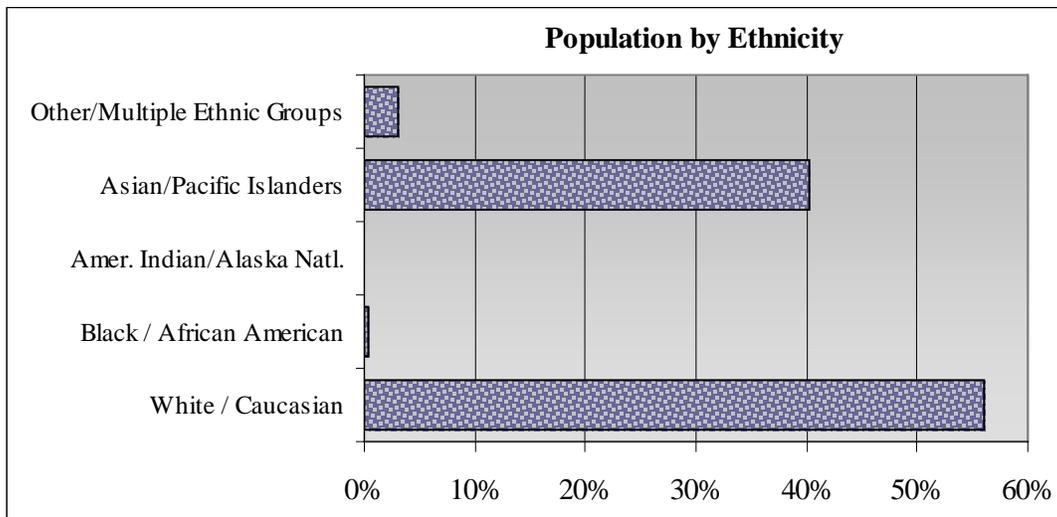
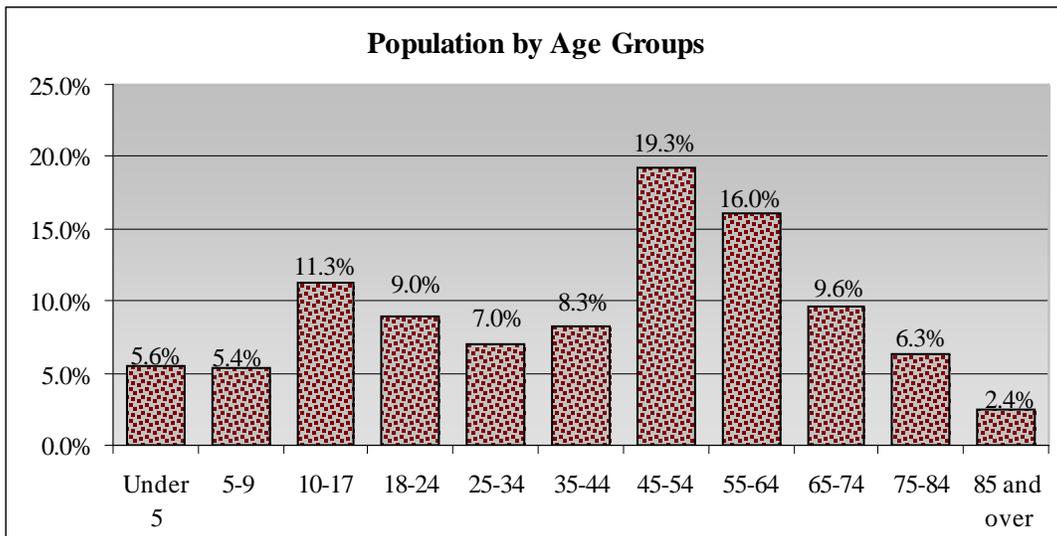
Average temperature from May to October                      50 – 86 degrees Fahrenheit  
 Average temperature from November to April                      40 – 65 degrees Fahrenheit

Source: City of Saratoga

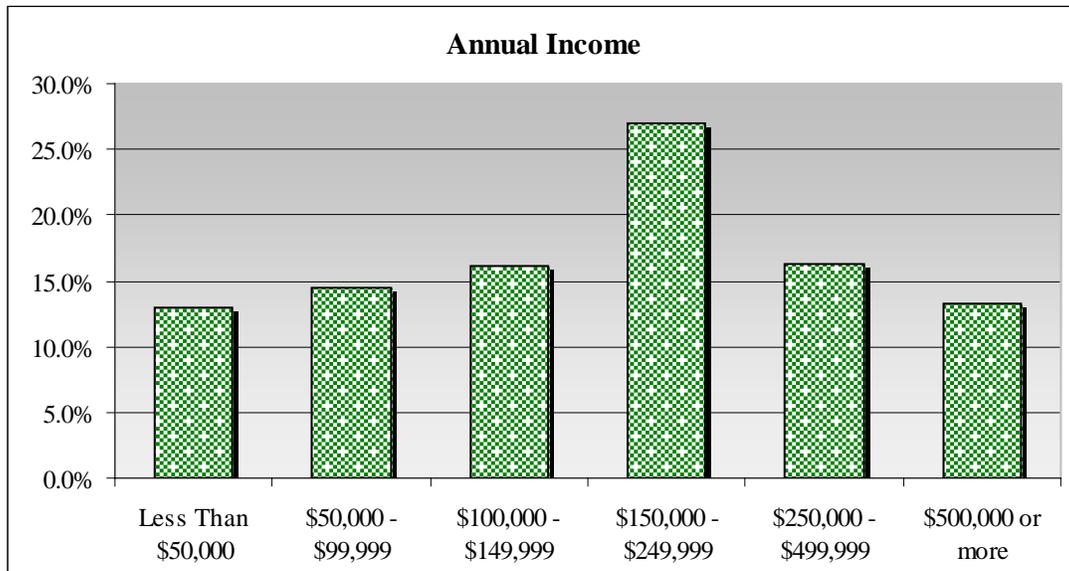
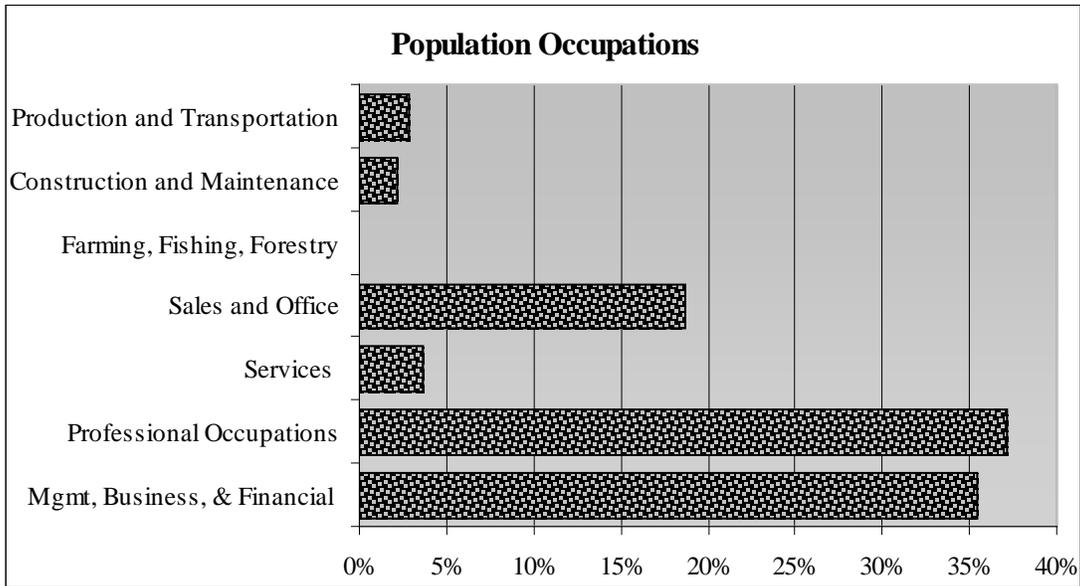
**POPULATION FACTORS**

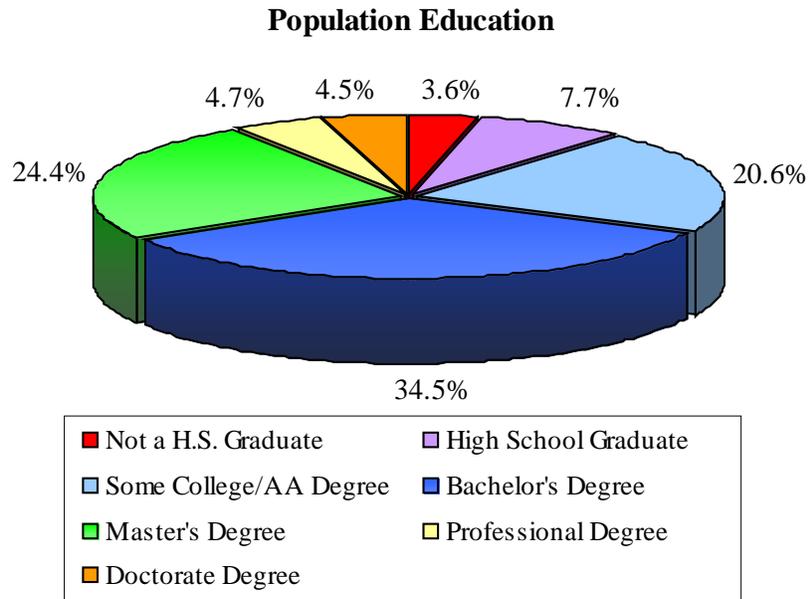
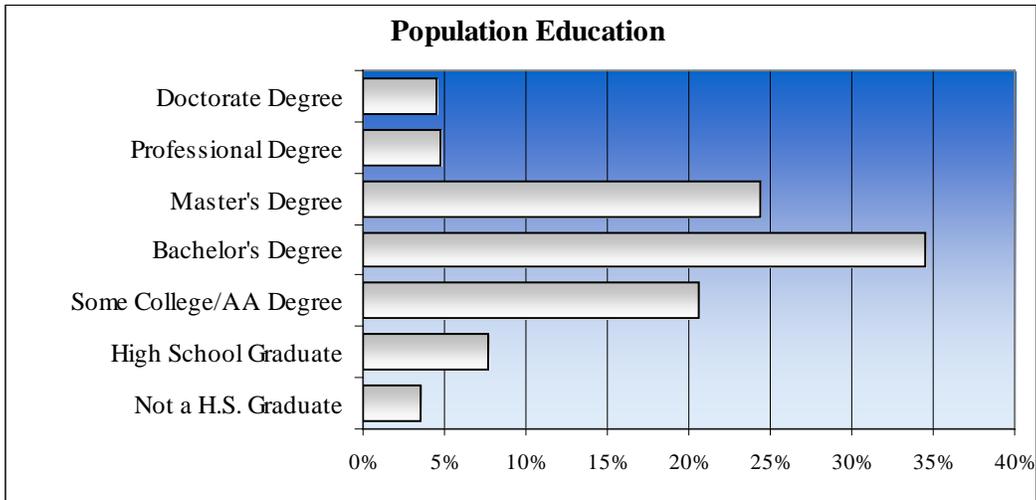
*Data from CA Department of Finance*

|                              |                   |
|------------------------------|-------------------|
| 1970 Census:                 | 26,810            |
| 1980 Census:                 | 29,261            |
| 1990 Census:                 | 28,061            |
| 2000 Census:                 | 29,849            |
| January 1, 2010              | 31,997            |
| State ranking in population: | 232 of 480 cities |

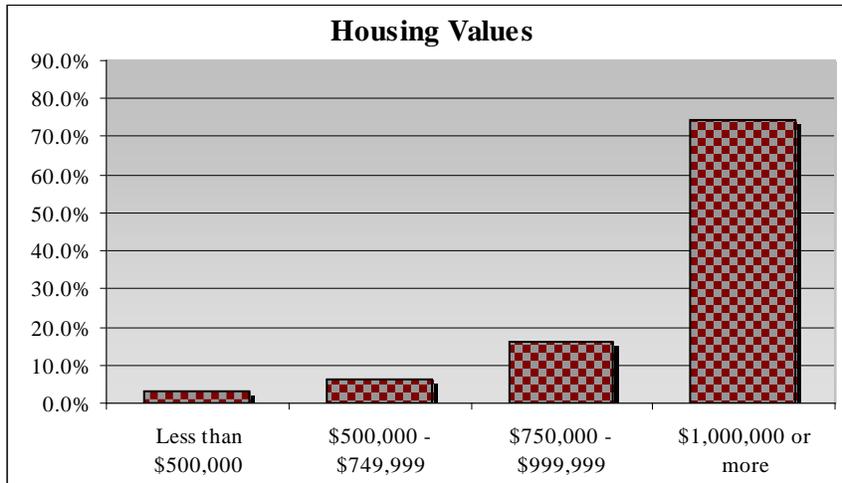


Source: Claritas Reports, Department of Finance

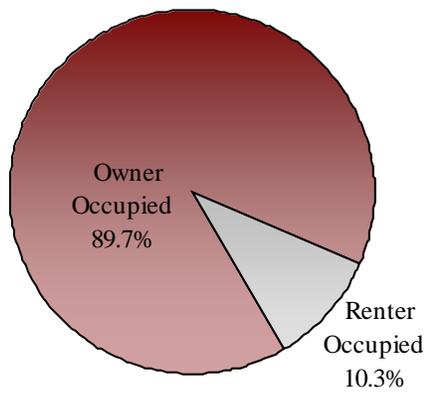




HOUSING FACTORS



**Housing by Resident Ownership**



CITY OF SARATOGA  
REFERENCE SECTION

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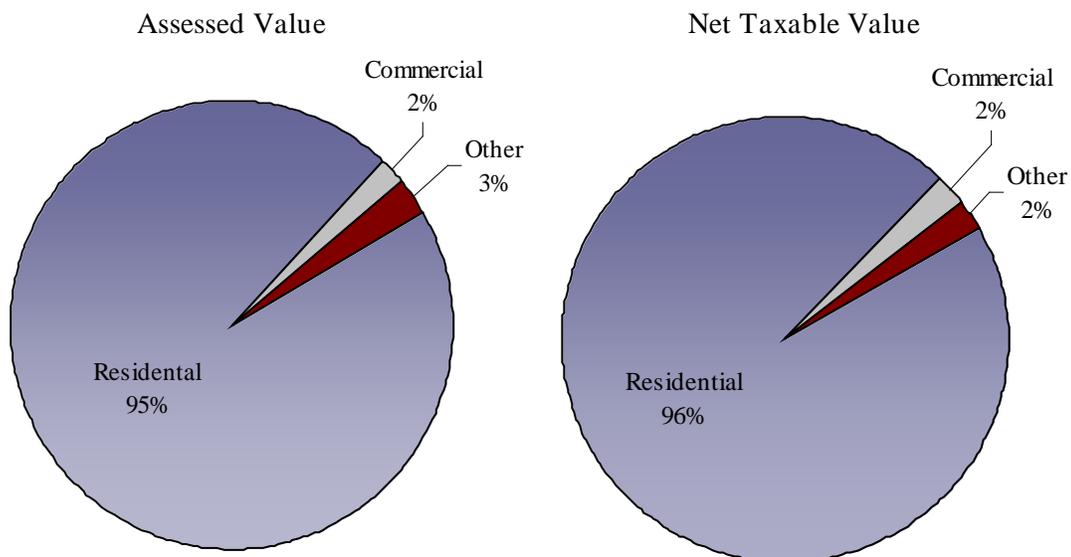
ECONOMIC FACTORS

*Source: HdL, Coren & Cone Reports*

**Basic Property Value Table**  
**FY 2009/10 Assessments**

| <b>Category</b> | <b>Parcels</b> | <b>Assessed Value</b>    | <b>Net Taxable Value</b> |
|-----------------|----------------|--------------------------|--------------------------|
| Residential     | 10,519         | \$ 9,729,087,170         | \$ 9,620,734,904         |
| Commercial      | 158            | 231,691,382              | 231,691,382              |
| Industrial      | 3              | 9,656,138                | 9,656,138                |
| Dry Farm        | 4              | 2,643,323                | 2,643,323                |
| Governmental    | 7              | 11,935,625               | 485,802                  |
| Institutional   | 24             | 57,494,933               | 8,012,026                |
| Irrigated       | 24             | 5,398,020                | 5,398,020                |
| Miscellaneous   | 43             | 15,443,832               | 15,443,832               |
| Recreational    | 10             | 6,905,119                | 6,844,158                |
| Vacant Land     | 248            | 110,225,155              | 109,609,725              |
| Exempt          | 212            | -                        | -                        |
| SBE Nonunitary  | *[6]           | -                        | -                        |
| Unsecured       | *[467]         | 58,210,273               | 54,542,896               |
| Unknown         | 5              | 2,529,388                | 2,529,388                |
| <b>Totals</b>   | <b>11,252</b>  | <b>\$ 10,241,220,358</b> | <b>\$ 10,067,591,594</b> |

\* not included in parcel total

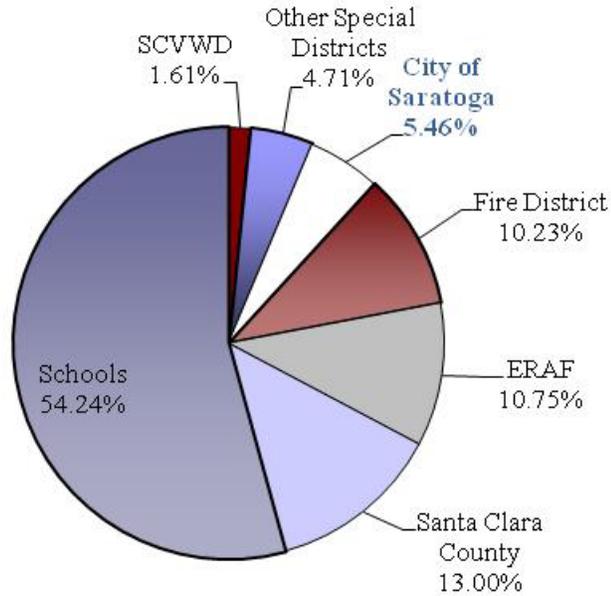


Source: HdL, Coren & Cone Reports

**Top Property Taxpayers**  
**FY 2009/10**

| <b>Owner</b>                       | <b>Parcels</b> | <b>Assessed Value</b> |
|------------------------------------|----------------|-----------------------|
| Cupertino Villages Association LLC | 1              | 34,889,334            |
| Quito Village Associates LLC       | 1              | 31,110,000            |
| John M. Sobrato                    | 2              | 17,642,685            |
| Gregpenn Properties LLC            | 1              | 14,424,100            |
| San Jose Water Works               | 31             | 13,307,710            |
| Keller Family Living Trust         | 2              | 12,207,973            |
| Argonaut Associates LLC            | 5              | 10,510,455            |
| Ashok Krishnamurthi Trustee        | 2              | 10,439,173            |
| Rakesh and Dipti B. Mathur         | 2              | 10,200,000            |
| Stephen J. Luczo, Trustee          | 3              | 10,182,308            |

**Property Tax Distribution  
FY 2009/10**



**Average Property Tax Distribution**

| <u>Agency</u>                        | <u>Allocation %</u> | <u>Allocation \$</u> |
|--------------------------------------|---------------------|----------------------|
| Santa Clara Valley Water District    | 1.61%               | 1,620,200            |
| Other Special Districts              | 4.71%               | 4,744,900            |
| City of Saratoga                     | 5.45%               | 5,491,800            |
| SCC Fire / Saratoga Fire District    | 10.23%              | 10,299,500           |
| Educational Relief Augmentation Fund | 10.75%              | 10,823,400           |
| Santa Clara County                   | 13.00%              | 13,091,600           |
| Schools                              | 54.24%              | 54,604,600           |
|                                      | <u>100.00%</u>      | <u>100,675,916</u>   |

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



## LIST OF ACRONYMS

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

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

LIST OF ACRONYMS

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

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.

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.)

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 1<sup>st</sup> to June 30<sup>th</sup>.

***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 Equivalents (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.

GLOSSARY

**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.

**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.

GLOSSARY

***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.

***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

GLOSSARY

**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.

**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.

GLOSSARY

***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.

***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.