

City of Saratoga

C A L I F O R N I A



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING JUNE 30, 2012

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Saratoga, California

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2012

City Council

Chuck Page Mayor
Jill Hunter..... Vice Mayor
Howard Miller..... Council Member
Emily Lo Council Member
Manny Cappello..... Council Member

Presented under the direction of:
David Anderson, City Manager
Finance & Administrative Services Department

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**CITY OF SARATOGA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2012**

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INTRODUCTORY SECTION

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CITY OF SARATOGA

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

November 12, 2012

Honorable Mayor and City Council,

The Comprehensive Annual Financial Report (CAFR) of the City of Saratoga for the year ended June 30, 2012 is hereby submitted as mandated by applicable statutes. These statutes require that the City of Saratoga annually issue a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibilities for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. The information contained in this report is intended to present the reader with a comprehensive view of the City's financial position and the results of its operations for the fiscal year ending June 30, 2012, along with additional disclosures and financial information designed to enable the reader to gain an understanding of the City's financial activities.

This report was prepared as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussions and Analysis-for State and Local Governments. To facilitate the general public's understanding and usefulness of the City of Saratoga's financial statements, GASB Statement 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

THE REPORTING ENTITY AND ITS SERVICES

The City of Saratoga (City), incorporated in 1956, is located 40 miles south of San Francisco in the Santa Clara Valley. The City currently covers a land area of approximately 12 square miles and contains a population of 30,363 at January 1, 2012 as reported by the Department of Finance. The City is a general law city of the State of California and operates under a council-manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor, Vice Mayor and three additional council members. City Council members are elected at-large for staggered four-year terms. The Mayor is selected annually by the City Council. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing members to the City's seven advisory commissions and hiring the City Manager and City Attorney. The City Manager is responsible for implementing the policies and ordinances of the City Council, overseeing the daily operations of the City, and recommending appointments of the City's department directors to the City Council.

The City provides a limited range of services including public safety, development regulation, public works, community and recreation activities and events, and general administrative functions. As a minimal service city, activities are supplemented through numerous contracts with others. Contracted services include, but are not limited to, public safety, infrastructure maintenance, engineering services, legal services and

recreation activities. The City is also committed to citizen participation in the evaluation, expansion and enhancement of services.

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

The financial reporting entity (the City) includes all the fund activity of the primary government, as well as all of its component units. Component units are legally separated entities for which the City is fully accountable. The City's Saratoga Public Financing Authority (PFA) component unit which provided financial oversight of local bond obligations was finalized in fiscal year 2005/06. The Authority's final financial report was issued for fiscal year 2006/07. Blended component units, although legally separate entities, are in substance, part of the City's operations and data from these units are combined with data of the City. Accordingly, the operations of the Landscaping and Lighting Assessment Districts are reported in the City's financial statements.

ECONOMIC CONDITIONS AND OUTLOOK

As is typical for California cities, property tax and sales tax revenues are the City of Saratoga's two largest sources of funding. Effective with the 2006/07 fiscal year, the City began receiving a significant increase in property tax revenues due to the passage of Assembly Bill 117. This legislation increased the property tax percentage allocated to the City as a result of the Tax Equity Allocation (TEA) formula. Assembly Member Cohn sponsored the bill which resulted from a joint effort of the City of Saratoga, Santa Clara County and 3 other affected cities – Cupertino, Monte Sereno and Los Altos Hills. While the TEA legislation restored the cities to the full "low tax" level of 7%, the State 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. The ERAF rate the County remits is 47.7%, compared to the City of Saratoga's rate of 17.14%, thereby resulting in a significant impact to the revenues received.

For Saratoga, these two main funding sources were considered to be stable and reliable, growing steadily. While the City did not suffer a severe decline in these two revenue sources with the economic downturn of 2008, the backlash impact on planning fees, building permits and interest revenues contributed to create a substantial overall revenue downturn over the next three years which resulted in staffing and operational reductions.

In the spring of 2012, signs of recovery began to emerge with steady increases in planning fees and building permits. Property Tax revenues increased, specifically from property transfer tax fees. Sales Tax revenues also increased, back to the 2008 level. While encouraging, a slow growth pace is expected in future years as the City's structure consists mostly of built-out residential neighborhoods and a small number of commercial developments thereby limiting large revenue sources.

California's overall economy appears to be slowly improving; however, the State's finances continue to be in dire straits. While Proposition 1A protects the city from further ongoing unrestrained State takeaways of property tax revenues, under the current economic crisis, the City expects to see shortfalls in unprotected State or County based funding. The State's November 2012 proposed tax increase bill may help offset additional impacts to city governments if passed by voters, nonetheless fiscal uncertainty remains and the City plans to continue to maintain operations at core service levels and prepare for funding impacts as the new normal of government emerges. The Capital Improvement Program continues to be funded through dedicated funding sources, grant money, and residual funding from prior year operations.

FINANCIAL INFORMATION AND MAJOR INITIATIVES

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

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

The City has practiced a passive approach to investments and maintains flexibility by managing a pooled cash system. Under the pooled cash concept, the City invests the cash of all funds with maturities planned to coincide with cash needs. Idle cash is invested in certain eligible securities as constrained by law and further limited by the City's investment policy. The goals of the City's investment policy are safety, liquidity and yield.

In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, capital projects funds and debt service funds are included in the annual appropriation.

The level of budgetary control (i.e., the level at which expenditures cannot exceed the appropriated amount) is at the fund level. The City also maintains an encumbrance accounting system as another method of maintaining budgetary control. Encumbered amounts lapse at year-end with the exception of the Capital Improvements Projects, which are multiple-year projects. On occasion, outstanding encumbrances of a material nature are reviewed by the responsible department at year end, and if deemed critical, a recommendation is made to the City Council to take action by Resolution to re-appropriate these funds into the following year's budget.

The fiscal year 2011/12 budget was developed with a focus on attaining a sustainable budget structure which maintained service levels under expectations of continued revenue reductions. With the potential for further takeaways due to the State's fiscal struggles, departmental budgets were again held to non-expansive levels, ongoing replacement funding was reduced, and staffing costs were lowered through a furlough placeholder in anticipation of benefit restructuring through upcoming labor negotiations. Additionally, one-time funding from reserves was used to balance the budget as a temporary bridge to offset expected revenue shortfalls during the downturn.

OTHER INFORMATION

Independent Audit – California law requires cities to prepare an annual audit by an independent certified public accountant. In addition to meeting the requirements set forth in statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended, and the related U.S. Office of Management and Budget's Circular. Generally accepted auditing standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's unqualified report is included in the financial section of this report. Vavrinek,

Trine, Day & Co., LLP Certified Public Accountants performed the City's Fiscal Year 2011/12 financial audit.

Awards – The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement to the City for its Excellence in Financial Reporting on the CAFR for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements – This CAFR represents the culmination of numerous hours of hard work expended by many individuals in the Finance & Administrative Services Department. In particular, we would like to express our appreciation to Robert Edris, Sr. Accountant for his exemplary preparation of this annual financial report, and to our supporting staff members: Glenda Cracknell, Sr. Accountant; Ann Xu, Accountant; Julie Ingraham, and Karen Caselli, Accounting Technicians for all their assistance with the audit and exemplary services throughout the year. Furthermore, we would like to thank Vavrinek, Trine, Day & Co. LLP, CPA's for their helpful assistance in the preparation of this report. Finally, we would like to give credit to the City Council for their ongoing interest and support in planning, conducting and advising on the operations of the City in a responsible and representative manner.

Respectfully submitted,



Dave Anderson
City Manager



Mary Furey
Finance and Administrative Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Saratoga
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danson

President

Jeffrey R. Emer

Executive Director

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

As of June 30, 2012

CITY COUNCIL

Chuck Page - Mayor
Jill Hunter – Vice Mayor
Howard Miller
Emily Lo
Manny Cappello

CITY STAFF

Dave Anderson – City Manager
Crystal Morrow – City Clerk
Mary Furey – Finance & Administrative Services Director
James Lindsay – Community Development Director
John Cherbone – Public Works Director
Michael Taylor – Recreation & Facilities Director

CITY ATTORNEY

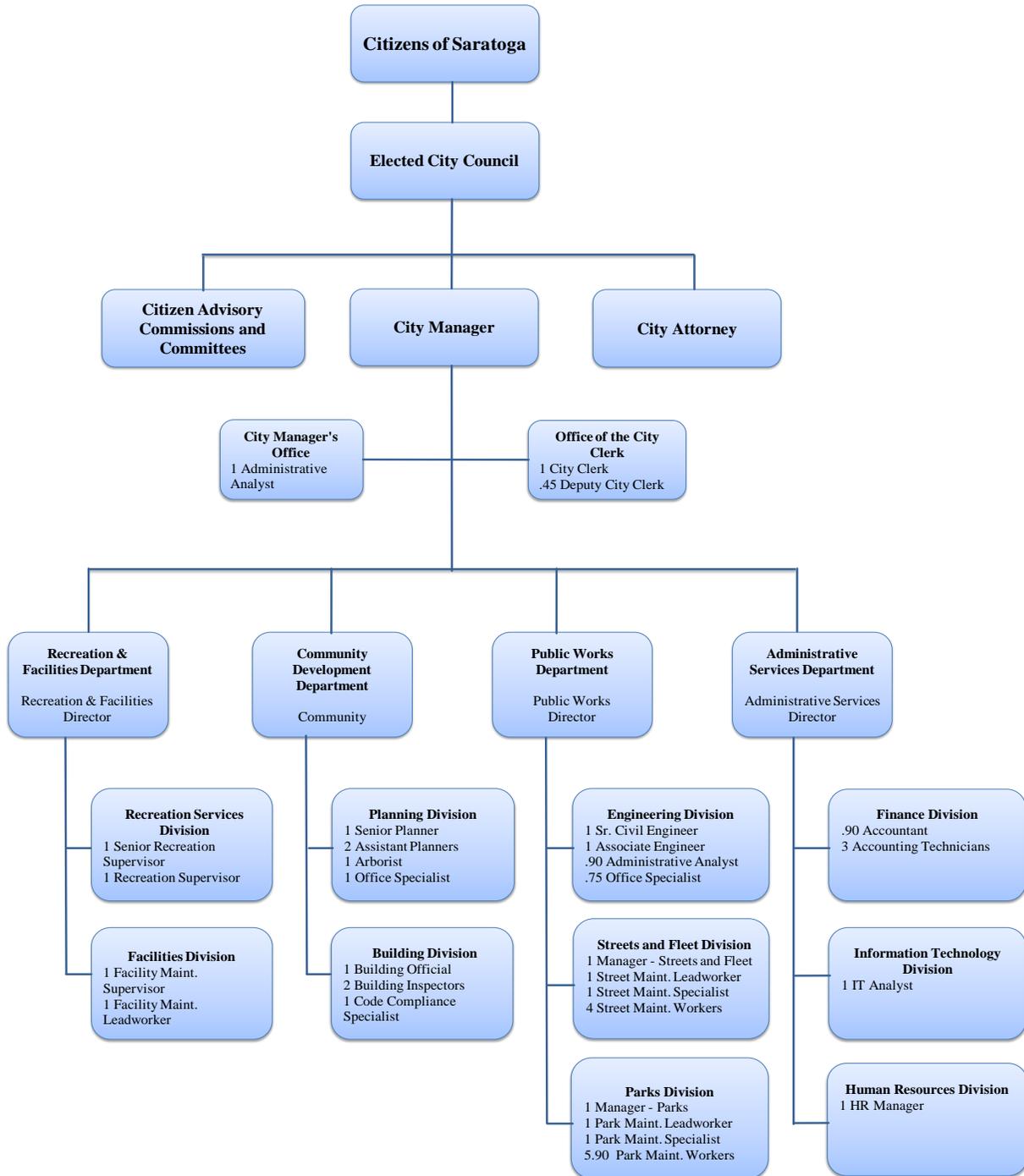
Richard S. Taylor – Shute, Mihaly & Weinberger

INDEPENDENT AUDITORS

Vavrinek, Trine, Day & Co., LLP, CPA



City of Saratoga - Organization Chart



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FINANCIAL SECTION

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VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Saratoga (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Saratoga, as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as outlined in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Saratoga, California's financial statements as a whole. The introductory section, combining individual non-major fund statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining individual non-major fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Varrinek, Trine, Day & Co., LLP.

Pleasanton, California
November 12, 2012

**CITY OF SARATOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

INTRODUCTION

The following provides a narrative overview and analysis of the fiscal operations during the fiscal year ended June 30, 2012 for the City of Saratoga. The Management Discussion and Analysis (MD&A) is to be read in conjunction with the annual Transmittal Letter and the Basic Financial Statements.

FISCAL YEAR 2011/12 FINANCIAL HIGHLIGHTS

- The City's total net assets were \$125,387,400, comprised of \$111,201,676 for investment in capital assets, net of depreciation and related debt; \$1,938,101 restricted for specific purposes; and \$12,247,623 unrestricted net assets (reference pg #25).
- Total City revenues were \$22,486,326 which consists of program revenue of \$9,282,412 and general revenues of \$13,203,914 (reference pg #26).
- The City's expenses were \$20,909,353 (reference pg #26).
- Total Governmental Fund's fund balances were \$13,898,245, consisting of \$8,929,121 in the General Fund, \$3,544,205 in the Capital Improvement Funds, and \$1,424,919 in the Other Governmental Funds (reference pg #27).
- General Fund revenues were \$16,230,631, while General Fund expenditures were \$14,710,796 (reference pg #27).

THE BASIC FINANCIAL STATEMENTS

The Basic Financial Statements are comprised of 1) Government-wide (City-wide) Financial Statements, and; 2) Fund Financial Statements. These two sets of financial statements provide the reader two different perspectives of the City's financial activities and financial position.

Government-Wide Financial Statements provide a longer-term view of the City's activities as a whole, and comprise the *Statement of Net Assets* and the *Statement of Activities*. The *Statement of Net Assets* provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on a full accrual basis, similar to that used by corporations. The *Statement of Activities* provides information about all the City's revenues and all its expenses, also on a full accrual basis, with the emphasis on measuring net revenues and/or expenses for each of the City's programs. The *Statement of Activities* explains in detail the change in Net Assets for the fiscal year.

All of the City's activities are required to be grouped into government activities and business-type activities. The entire amount in the *Statement of Net Assets* and the *Statement of Activities* are also required to be separated into governmental activities or business-type activities in order to provide a summary of these two activities of the City as a whole. In the case of the City of Saratoga, there are no business-type activities as of June 30, 2012.

Fund Financial Statements report the City's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the City's general fund and other major funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt, and other long-term amounts.

**CITY OF SARATOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Major funds account for the major financial activities of the City and are presented individually, while the activities of non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major funds are explained below.

The Government-Wide Financial Statements

Government-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole. The *Statement of Net Assets* and the *Statement of Activities* present information about the following:

Governmental Activities - All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, transportation, and, culture and leisure. These services are supported by general City revenues such as taxes, and by specific program revenues such as developer and recreation program fees.

Business-Type Activities - This category includes enterprise activities such as water, sewer, and utilities. Unlike governmental services, these services are fully supported by charges paid by users based on the amount of services they use. The City of Saratoga does not have any business-type activities at this time.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the City for the fiscal year, and may change from year to year as a result of changes in the pattern of the City's activities. The City's funds are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances available at year-end. Financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Carrying amounts for capital assets and other long-lived assets, along with long-term liabilities are not presented on the balance sheet in the governmental fund financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Proprietary Funds – Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for liability and risk management, workers compensation, office equipment support services, information technology services, vehicle and building maintenance, and vehicle and information technology equipment replacement. Because the internal service funds benefit the governmental functions, they have been included with the *governmental activities* in the government-wide financial statements.

**CITY OF SARATOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Fiduciary Funds – These funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds are not reflected in the government-wide financial statements because these resources are not available to support the City's programs. Currently the City does not have any fiduciary funds.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information other than through the MD&A follows the Notes and includes a budgetary comparison for the General Fund as presented in the governmental fund financial statements, and information on the modified approach for city streets and infrastructure.

SUPPLEMENTARY INFORMATION

Combining and individual fund statements and schedules are included to provide additional information on non-major governmental funds including special revenue, debt service, and capital project funds, as well as proprietary internal service fund information and uses of capital assets. An un-audited statistical section provides historical and current data on financial trends, revenue and debt capacity, demographic and economic information, and operating information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as an indicator of the City's financial position. The City's Total Net Assets increased \$1,576,973, from \$123,810,427 in fiscal year 2010/11 to \$125,387,400 in fiscal year 2011/12.

The most significant portion of the City's net assets (\$111,201,676 or 88.7%) accounts for its investment in capital assets, (e.g., land, buildings, general government infrastructure, equipment, etc.) less any related debt used to acquire those assets that are still outstanding. These capital assets represent infrastructure which provides services to the citizens, consequently, these assets are not available for future spending.

\$1,938,101 or 1.5% of the City's net assets are subject to external restrictions on how they may be used. Of these restricted net assets, \$513,182 is restricted for lighting and landscaping assessment districts \$562,504 is restricted to environmental programs, and \$862,415 is for repayment of long-term debt.

The remaining \$12,247,623 or 9.8% of the City's net assets are unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF SARATOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

		Net Assets	
		<u>Governmental Activities</u>	
		<u>2012</u>	<u>2011</u>
Assets			
Current assets		\$ 18,023,582	\$ 16,825,492
Non-current assets		-	45,004
Capital assets		<u>123,196,676</u>	<u>122,620,887</u>
	Total Assets	<u>141,220,258</u>	<u>139,491,383</u>
Liabilities			
Current liabilities		4,051,633	3,123,915
Long-term debt		<u>11,781,225</u>	<u>12,557,041</u>
	Total Liabilities	<u>15,832,858</u>	<u>15,680,956</u>
Net Assets			
Investment in capital assets, net of related debt		111,201,676	110,015,887
Restricted for Special Assessment Funds		513,182	504,125
Restricted for Environmental Services		562,504	513,182
Restricted for Debt Service		862,415	850,657
Unrestricted		<u>12,247,623</u>	<u>11,926,576</u>
	Total Net Assets	<u>\$ 125,387,400</u>	<u>\$ 123,810,427</u>

**CITY OF SARATOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Statement of Changes in Net Assets

Functions/Programs	Governmental Activities		Increase (Decrease)
	2012	2011	
Program Revenues			
Charges for services	\$ 5,625,974	\$ 6,257,418	\$ (631,444)
Operating grants and contributions	1,319,318	400,692	918,626
Capital grants and contributions	2,337,120	1,221,238	1,115,882
Total Program Revenues	9,282,412	7,879,348	1,403,064
General Revenues			
Property taxes	8,456,687	8,199,341	257,346
Sales taxes	1,100,489	990,579	109,910
Local taxes	683,383	632,500	50,883
Franchise taxes	1,852,390	1,821,131	31,259
Motor vehicle in-lieu	15,830	145,782	(129,952)
Intergovernmental revenues	910,331	773,197	137,134
Investment earnings	66,623	64,598	2,025
Other revenues	118,181	97,472	20,709
Total General Revenues	13,203,914	12,724,600	479,314
Expenses			
General and intergovernmental services	3,486,353	4,367,615	(881,262)
Public safety	4,299,853	4,457,478	(157,625)
Public works	9,121,435	6,644,742	2,476,693
Community services	1,995,948	1,846,393	149,555
Community development services	1,553,119	1,838,918	(285,799)
Interest on long-term debt (unallocated)	452,645	656,126	(203,481)
Total Expenses	20,909,353	19,811,272	\$ 1,098,081
Increase / (Decrease) in Net Assets	1,576,973	792,676	784,297
Net Assets, Beginning of Year	123,810,427	123,017,751	792,676
Net Assets, End of Year	\$ 125,387,400	\$ 123,810,427	\$ 1,576,973

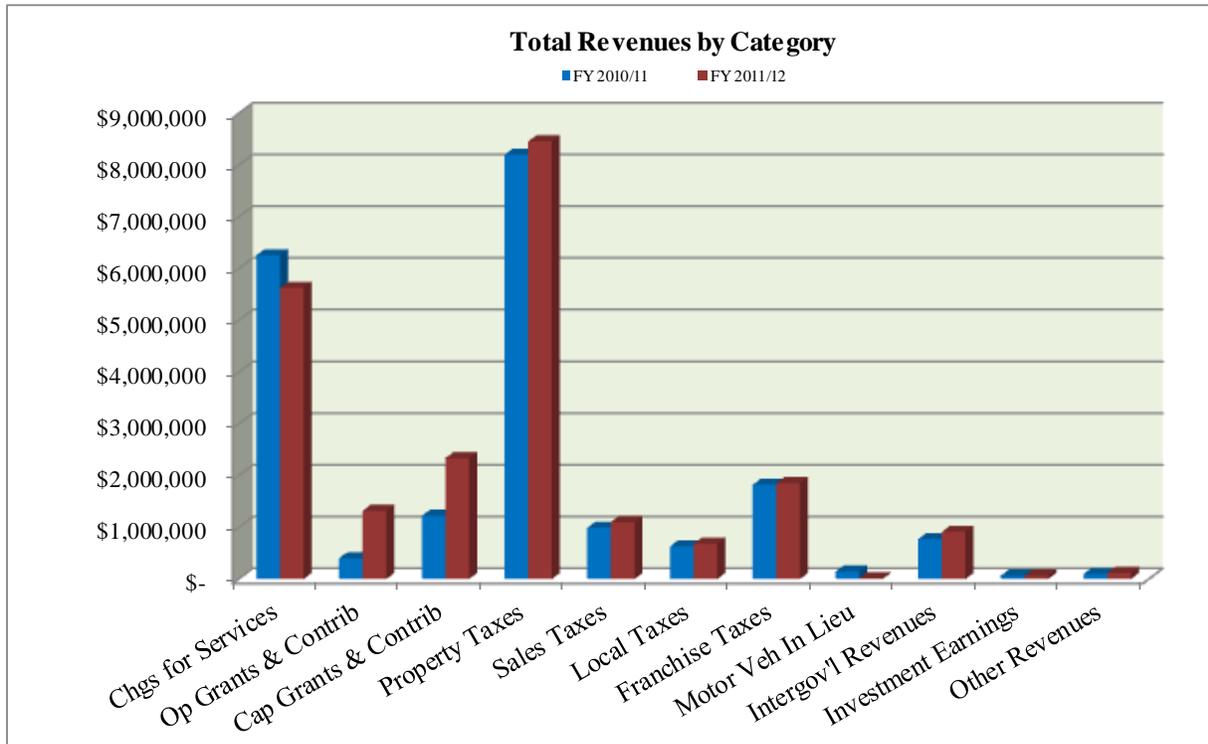
As shown in the above *Statement of Changes in Net Assets* schedule, the net change in program revenues from the prior fiscal year for governmental activities is an increase of \$1,403,064. The net change in general revenues from the prior year is an increase of \$479,314, for a total increase in revenues of \$1,882,378. The net change in expenses from the prior year was an increase of \$1,098,081.

With total program and general revenues for fiscal year 2011/12 at \$22,486,326 and total expenses at \$20,909,353, the net activity resulted in an increase in Net Assets of \$1,576,973.

An analysis and graphical representation of the changes in revenues and expenditures by type of significant events follows:

**CITY OF SARATOGA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

CHART OF REVENUE INCREASE OR (DECREASE)



Increases in Revenues

Overall, the City of Saratoga saw a net increase in revenues during fiscal year 2011/12; however, most of the increases are one-time revenues. For program revenues, the change from the prior year for governmental activities is an increase of \$1,403,064 resulting from the following:

- A \$918,626 increase in Operating Grants represents grants from Santa Clara County and the Mid-Peninsula Open Space District for the purchase of 64 acres of inactive quarry land located off Highway 9 for future use as an open space trailhead park, and another grant for street maintenance resurfacing work.
- A \$1,115,882 increase in Capital Grants and Contributions comes from a number of grants for capital improvements, such as installation of LED streetlights in the village, Highway 9 Safety Improvements, Quito Road Bridge replacement work, CDBG funded signal light and ramp projects for ADA compliance, and completion of the De Anza Trail project.

The net change in general revenues from the prior year is an increase of \$479,314. The most significant changes from the prior year include:

- A \$257,346 increase in Property Tax revenue, primarily representing growth in supplemental property tax and documentary transfer tax which reflects an increase in property turnover.
- Growth in the City’s retail sales resulted in a \$109,910 increase in Sales Tax.

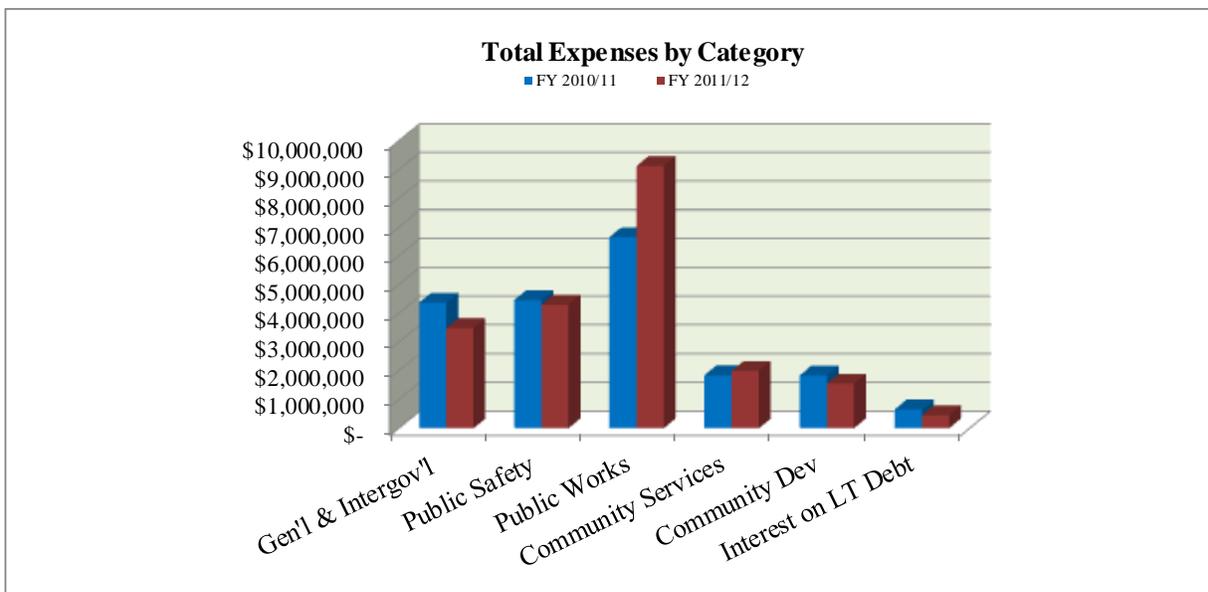
**CITY OF SARATOGA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

- A \$50,883 increase in Local Taxes represents a strengthening economy through rising hotel tax receipts.
- Intergovernmental revenues reflect an increase of \$137,134 due primarily increased Gas Tax and Prop 42 revenues from the prior year.

Decreases in Revenues

- A \$631,444 decrease in Charge for Services (in which revenues are directly related to program expenses) represents a combination of various operational activities. Notable decreases include approximately \$38,000 in recreation class revenue, \$310,000 in park development fees, \$68,000 in engineering development fees, \$40,000 in bond debt assessments, and \$412,000 less in capital project revenues.
- A \$129,952 decrease in Motor Vehicle-in-Lieu (VLF) revenues resulted from the State eliminating VLF revenue allocation to local agencies as of July 1, 2011.

CHART OF EXPENSE INCREASE OR (DECREASE)



The net change in expenses for Governmental Activities was an increase of \$1,098,081. Expenditures with significant events include:

Increases in Expenses

Increase in expenditures from the prior year was limited to the Public Works and Community Services expenditure categories. These too however, are in large part one-time occurrences. Increase resulted from the following:

- Public Works (primarily street capital improvement projects) increased in total by \$2,476,693, and Community Services (primarily park capital improvement projects) increased by \$149,555.

**CITY OF SARATOGA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Decreases in Expenses

While there were several categories of notable decreases in expenditures, the significant increase in capital project expenditures last fiscal year offset the decreases to result in an overall net increase in expenses. Notable decreases included the following:

- General and intergovernmental services decreased by \$881,262, primarily from expenditure reductions in General Fund staff positions, vacancy savings, benefit costs as a result of labor negotiations, and legal costs.
- Public Safety decreased by \$157,625 as a result of a reduction in the Sheriff’s law enforcement contract
- Community Development Services decreased by \$285,799, which in large part reflects the \$210,748 close out of the Saratoga Housing and Rehabilitation Program (SHARP) as of the end of fiscal year 2010/11. The remainder of the savings is the result of a vacancy savings in the code compliance program.
- Interest on Long Term Debt decreased by \$203,481 as a result of the General Obligation Bond refunding in fiscal year 2011/12. The decrease in interest rates provided an opportunity to save Saratoga taxpayers a significant amount (\$2.67 million over the next twenty years) on the outstanding debt through refunding the original 2001 Library Building bond issue.

MAJOR AND OTHER GOVERNMENTAL FUNDS: CHANGE IN FUND BALANCE

A summary of the changes in fund balance of the major and other government funds are presented below:

	Major Funds		Other Governmental Funds
	General	Capital Improvement	
Total Revenues	\$ 16,230,631	\$ 4,147,953	\$ 1,423,819
Total Expenditures	<u>14,710,796</u>	<u>5,178,900</u>	<u>1,573,420</u>
Revenues Over (Under) Expenditures	<u>1,519,835</u>	<u>(1,030,947)</u>	<u>(149,601)</u>
Bond proceeds	-	-	11,995,000
Payment for refunded bonds	-	-	(12,235,000)
Net original issue premium	-	-	459,738
Transfers in	205,222	304,963	-
Transfers out	<u>(280,000)</u>	<u>(205,222)</u>	<u>-</u>
Net change in fund balances	1,445,057	(931,206)	70,137
Beginning of year	<u>7,484,064</u>	<u>4,475,411</u>	<u>1,354,782</u>
End of year	<u>\$ 8,929,121</u>	<u>\$ 3,544,205</u>	<u>\$ 1,424,919</u>

Included in the Major Funds are the General Fund and the Capital Improvement Fund. The Other Governmental funds include twenty-five Lighting and Landscape Assessment Districts, accounted for as one fund in the financials and the Library Bond Debt Service Fund. The net change of the Major and Other Governmental Funds fiscal year transactions was an increase of \$583,988.

**CITY OF SARATOGA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

General Fund - As shown in the preceding *Major Funds* table, the net change in the General Fund's Fund Balance was an increase of \$1,445,057. A net gain resulted from the net of operating revenues coming in over operating expenditures. Most revenue categories increased from the prior year for a net revenue gain of \$488,516, most notably property and sales tax revenues, and development fees. Total expenditures decreased by \$905,501, with salary and benefit costs accounting for \$636,000 of the reduction, and contract services for another \$294,000.

Revenues are budgeted conservatively based upon prior year experience and specific information, while expenditures are limited to anticipated program needs at not-to-exceed projected funding levels. With the economy strengthening late in the fiscal year, revenue levels improved beyond expectations. In addition, ongoing efforts to hold costs down throughout the year resulted in a significant expenditure savings for the year.

Capital Improvement Project Fund - As shown in the table above, the net change in the Capital Improvement Fund has a decrease of \$931,206 due to a large amount of capital improvement project work over the course of the year.

Other Governmental Funds – Of the net \$70,137 increase in Other Governmental Funds, the collective 25 Landscaping & Lighting funds comprise \$58,379 of the total. The Library Bond debt service fund accounts for the remaining \$11,758 of the increase. Both net gains represent the excess of revenue over expenditures in the normal course of operations.

GENERAL FUND – BUDGETARY HIGHLIGHTS

Changes from the City's General Fund original budget to the final budget are detailed in the Required Supplementary Information Section along with a comparison to actual activity for the year ended. Changes to the City's budget that increase or decrease appropriations in a fund must be approved by a resolution of the City Council. Modifications to the budget that are a realignment of fiscal activities with no impact to the fund's bottom line may be approved by the City Manager.

**Adopted to Final Budget
Fiscal Year Ended June 30, 2012**

	Adopted Budget	Budget Adjustments	Final Budget
Expenditures	\$ 15,392,348	61,100	\$ 15,453,448
Transfers out	\$ 260,000	20,000	\$ 280,000

The General Fund adopted expenditure budget was \$15,392,348 and adopted transfers out was \$260,000. At the City’s mid-year review, most General Fund costs were tracking in line with the budget, however adjustments were requested for the Tree Dedication programs of \$5,000 for additional tree purchases and a budget adjustment of \$56,000 for labor negotiation which were more extensive than expected. A transfer out of \$20,000 was for increased funding for the Village Façade Improvement Program.

**CITY OF SARATOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

CAPITAL ASSETS

The City of Saratoga elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting in which eligible infrastructure capital assets are not required to be depreciated if the following requirements are met:

- The City manages the assets using an asset management system which requires that the City (1) perform an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate the annual amount to preserve the assets at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

City policy is to achieve an average Pavement Condition Index (PCI) rating of 70 for all streets, at minimum. The City's overall rating was 76 with 83% of streets rated as Excellent to Very Good, 14% of streets are rated as "Good", 3% of streets rated "Poor", and 0% of streets are rated as "Very Poor". The City spent \$2,856,603 to maintain and preserve eligible infrastructure assets. For more detailed information on Capital Assets activity, please refer to Note 4 in the section entitled "Notes to the Basic Financial Statements" and Note 2 in the "Required Supplementary Section". The latest assessment study was conducted during the fall of 2010. A road assessment study update will be conducted in the fall of 2013.

As of June 30, 2012, the City had \$123,196,676 invested in a variety of capital assets as reflected in the following schedule, which represents an increase of \$575,789 or a 0.5% increase from the prior year.

**Capital Assets at Year End
Net of Depreciation**

	Governmental Activities	
	2012	2011
Land	\$ 14,510,401	\$ 13,135,756
Building and structures	16,969,831	17,407,842
Machinery and equipment	604,135	690,356
Infrastructure	83,945,356	85,138,639
Construction in progress	7,166,953	6,248,294
Total Capital Assets, Net of Depreciation	<u>\$ 123,196,676</u>	<u>\$ 122,620,887</u>

**CITY OF SARATOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

The following reconciliation summarizes the changes in Capital Assets.

Changes in Capital Assets

	Balance July 1, 2011	Additions	Retirements	Reclassification	Balance June 30, 2012
Land	\$ 13,135,756	\$ 750,000	\$ -	\$ 624,645	\$ 14,510,401
Building and structures	23,462,738	-	-	148,852	23,611,590
Machinery and equipment	2,487,345	22,487	(132,534)	45,484	2,422,782
Infrastructure	104,903,913	-	-	25,000	104,928,913
Construction in progress	6,248,294	1,782,425	(19,785)	(843,981)	7,166,953
Depreciation	(27,617,159)	(1,959,338)	132,534	-	(29,443,963)
Total Capital Assets, Net of Depreciation	<u>\$ 122,620,887</u>	<u>\$ 595,574</u>	<u>\$ (19,785)</u>	<u>\$ -</u>	<u>\$ 123,196,676</u>

Major capital projects in progress during fiscal year 2011/12 included the following expenditures:

- Congress Springs Quarry Land - \$1,000,000 (\$750,000 funded by donations)
- Saratoga Avenue Resurfacing - \$143,522
- Street Resurfacing funded by VTA Grant - \$565,000
- Highway 9 Traffic Safety - \$126,164
- Village LED Street Lights - \$381,803
- Village Sidewalk, Curb, and Gutters - \$161,465
- Village – Phase II Design - \$172,554
- UPRR/De Anza Trail - \$557,902
- Library Improvements - \$196,686

Additional information on Capital Assets is included in Note 4 to the financial statements.

DEBT AND OTHER LONG-TERM OBLIGATION ADMINISTRATION

The net change in outstanding obligations for the City of Saratoga is a decrease of \$245,787, with \$172,154 of this amount a reduction in long-term debt. During the fiscal year, the City refunded the 2001 General Obligation Bonds and issued the 2011 General Obligation Bonds to take advantage of the favorable interest rate environment.

Outstanding Long-Term Obligation at Year End

	Governmental Activities	
	2012	2011
2001 General Obligation Bond	\$ -	\$ 12,605,000
2011 General Obligation Bond	11,995,000	-
Net Original Issue Premium	437,846	-
Compensated absences	646,213	719,846
Total Outstanding Debt	<u>\$ 13,079,059</u>	<u>\$ 13,324,846</u>

**CITY OF SARATOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

The current portion of long-term debt (\$455,000 for the 2011 General Obligation Bonds for fiscal year 2012 and \$370,000 for the refunded 2001 General Obligation Bonds for fiscal year 2011), is classified as a current liability in the City's *Statement of Net Assets*.

2001 General Obligation Bond - During the fiscal year, the City made debt service payments that include a principal reduction of \$370,000 on the City's 2001 General Obligation \$15,000,000 bond issue. This bond issue was retired in July, 2011.

2011 General Obligation Bond – The City refunded the 2001 General Obligation Bonds and in their place issued general obligation bonds in the amount of \$11,995,000 on July 14, 2011 with interest rates on the bonds ranging from 2.0% to 4.0%, ending in fiscal year 2031/32. No principal payment was due during fiscal year 2011/12.

Compensated absences are accrued liabilities for vested and unpaid vacation and sick pay. The compensated absences balance decreased during the fiscal year by \$73,633 due to payouts of unused compensated absences of retiring and terminated employees, and general employee payouts. An estimated current liability of \$404,988 is expected to be used in the next fiscal year.

Additional information on outstanding obligations can be found in Note 5 to the financial statements.

ECONOMIC FACTORS

At the time the fiscal year 2011/12 budget was developed, the nation was in the throes of the economic recession. Locally, it was expected that a “new normal” of government was upon us:

- Property prices had stabilized at diminished levels and property tax revenue growth had stagnated
- Retail sales would remain sluggish for years to come, and sales tax revenues would remain flat
- Development would continue at diminished levels, with very little increase in revenues
- Interest rates would remain at historic lows for years, practically eliminating interest earnings

With revenue projections at lowered levels, a number of expenditure reductions were required to balance the budget:

- Core services levels would be maintained through continued operational budget reductions
- Internal service funds would continue to be underfunded
- Limited capital funding appropriations
- Development Reserve budgeted for use per established policy
- Pension Reform

In the midst of the economic downturn, benefit costs were escalating. Taxpayers demanded cutbacks to government salaries and benefits as the pathway to attain fiscal sustainability. Approximately \$300,000 of savings was budgeted through reductions in staffing costs.

Initially this was structured as furlough days; however upcoming labor negotiations would finalize the saving mechanism during the course of the year. In negotiations, labor costs were reduced through pension reform. Most notable of the changes have future employees falling under a lower cost pension plan and the capping of medical benefits, and current employees are now paying the employee portion of the pension benefit plan. These changes are expected to contribute significantly toward the City having a sustainable budget in future years.

**CITY OF SARATOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

As a local (Bay Area) economic revival has led to property tax, sales tax, and development revenues increasing during the course of the year, fiscal uncertainty remains for the foreseeable future, and the City plans to continue to maintain operations at core service levels and prepare for funding impacts as the new normal of government continues to emerge.

REQUEST FOR FINANCIAL INFORMATION

This financial report is designed to provide a general overview of the City of Saratoga's finances for all of Saratoga's residents, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Administrative Services Department, 13777 Fruitvale Avenue, Saratoga, California 95070.

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BASIC FINANCIAL STATEMENTS

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CITY OF SARATOGA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 15,705,028
Receivables:	
Accounts	2,305,868
Interest	12,686
Total Current Assets	<u>18,023,582</u>
Noncurrent Assets:	
Capital Assets:	
Non-depreciable	70,832,973
Depreciable, net	52,363,703
Total Capital Assets	<u>123,196,676</u>
Total Noncurrent Assets	<u>123,196,676</u>
Total Assets	<u>141,220,258</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	1,487,083
Accrued payroll	118,584
Other payable	36,410
Interest payable	173,765
Deposits payable	916,710
Claims payable	21,247
Long-term obligations - due within one year	881,880
Total Current Liabilities	<u>3,635,679</u>
Noncurrent Liabilities:	
Long-term obligations - due in more than one year	<u>12,197,179</u>
Total liabilities	<u>15,832,858</u>
Net Assets	
Investment in capital assets, net of related debt	111,201,676
Restricted for:	
Environmental funds	513,182
Special assessment funds	562,504
Debt service	862,415
Total Restricted	<u>1,938,101</u>
Unrestricted	<u>12,247,623</u>
Total Net Assets	<u>\$ 125,387,400</u>

The accompanying notes are an integral part of these financial statements

CITY OF SARATOGA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Total	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Revenue and Changes in Net Assets
						Primary Governmental Activities
Primary Government:						
Governmental Activities:						
General and intergovtl services	\$ 3,486,353	\$ 139,936	\$ -	\$ -	\$ 139,936	\$ (3,346,417)
Public safety	4,299,853	594,129	100,000	-	694,129	(3,605,724)
Public works	9,121,435	2,079,334	469,318	2,337,120	4,885,772	(4,235,663)
Community services	1,995,948	889,926	750,000	-	1,639,926	(356,022)
Community development services	1,553,119	1,922,649	-	-	1,922,649	369,530
Interest on long-term debt (unall.)	452,645	-	-	-	-	(452,645)
Total	\$ 20,909,353	\$ 5,625,974	\$ 1,319,318	\$ 2,337,120	\$ 9,282,412	\$ (11,626,941)
General Revenues:						
Taxes						
Property taxes						8,456,687
Sales taxes						1,100,489
Local taxes						683,383
Franchise taxes						1,852,390
Motor vehicle-in-lieu						15,830
Total taxes						12,108,779
Intergovernmental						910,331
Investment earnings						66,623
Other revenues						118,181
Total General Revenues						13,203,914
Change in Net Assets						1,576,973
Net Assets - Beginning of Year						123,810,427
Net Assets - End of Year						\$ 125,387,400

The accompanying notes are an integral part of these financial statements

**CITY OF SARATOGA
GOVERNMENTAL FUNDS - BALANCE SHEET
JUNE 30, 2012**

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Capital Improvement		
ASSETS				
Cash and investments	\$ 9,859,219	\$ 2,871,500	\$ 1,457,810	\$ 14,188,529
Receivables:				
Accounts	587,485	1,591,861	3,204	2,182,550
Interest	11,670	-	1,016	12,686
Total assets	<u>\$ 10,458,374</u>	<u>\$ 4,463,361</u>	<u>\$ 1,462,030</u>	<u>\$ 16,383,765</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 472,234	\$ 917,950	\$ 37,111	\$ 1,427,295
Accrued payroll	103,889	1,206	-	105,095
Deposits payable	916,710	-	-	916,710
Other payable	36,410	-	-	36,410
Deferred revenue	10	-	-	10
Total liabilities	<u>1,529,253</u>	<u>919,156</u>	<u>37,111</u>	<u>2,485,520</u>
Fund Balances:				
Restricted:				
Environmental services	513,182	-	-	513,182
Special assessment funds	-	-	562,504	562,504
Debt service	-	-	862,415	862,415
Committed:				
Capital project funds	-	3,544,205	-	3,544,205
Hillside stability	600,000	-	-	600,000
Assigned:				
Capital projects	1,923,658	-	-	1,923,658
Carryforwards	247,201	-	-	247,201
Unassigned:				
Operations	2,914,426	-	-	2,914,426
Economic uncertainty	1,500,000	-	-	1,500,000
Development services	667,233	-	-	667,233
Uncollected deposits	44,791	-	-	44,791
Other unassigned	518,630	-	-	518,630
Total fund balances	<u>8,929,121</u>	<u>3,544,205</u>	<u>1,424,919</u>	<u>13,898,245</u>
Total liabilities and fund balances	<u>\$ 10,458,374</u>	<u>\$ 4,463,361</u>	<u>\$ 1,462,030</u>	<u>\$ 16,383,765</u>

The accompanying notes are an integral part of these financial statements

CITY OF SARATOGA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total Fund Balances - Total Governmental Funds	\$ 13,898,245
Amounts reported for governmental activities in the statement of net assets were different because:	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:	
Non-depreciable capital assets	70,832,973
Depreciable capital assets, net	<u>52,297,554</u>
Total Capital Assets	<u>123,130,527</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	(173,765)
Internal service funds are used by management to charge the costs of office stores, vehicle and equipment maintenance and replacement, information services and replacement, building maintenance, risk management, and workers compensation. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets	1,518,598
Long-term receivables were not current available resources and therefore, were offset by a deferred revenue amount equal to the net receivable in the governmental funds.	92,854
Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:	
General obligation bonds	(11,995,000)
Compensated absences	(646,213)
Net original issue premium	<u>(437,846)</u>
Total Long-Term Obligations	<u>(13,079,059)</u>
Net Assets of Governmental Activities	<u>\$ 125,387,400</u>

The accompanying notes are an integral part of these financial statements

**CITY OF SARATOGA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012**

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Capital Improvement		
REVENUES:				
Property taxes	\$ 8,272,456	\$ -	\$ 184,242	\$ 8,456,698
Special assessments	7,490	-	1,235,325	1,242,815
Sales taxes	1,100,489	-	-	1,100,489
Other local taxes	683,383	-	-	683,383
Licenses & permits	1,184,099	543,714	-	1,727,813
Fines & forfeiture	233,708	300	-	234,008
Intergovernmental - Federal	-	1,915,187	-	1,915,187
Intergovernmental - State	232,505	1,495,452	-	1,727,957
Intergovernmental - Other	42,343	30,531	-	72,874
Franchise fees	1,852,390	-	-	1,852,390
Use of money and property	552,672	32,190	4,252	589,114
Other revenue	2,069,096	130,579	-	2,199,675
Total revenues	16,230,631	4,147,953	1,423,819	21,802,403
EXPENDITURES:				
Current:				
General and intergovernmental services	2,924,958	-	219,738	3,144,696
Public safety	4,310,113	-	-	4,310,113
Public works	4,318,432	-	432,862	4,751,294
Community services	1,269,497	-	-	1,269,497
Community development services	1,887,796	-	-	1,887,796
Capital outlay	-	5,178,900	-	5,178,900
Debt service:				
Principal	-	-	370,000	370,000
Interest and fiscal charges	-	-	550,820	550,820
Total expenditures	14,710,796	5,178,900	1,573,420	21,463,116
REVENUES OVER (UNDER) EXPENDITURES	1,519,835	(1,030,947)	(149,601)	339,287
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	-	11,995,000	11,995,000
Payment for refunded bonds	-	-	(12,235,000)	(12,235,000)
Net original issue premium	-	-	459,738	459,738
Transfers in	205,222	304,963	-	510,185
Transfers out	(280,000)	(205,222)	-	(485,222)
Total other financing sources (uses)	(74,778)	99,741	219,738	244,701
Net change in fund balances	1,445,057	(931,206)	70,137	583,988
FUND BALANCES:				
Beginning of year	7,484,064	4,475,411	1,354,782	13,314,257
End of year	<u>\$ 8,929,121</u>	<u>\$ 3,544,205</u>	<u>\$ 1,424,919</u>	<u>\$ 13,898,245</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SARATOGA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET
ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

Net Change in Fund Balances - Total Governmental Funds	\$ 583,988
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets were different because:	
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	1,775,127
Governmental Funds focus on current financial resources. Consequently, donations of assets that will be used in operations, rather than sold (capital assets), are never reported in governmental funds but are reported on the Government-Wide statements.	750,000
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds.	(1,864,924)
Internal service funds are used by management to charge the costs of office stores, vehicle and equipment maintenance and replacement, information services and replacement, building maintenance, risk management, and workers' compensation. The net revenue or (excess expenses) of the internal service funds is reported with government activities.	(6,144)
Certain revenues were not recorded or recorded as deferred revenue in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Government-Wide Statement of Activities and Changes in Net Assets under the full accrual basis.	(5,036)
Long-term compensated absences and claims payables were reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, long-term compensated absences and claims payable were not reported as expenditures in governmental funds.	
Compensated absences	73,633
Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.	
Long-term debt repayments	610,000
Revenues resulting from the refunding of outstanding debt are not available to pay current-period expenditures and therefore, are revenue in the funds.	
Net original issue premium	(437,846)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the change in accrued interest from prior year.	98,175
	<u>98,175</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,576,973</u>

The accompanying notes are an integral part of these financial statements

CITY OF SARATOGA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Governmental Activities - Internal Service Funds
ASSETS	
Current assets:	
Cash and investments	\$ 1,516,499
Accounts receivable	30,474
Total current assets	<u>1,546,973</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	724,059
Less: accumulated depreciation	<u>(657,910)</u>
Total capital assets (net of accumulated depreciation)	<u>66,149</u>
Total assets	<u>1,613,122</u>
LIABILITIES	
Liabilities:	
Current assets:	
Accounts payable	59,788
Accrued payroll	13,489
Other payables	<u>21,247</u>
Total current liabilities	<u>94,524</u>
NET ASSETS	
Investment in capital assets	66,149
Unrestricted	<u>1,452,449</u>
Total net assets	<u>\$ 1,518,598</u>

The accompanying notes are an integral part of these financial statements

CITY OF SARATOGA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 2,030,000
Other operating revenues	83,082
Total operating revenues	<u>2,113,082</u>
Operating expenses:	
Cost of services	1,006,223
Administration	993,626
Depreciation	94,414
Total operating expenses	<u>2,094,263</u>
Operating income (loss)	<u>18,819</u>
Transfers out	<u>(24,963)</u>
Change in net assets	(6,144)
Total net assets - beginning	1,524,742
Total net assets - ending	<u>\$ 1,518,598</u>

The accompanying notes are an integral part of these financial statements

**CITY OF SARATOGA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2012**

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Receipts from customers and users	\$ 2,082,608
Payments to suppliers	(1,210,167)
Payments to employees	(776,417)
Net cash provided (used) by operating activities	<u>96,024</u>
Cash flows from noncapital financing activities:	
Transfers out	(24,963)
Net cash used in nonoperating activities	<u>(24,963)</u>
Cash flows from capital activities:	
Acquisition of capital assets	(10,000)
Net cash provided for the acquisition of capital assets	<u>(10,000)</u>
Net increase in cash and cash equivalents	61,061
Cash and cash equivalents, beginning of year	1,455,438
Cash and cash equivalents, ending of year	<u>\$ 1,516,499</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 18,819
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	94,414
Change in operating assets and liabilities:	
(Increase) in accounts receivables	(30,474)
Increase in accounts payable	6,153
Increase in claims payable	7,156
(Decrease) in accrued payroll	(44)
Net cash provided (used) by operating activities	<u>\$ 96,024</u>

The accompanying notes are an integral part of these financial statements

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The City was incorporated as a municipal corporation in 1956 under the general laws of the State of California, and had a population of 30,363 at June 30, 2012. The City is a largely residential community located in the foothills of the Santa Cruz Mountains.

The City operated under the Council-Manager form of government, with five-elected Council members served by a full-time City Manager and staff. At June 30, 2012, the City's staff comprised 54 full-time and nine part-time employees, and numerous recreation seasonal employees who were responsible for the following City provided services:

- Public Safety - The City provides round-the-clock police services under a contract with the Santa Clara County Sheriff's offices. Emergency management and Fire services are provided by a special district. Code enforcement and inspection services are provided by City employees.
- Public Works/Maintenance - The City builds and maintains its parks, streets, curbs, gutters, and related public property with a force of 22 employees. Major projects may be contracted out to reduce costs.
- Community Development - Zoning administration, plan checking and advance planning services are provided by 12 employees.
- Culture, Recreation and Community Support services are provided by a total of 10 employees.
- General Government services are provided by a total of 11 employees.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City Council acts as the governing board. In addition, the City staff performs all administrative and accounting functions for these entities and these entities provide their services entirely to the City. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize their legal separateness from the City. Each blended component unit has a June 30 year-end. The City had no discretely presented component units.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The following entity is reported as blended component unit:

Lighting and Landscaping Assessment District - The Lighting and Landscaping Assessment District (the District) was established in 1980, for the levy and the collection of assessments upon the several lots or parcels of land in the District, and for the construction or installation of improvements, including maintenance. The District is reported as a blended component unit of the City because it has the same Governing Board as the City. The activity for the District has been included in the accompanying basic financial statements and no separate financial statements are issued.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a *Statement of Net Assets* and a *Statement of Activities and Changes in Net Assets*. These statements present summaries of governmental activities for the City. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying *Statement of Net Assets*. The *Statement of Activities* presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated. The following interfund activities have been eliminated:

- Transfers in/Transfers out
- Internal Service Fund charges

Governmental Fund Financial Statements

Governmental fund financial statements include a *Balance Sheet* and a *Statement of Revenues, Expenditures and Changes in Fund Balances* for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The City has presented all major funds that met the applicable criteria. The following funds are major funds:

General Fund

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

Capital Improvement Capital Projects Fund

This fund accounts for resources used for the major capital acquisition and construction activities.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The *Statement of Revenues, Expenditures and Changes in Fund Balances* present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (up to 45 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Fines, forfeitures, licenses and permits and parking meter revenues are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

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

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Funds

The City's internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the "economic resources measurement focus". This means all assets and liabilities (whether current or noncurrent) associated with their activities are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the internal service funds financial statements.

Internal service funds account for charges to City departments for services provided, on a cost reimbursement basis, in the following areas: general liability, workers' compensation, office stores, information technology services, vehicle maintenance, building maintenance, equipment replacement, and information technology replacement.

Fiduciary Fund Financial Statements

During fiscal year 2011/12 the City has no fiduciary responsibility as prior reported agency funds have been transferred to other outside government agencies.

C. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Deposit and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures* (Amendment of GASB Statement No. 3), certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk
- Foreign Currency Risk

Other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

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

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

D. Interfund Transactions

Interfund services provided and used are accounted for as revenue, expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursed fund. All other interfund transactions, except for interfund services provided and used and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers.

E. Capital Assets

Capital assets, which include land, buildings, improvements, furniture, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities in the government-wide financial statements. Capital assets were recorded at historical cost or estimated historical cost if actual cost was not available. Donated assets were valued at their fair market value on the date of donation. City policy has set the capitalization threshold for reporting capital assets at \$10,000. The City has chosen the Modified Approach for reporting the streets subsystem of infrastructure capital assets.

Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings and structures	40 Years
Machinery and equipment	5 to 10 Years
Infrastructure	15 to 50 Years

In June 1999, GASB issued Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* which requires the inclusion of infrastructure capital assets in local governments’ basic financial statements. In accordance with Statement No. 34, the City has included the value of all infrastructure in its basic financial statements.

The City defines infrastructure as the basic physical assets that allow the City to function, which includes the street system, park and recreation lands and improvements system; storm water conveyance and drainage system, buildings combined with site amenities such as parking and landscaping areas used by the City in the conduct of its business.

Each major infrastructure system can be divided into subsystems. For example the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems. The City elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its streets, concrete and asphalt pavements. The City commissioned a physical assessment of the streets condition as of June 30, 2010. This condition assessment was performed in the fall of 2010 with the final report presented in March, 2011. A Pavement Condition Index (PCI) was assigned to each street segment. The index is expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The following conditions were defined:

<u>Condition</u>	<u>Rating</u>
Excellent	80 - 100
Very Good	70 - 79
Good	50 - 69
Poor	25 - 49
Very Poor	0 - 24

The City's policy relative to maintaining the street assets is to achieve an average rating of 70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. For all other infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. An appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

F. Interest Payable

In the government-wide financial statements, interest payable of long-term debt is recognized as an incurred liability for governmental fund types. The City has not allocated the interest on long-term debt to departments.

In the fund financial statements, governmental fund types do not recognize the interest payable when the liability is incurred. Interest on long-term debt is recorded in the fund statements when payment is made.

G. Claims Payable

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes "incurred but not reported" (IBNR) claims. There is no fixed payment schedule to pay these liabilities.

H. Compensated Absences

In the government-wide financial statements, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

In the fund financial statements, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources,

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

rather than currently available financial resources. Only the amounts which become due at June 30 are reported in the fund financial statements as a liability.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Balances

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This standard left unchanged the total amount reported as fund balance, but substantially altered the categories and terminology used to describe its components. The new categories and terminology focuses, not on financial resources available for appropriation, but on the extent to which the government is bound to honor constraints on the specific purpose for which the amounts in the fund can be spent.

The components of fund balance are now categorized as follows: “*non-spendable fund balance*”, resources that are inherently non-spendable from the vantage point of the current period; “*restricted fund balance*”, resources that are subject to external enforceable legal restrictions; “*committed fund balance*”, resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making and remain binding unless removed in the same manner; “*assigned fund balance*”, resources that reflects a government’s intended use of resources, such intent would have to be established at either the highest level of decision making, by a body, or an official designated for that purpose; and “*unassigned fund balance*”, net resources in excess of what can properly be classified in one of the other four categories. Currently, the City’s fund balance reserves fall into one of the four spendable categories; restricted, committed, assigned, or unassigned fund balance.

The City maintains three restricted fund balances constrained by external legal restrictions that can be spent only for the stipulated purposes. These fund balances are:

- Special Assessments Fund Balance – collectively represents year-end fund balances of twenty-four landscape and/or lighting assessment districts which use is restricted to the individual district.
- Environmental Services Fund Balance – represents funds collected from surcharges on garbage bills specifically for use as supplemental funding of Environmental Services program fees for household hazardous waste fees, storm drain, street sweeping, and other pollution mitigation expenses related to integrated waste programs and storm water management. These funds are used to supplement environmental expenditures by using \$50,000 per year; however these reserve

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

funds were not transferred for use in FY 2011/12 due to additional revenue available for these programs.

- Debt Service Fund Balance – represents funding collected for and use in the City’s general obligation bond debt originally issued in 2001.

The committed category, in which fund balance is constrained by limitations that the government imposes upon itself at its highest level of decision making and remain binding unless removed in the same manner, includes the following:

- Capital Projects Fund Balance – represents collective funding appropriated for use in capital improvement projects. Capital Improvement funding is assigned to one of the following program funds: Streets, Park & Trail, Facility, or Administration.
- Hillside Stability - funding set aside for use either in emergency repairs or high-cost and non-routine mitigation of hillside or landslide projects.

In the assigned category, fund balance reflects an intended use as established by Council. This category includes the following reserves:

- Capital Project - represents General Fund funding set aside for capital projects but not yet committed to a specific improvement project.
- Carryforward – represents either prior-year funds designated for one-time operational activities not yet completed by year-end, or to carryforward prior-year funding for specific activities as directed by Council. Carryover funds are appropriated for use in the following fiscal year.

The Unassigned Fund Balance category represents funding which may be held for specific types of uses or stabilization purposes, but is not yet directed to be used for a specific purpose.

- Operations – provides funds for working capital cash flow. Council policy set aside \$2,000,000 on July 1, 1999, to be increased annually by an amount equal to the interest the City earned on the equivalent amount of cash and investments. As of June 30, 2012 this fund balance has grown to \$2,914,426. This fund balance is not appropriated for use.
- Economic Uncertainty - Council policy is to maintain \$1,500,000 for use by Council direction in case of disasters, emergencies, and economic downturns.
- Development Services – represents funds collected for development services to be used to supplement funding for zoning administration, inspection services, and development regulation programs during periods where expenditures exceed revenues.
- Uncollected Deposits – represents funding to offset development applicant receivables for outstanding balances owed to the City. The balance is adjusted at year end based on outstanding deposit levels.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

- Other Unassigned Fund Balance - represents funding not yet appropriated or assigned for use. Council policy is to maintain a minimum of \$500,000 in unassigned funds as a buffer for unplanned expenditures or revenue shortfalls.

Spending Order Policy – When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

K. Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

- Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.
- Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

L. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

M. Property Tax and Special Assessments

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

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

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

N. Use of Estimates

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

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

O. Subsequent Events

Management has considered subsequent events through November 12, 2012, the date which the financial statements were available to be issued.

P. New GASB Pronouncements

GASB Statement No. 60 - In November, 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. This pronouncement is effective for periods beginning after December 15, 2011. The City does not believe there will be a significant financial statement effect related to this Statement.

GASB Statement No. 61 – In November, 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This pronouncement is effective for periods beginning after June 15, 2012. The City does not believe there will be a significant financial statement effect related to this Statement.

GASB Statement No. 62 – In December, 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure.

This pronouncement is effective for periods beginning after December 15, 2011. The City does not believe there will be a significant financial statement effect related to this Statement.

Statement No. 63 - In June, 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by providing guidance and standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government’s net positions. This pronouncement is effective for financial statements for periods beginning after December 15, 2011. The City is in the process of determining the impact this statement will have on the financial statements.

Statement No. 64 - In June, 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. The objective of this Statement is to enhance comparability and improve financial reporting by clarifying the

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

circumstances in which hedge accounting should continue when a swap counterparty or a swap counterparty's credit support provider is replaced. This pronouncement is effective for financial statements for periods beginning after June 15, 2011. The City has determined this Statement change will not have an effect on the financial statements.

Statement No. 65 - In March, 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards the reclassify as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City is in the process of determining the impact this statement will have on the financial statements.

Statement No. 66 - In March, 2012, GASB issued Statement No. 66, *Technical Correction – 2012 – an amendment of GASB Statement No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The City does not believe there will be a significant financial statement effect related to this Statement.

Statement No. 67 - In June, 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans – amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local government pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regards to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The City is in the process of determining the impact this statement will have on the financial statements.

Statement No. 68 - In June, 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. The City is in the process of determining the impact this statement will have on the financial statements.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 - CASH AND INVESTMENTS

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the City Treasurer invests to enhance interest earnings. The pooled interest earned is allocated to the funds based on average month-end cash and investment balances in these funds. The City has the following cash and investments at June 30, 2012:

	Statement of Net Assets
	<u>Governmental</u>
	<u>Activities</u>
Cash and investments	<u>\$ 15,705,028</u>

The City's Cash and Investments at June 30, 2012, in more detail:

Cash and cash equivalents:	
Petty cash	\$ 1,450
Demand deposits	289,892
Total Cash and Cash Equivalents	<u>291,342</u>
Investments:	
Local Agency Investment Fund (LAIF)	15,413,686
Total Cash and Investments	<u>\$ 15,705,028</u>

A. Cash Deposits

The carrying amounts of the City's cash deposits were \$289,892 at June 30, 2012. Bank balances before reconciling items were \$915,499 at that date due to deposits in transit and outstanding checks. The total amount was collateralized or insured with securities held by the pledging financial institutions.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest, and places the City ahead of general creditors of the institution.

The market value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Demand deposits (non-interest bearing checking accounts) have unlimited insurance through the TAG Program. Other accounts are insured up to \$250,000 per custodian within agency.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

B. Investments

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

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

The City is in compliance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools* which requires the City's investments be recorded at fair value instead of cost. Under GASB 31, the carrying value of investments are adjusted to reflect their fair value at each fiscal year-end, with the effects of these adjustments included in the carrying value of the investments.

C. External Investment Pool

The City's investments with LAIF at June 30, 2012, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The approved investments policy is listed on the LAIF website, located at <http://www.treasurer.ca.gov/pmia-laif/>

As of June 30, 2012, the City had \$15,413,686 invested in LAIF. The LAIF fair value factor of 1.001219643 was used to calculate the fair value of the investments in LAIF.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

D. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment's maturity, the greater the sensitivity to changes in market interest rates. Although the City's investment policy allows for a broad range of investment instruments with varying terms of maturity, investments are limited to the Local Agency Investment Fund (LAIF) which is managed by the State Treasurer Office and overseen by the Pooled Money Investment Board, the State Treasurer investment committee, and a Local Agency Advisory Board.

Included in LAIF's investment portfolio are U.S. Treasuries, Federal Agency obligations, time deposits, negotiable certificates of deposits, commercial paper, corporate bonds, and security loans. Funds are available for withdrawal on demand, and are recorded on an amortized cost basis. At June 30, 2012, these investments had a weighted average maturity of 247 days. The City had the following invested in LAIF:

	Fair Value	Investment Maturities in Years Less Than One Year
State of California - Local Agency Investment Fund (LAIF)	<u>\$ 15,413,686</u>	<u>\$ 15,413,686</u>

Credit Risk

As of June 30, 2012, the City's investments in external investment pools are unrated. The City only invests in LAIF, therefore has no other policy relating to the credit risk of investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City did not hold any securities through investment counterparties at the year ended June 30, 2012.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 - FUND FINANCIAL STATEMENTS INTERFUND TRANSACTIONS

Transfers In/Out

Transfers for the year ended June 30, 2012 were as follows:

<u>Transfer in</u>	<u>Transfer out</u>	<u>Amount</u>
General Fund	Capital Improvement Fund	\$ 205,222
		<u>205,222</u>
Capital Improvement Fund	General Fund	280,000
	IT Equipment Replacement	24,963
		<u>304,963</u>
Total		<u>\$ 510,185</u>

The General Fund received monies from the Capital Improvement Funds for remaining balance on completed capital projects of \$99,222; and from the Gas Tax fund for general administration of \$106,000.

The Capital Improvement Fund received monies from the General Fund from the adopted budget of \$100,000 for annual facility improvement projects, \$50,000 for the traffic safety project, \$50,000 for the sidewalk repairs project, \$50,000 for the storm drain upgrades project, and \$10,000 for the CMO document imaging project. Additionally, \$20,000 was transferred from the General Fund for the Village Façade program. The IT Equipment Replacement fund transferred \$24,963 to the Capital Improvement Fund for the network cabling project.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012, consisted of the following:

	Primary Government				Balance June 30, 2012
	Balance July 1, 2011	Additions	Retirements	Reclassifications	
Governmental activities:					
Capital assets, not being depreciated:					
Land and land improvements	\$ 13,135,756	\$ 750,000	\$ -	\$ 624,645	\$ 14,510,401
Construction in progress	6,248,294	1,782,425	(19,785)	(843,981)	7,166,953
Infrastructure:					
Street pavement system	49,155,619	-	-	-	49,155,619
Total capital assets, not being depreciated	<u>68,539,669</u>	<u>2,532,425</u>	<u>(19,785)</u>	<u>(219,336)</u>	<u>70,832,973</u>
Capital assets, being depreciated:					
Buildings and structures	23,462,738	-	-	148,852	23,611,590
Machinery and equipment					
Governmental funds	1,773,286	12,487	(132,534)	45,484	1,698,723
Internal service funds	714,059	10,000	-	-	724,059
Infrastructure:					
Bridges	1,563,654	-	-	-	1,563,654
Signs and lights	1,820,585	-	-	-	1,820,585
Drainage system	40,035,953	-	-	25,000	40,060,953
Sidewalks	12,328,102	-	-	-	12,328,102
Total capital assets, being depreciated	<u>81,698,377</u>	<u>22,487</u>	<u>(132,534)</u>	<u>219,336</u>	<u>81,807,666</u>
Accumulated depreciation:					
Buildings and structures	(6,054,896)	(586,863)	-	-	(6,641,759)
Machinery and equipment					
Governmental funds	(1,233,493)	(59,778)	132,534	-	(1,160,737)
Internal service funds	(563,496)	(94,414)	-	-	(657,910)
Infrastructure:					
Bridges	(1,000,514)	(26,590)	-	-	(1,027,104)
Signs and lights	(860,670)	(66,029)	-	-	(926,699)
Drainage system	(13,128,791)	(800,970)	-	-	(13,929,761)
Sidewalks	(4,775,299)	(324,694)	-	-	(5,099,993)
Total accumulated depreciation	<u>(27,617,159)</u>	<u>(1,959,338)</u>	<u>132,534</u>	<u>-</u>	<u>(29,443,963)</u>
Total capital assets, being depreciated, net	<u>54,081,218</u>	<u>(1,936,851)</u>	<u>-</u>	<u>219,336</u>	<u>52,363,703</u>
Governmental activities capital assets, net	<u>\$ 122,620,887</u>	<u>\$ 595,574</u>	<u>\$ (19,785)</u>	<u>\$ -</u>	<u>\$ 123,196,676</u>

Depreciation expense, including the amount related to the internal service funds, was charged in the following functions in the Statement of Activities:

General Government	\$ 1,252,533
Public Works	592,698
Community Services	19,693
Community Development	-
Internal Service Funds	94,414
Total Depreciation Expense	<u>\$ 1,959,338</u>

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Assets. The City elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its pavement system. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the "Modified Approach" is presented in the Required Supplementary Information section of this report. All other capital assets including other infrastructure systems were reported using the Basic Approach whereby accumulated depreciation and depreciation expense have been recorded.

NOTE 5 – LONG-TERM OBLIGATIONS

A summary of the City's long-term obligations transactions for the year ended June 30, 2012, is presented below:

Description	Balance			Balance June 30, 2012	Classification	
	July 1, 2011	Additions	Retirements		Due Within One Year	Due In More Than One Year
General Obligation Bonds:						
2001 Library Bonds	\$12,605,000	\$ -	\$(12,605,000)	\$ -	\$ -	\$ -
2011 Library Bonds	-	11,995,000	-	11,995,000	455,000	11,540,000
Net original issue premium	-	459,738	(21,892)	437,846	21,892	415,954
Compensated absences	719,846	323,881	(397,514)	646,213	404,988	241,225
Total	<u>\$13,324,846</u>	<u>\$ 12,778,619</u>	<u>\$(13,024,406)</u>	<u>\$13,079,059</u>	<u>\$ 881,880</u>	<u>\$ 12,197,179</u>

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

On May 1, 2001, the City issued General Obligation Bonds Series 2001 in the amount of \$15,000,000. The proceeds of the bonds were used to improve, renovate, and expand the Saratoga Community Library. The bonds are payable from and secured by certain property taxes within the City. Interest on the bonds ranges from 5 percent to 6 percent and is payable on February 1 and August 1 of each year, commencing February 1, 2002. Principal is due annually beginning on August 1, 2002, in amounts ranging from \$60,000 to \$940,000. The bonds mature on August 1, 2031, and are subject to redemption prior to maturity. The bonds may be called for redemption at the option of the City at redemption prices from 101 percent beginning on or after August 1, 2010 and 100 percent of par on or after August 1, 2011. The option of recalling the bonds were exercised on July 14, 2011 and a current refunding was executed, replacing this bond issue with the General Obligation 2011 Library Bonds.

General Obligation 2011 Library Bonds - Original Issue \$11,995,000

On July 14, 2011, the City issued General Obligation Bonds Series 2011 in the amount of \$11,995,000. The bonds were issued to fully refund the General Obligation 2001 Library Bonds. The bonds are payable from and secured by certain property taxes within the City. Interest on the bonds ranges from 2.0 percent to 4.0 percent and is payable on February 1 and August 1 of each year, commencing February 1, 2012. Principal is due annually beginning on August 1, 2013, in amounts ranging from \$455,000 to \$760,000, with a final payment on August 1, 2031 of \$1,610,000. The bonds maturing on or before August 1, 2021 are not subject to redemption prior to their respective stated maturity dates. Bonds maturing on or after August 1, 2022 are subject to redemption prior to their respective stated maturity dates at the option of the city at the principal amount of the bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The bonds were competitively bid on June 29, 2011, with a final issue date of July 14, 2011. On the date of issue of the 2011 bonds, the proceeds were deposited with and held in trust by the Bank of New York Mellon Trust Company, N. A., the paying agent for the 2001 bonds. The amount deposited, together with other available moneys were sufficient to pay principal of and interest on the 2001 bonds maturing on August, 2011, and to redeem the remaining 2001 bonds in full. The cash flow of the General Obligation 2001 Library Bonds through final payment would have been \$19,391,525, compared to the refunded General Obligation 2011 Library Bonds of \$17,218,678, due to a lower stated interest rate. The economic gain, as determined by the PFM Group, is \$1,500,577.

At June 30, 2012, the outstanding balance of the bonds was \$11,995,000.

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

Year Ended	Principal	Interest	Total
2013	\$ 455,000	\$ 412,485	\$ 867,485
2014	485,000	403,085	888,085
2015	495,000	393,285	888,285
2016	500,000	383,335	883,335
2017	475,000	371,210	846,210
2018-2022	2,620,000	1,591,275	4,211,275
2023-2027	3,160,000	1,049,750	4,209,750
2028-2032	3,805,000	391,043	4,196,043
Total	<u>\$ 11,995,000</u>	<u>\$ 4,995,468</u>	<u>\$ 16,990,468</u>

Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) has been accrued and amounts to \$646,213 at June 30, 2012. The compensated absences liability will generally be liquidated through the General Fund.

NOTE 6 - RISK MANAGEMENT

The City participates in the two following public entity risk pools:

ABAG Plan Corporation (ABAG PLAN) - covers general liability claims up to a limit of \$5 million and purchases an additional \$15 million of excess insurance coverage, for a total of \$20 million per occurrence limit. The City has a deductible or uninsured liability of up to \$25,000 per claim. Once the City's deductible is met, ABAG PLAN becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2012, the City contributed \$251,581 for current year coverage and received no refund of prior year excess contributions.

ABAG Workers' Compensation Pool Insurance Authority (ABAG POOL) – covers workers' compensation coverage up to \$250,000 and excess coverage provides an employer liability limit of \$5 million per occurrence, and workers' compensation per occurrence limit to \$100 million. The City has no deductible for these claims. During the fiscal year ended June 30, 2012, the City contributed \$195,587 for current year coverage. The City's contribution equals the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

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

The workers' compensation and general liability claims payable of \$21,247 reported at June 30, 2012, are based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Changes in the claims payable amounts were as follows:

The General Fund has been used in the prior years to liquidate the liability for claims and judgments.

	Year Ended <u>June 30, 2012</u>	Year Ended <u>June 30, 2011</u>
Claims payable, beginning of year	\$ 14,091	\$ 54,601
Fiscal year claims and changes in estimates	21,247	14,091
Claims payments	<u>(14,091)</u>	<u>(54,601)</u>
Claims payable, end of year	<u>\$ 21,247</u>	<u>\$ 14,091</u>

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

The following represents summary audited financial information of ABAG Plan Corporation and the ABAG Workers' Compensation Pool Insurance Authority for the fiscal year ended June 30, 2011 (most recent available):

	<u>Plan Corporation</u>	<u>Comp Shared Risk Pool</u>
Total Assets	\$ 47,150,382	\$ 3,725,493
Total Liabilities	<u>20,617,172</u>	<u>624,353</u>
Net Assets	<u>\$ 26,533,210</u>	<u>\$ 3,101,140</u>
Total Revenues	\$ 9,672,545	\$ 580,664
Total Expenses	<u>14,935,442</u>	<u>331,806</u>
Net Increase in Net Assets	<u>\$ (5,262,897)</u>	<u>\$ 248,858</u>

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

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 - RETIREMENT PLANS

Pension Plan

Plan Description - The City contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan. CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS act as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95811.

Funding Policy - The City employer is required to contribute an actuarially determined rate of annual covered payroll for its miscellaneous employees (12.856 percent for fiscal year 2011/12). Active plan members are required by State statute to contribute 7 percent of their annual covered salary. In past years, the City employer contributed this required amount on behalf of City employees. As a result of labor negotiations during fiscal year 2011/12, employees began to contribute the 7 percent of annual salary. The City paid employee contribution of \$69,643 for the year ended June 30, 2012 was contributed prior to the labor negotiation revision.

Annual Pension Cost - For fiscal year 2011/12, the City's annual pension cost was \$616,323. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent (7.75%) investment rate of return (net of administrative expenses), (b) projected annual salary increases ranging from 3.25 percent to 14.45 percent for miscellaneous employees depending on age, service, and type of employment, and (c) 3.25 percent per year payroll growth adjustments. Both (a) and (b) included an inflation component of 3.00 percent. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. CalPERS unfunded actuarial accrued liability (or surplus) is amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2008, was 30 years for miscellaneous employees for prior and current service unfunded liability.

THREE-YEAR ANNUAL PENSION COSTS TREND INFORMATION FOR CALPERS

Fiscal Year	Annual Pension Cost (APC)	APC Contributed	Net Pension Obligation
2010	\$ 564,855	100%	\$ -
2011	579,256	100%	\$ -
2012	616,323	100%	\$ -

Required Supplementary Information

In 2004, CalPERS established a risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations are performed with other participants within the same risk pool. Stand alone information of the Schedule of the Funding Progress for the City is no longer available.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8 - NET ASSETS

A. Investment in Capital Assets, Net of Related Debt

As of June 30, 2012, the investment in capital assets, net of related debt consisted of the following:

Capital Assets, Net	\$ 123,196,676
2011 General Obligation Library Bonds	<u>(11,995,000)</u>
Investment in Capital Assets, Net of Related Debt	<u>\$ 111,201,676</u>

B. Restricted Net Assets

As of June 30, 2012, the restricted net assets consisted of the following:

	Restricted For			Total
	Environmental Services	Special Assessments	Debt Service	
Restricted Net Assets	\$ 513,182	\$ 562,504	\$ 862,415	\$ 1,938,101

NOTE 9 - JOINT POWERS AGREEMENTS

The City is a member of several Joint Power Agreements, as follows:

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

The West Valley Solid Waste Management Joint Powers Authority consists of the west valley cities of Campbell, Los Gatos, Monte Sereno, and Saratoga. The JPA was formed to coordinate efforts in carrying out solid waste collection and disposal activities, and in meeting the mandates of AB939, the States' Integrated Waste Management Act.

The Silicon Valley Regional Interoperability Authority (SVRIA) consists of Silicon Valley agencies formed to coordinate the design and implementation of an interoperable public safety communication system.

The Santa Clara County Library System JPA consists of various member agencies as a policy making and governing body of the County's library system.

These JPA's are governed by boards consisting of representatives from their members. The boards control the operations of each JPA, including selection of management and approval of operating budgets, independent of any influence by its members beyond their representation on the board.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10 - EXCESS EXPENDITURES OVER APPROPRIATIONS

There were no excess of expenditures over appropriations in individual funds during fiscal year 2011/12.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

A. Lawsuits

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

B. Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. For Federal programs, the City reached the level of qualifying cost during the current fiscal year so a single audit was required. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

CITY OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

C. Commitments

The City had several outstanding contracts or planned construction projects as of June 30, 2012. These projects are evidenced by contractual commitments with contractors and include:

<u>Vendor</u>	<u>Original commitment</u>	<u>Commitment Remaining</u>
Atkinson, Andelson, Loya, Ruud & Romo	\$ 20,000	\$ 9,999
Central California Solar	228,808	113,808
David J. Powers & Associates	135,195	75,786
Duran & Venables, Inc.	29,718	29,718
George Bianchi Construction	46,506	11,301
Granite Rock Company	345,880	345,880
Labor Consultants of CA	8,125	5,313
Mark Thomas & Company	11,070	2,016
REJ Electric Co.	30,513	8,913
Sanchez Electric, Inc.	23,500	11,750
Steve Benzing Architect	3,500	1,925
Testing Engineers	6,000	5,200
Tuff Shed, Inc.	9,840	9,840
Vavrinek, Trine, Day & Co.	43,350	26,475
	<u>\$ 942,005</u>	<u>\$ 657,924</u>

As of June 30, 2012, in the opinion of City management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.



REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF SARATOGA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 - BUDGETARY INFORMATION

The following is the budget comparison schedules for General Fund.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 7,973,300	\$ 7,973,300	\$ 8,272,456	\$ 299,156
Special assessments	5,750	5,750	7,490	1,740
Sales taxes	1,025,000	1,025,000	1,100,489	75,489
Other local taxes	565,000	565,000	683,383	118,383
Licenses & permits	986,665	986,665	1,184,099	197,434
Fines & forfeitures	307,550	307,550	233,708	(73,842)
Intergovernmental - state	265,000	285,140	232,505	(52,635)
Intergovernmental - other	33,000	33,000	42,343	9,343
Franchise fees	1,695,000	1,695,000	1,852,390	157,390
Use of money & property	515,302	515,302	552,672	37,370
Other revenue	1,743,281	2,011,187	2,069,096	57,909
Total revenues	<u>15,114,848</u>	<u>15,402,894</u>	<u>16,230,631</u>	<u>827,737</u>
EXPENDITURES:				
Current:				
General and intergovernmental services	3,257,349	3,313,349	2,924,958	388,391
Public safety	4,326,360	4,326,360	4,310,113	16,247
Public works	4,410,350	4,415,350	4,318,432	96,918
Community services	1,340,872	1,340,872	1,269,497	71,375
Community development services	2,057,417	2,057,517	1,887,796	169,721
Total expenditures	<u>15,392,348</u>	<u>15,453,448</u>	<u>14,710,796</u>	<u>742,652</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(277,500)</u>	<u>(50,554)</u>	<u>1,519,835</u>	<u>1,570,389</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	134,550	205,222	205,222	-
Transfers out	(260,000)	(280,000)	(280,000)	-
Total other financing sources (uses)	<u>(125,450)</u>	<u>(74,778)</u>	<u>(74,778)</u>	<u>-</u>
Net change in fund balances	<u>\$ (402,950)</u>	<u>\$ (125,332)</u>	<u>1,445,057</u>	<u>\$ 1,570,389</u>
FUND BALANCES:				
Beginning of year			7,484,064	
End of year			<u>\$ 8,929,121</u>	

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Operating and Capital Budgets assure the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

**CITY OF SARATOGA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

The annual budgets are adopted for the period of July 1 to June 30, and prepared to accurately and openly communicate service and infrastructure priorities to the community, businesses, vendors, employees, and other public agencies. The Annual Operating Budget is developed on a program basis for all funds with fund level authority. It establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance. The City adopts an annual budget for the capital projects as part of adopting the five-year Capital Improvement Plan. The annual capital budget is adopted on a project-by-project basis.

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

- a. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating and capital budgets include proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. The budgets are legally enacted through the passage of a resolution.
- d. For the Operating Budget, the City Manager may authorize transfers of budget amounts within a fund. However, any revisions that increase the total budgeted expenditures of any fund must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level without City Council approval.
- e. As Capital Projects are adopted on a project basis, the City Council must approve increases or decreases of budgeted amounts or changes in project scope. Upon project completion, immaterial amounts are transferred to ongoing maintenance projects within the capital program. If remaining project funds are material, the project balance is brought back to Council for approval to transfer.
- f. Formal budgetary integration in the form of legally adopted budgets is employed as a management control device for all funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted expenditures reported are as amended by supplemental appropriations of the City Council.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, Internal Service, and Capital funds. Unexpended and unencumbered appropriations automatically lapse at the end of the fiscal year.

**CITY OF SARATOGA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 2 - MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets that allow the City to function and those resources utilized primarily by the public which provide future economic benefits for a minimum of two years. Infrastructure can be defined as assets that are immovable and of value only to the government. Major infrastructure includes the street system, park and recreation lands and improvements; storm water conveyance and drainage systems, and buildings combined with site amenities such as parking and landscaping areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Streets Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The City commissioned a physical assessment of the streets conditions with the final report received March 30, 2011. The study assists the City by providing current inspection data used to evaluate current pavement condition. This helps to maintain a City-defined desirable level of pavement performance while optimizing the expenditure of limited fiscal resources. The entire pavement network within the City is composed of approximately 140 centerline miles of paved surfaces. The City's road system can be grouped by function class and includes 23.4 centerline miles of arterial, 23.5 centerline miles of collector, and 93.3 miles as residential.

A visual survey of all pavement segments was conducted to assess the existing surface condition of each of the individual pavement segments. Upon completion of the study, a Pavement Condition Index (PCI) was calculated for each segment in the City's pavement network to reflect the overall pavement condition. Rating between 0 and 100, a PCI of 0 would correspond to a badly deteriorated pavement with virtually no remaining life. A PCI of 100 would correspond to a pavement with proper engineering design and construction at the beginning of its life cycle. The assessment study was conducted during November, 2010.

**CITY OF SARATOGA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

The following conditions were defined:

<u>Condition</u>	<u>Rating</u>
Excellent	80 - 100
Very Good	70 - 79
Good	50 - 69
Poor	25 - 49
Very Poor	0 - 24

The City's policy is to achieve an average rating of 70 for all streets, which is a very good rating. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of June 30, 2012, the City's street system was rated at a PCI index of 76 on the average with the detail condition as follows:

<u>Condition</u>	<u>Percent of Streets</u>
Excellent	8%
Very Good	75%
Good	14%
Poor	3%
Very Poor	0%

The City expended \$2,856,603 on street maintenance for the year ended June 30, 2012. These routine maintenance expenditures delayed deterioration. The budget required to maintain and improve the current level of overall condition through the year 2017 is a minimum of \$1,000,000. Approximately \$2,500,000 is the projected budget for fiscal year 2012/13.

A schedule of estimated annual amount calculated to maintain and preserve its streets at the current level compared to actual expenditures for street maintenance for the last ten years is presented below:

<u>Fiscal Year</u>	<u>Budget</u>	<u>Actual Expenditures</u>	<u>Funded By</u>		<u>Total Funded</u>	<u>PCI Index</u>
			<u>Other Sources</u>	<u>Gas Tax Fund</u>		
2002-03	\$ 2,207,922	\$ 1,553,674	\$ 974,514	\$ 579,160	\$ 1,553,674	-
2003-04	1,961,844	1,489,667	907,327	582,340	1,489,667	-
2004-05	1,800,000	2,609,648	1,478,216	1,131,432	2,609,648	70
2005-06	1,156,547	1,030,382	353,652	676,730	1,030,382	70
2006-07	2,026,404	1,156,889	19,899	970,818	990,717	70
2007-08	2,246,152	1,691,466	1,252,709	438,757	1,691,466	70
2008-09	2,680,504	1,574,485	1,148,650	425,835	1,574,485	70
2009-10	1,811,130	771,386	575,710	195,676	771,386	70
2010-11	4,770,782	1,847,221	1,449,686	397,535	1,847,221	76
2011-12	4,683,078	2,856,603	1,622,401	1,234,202	2,856,603	76

**CITY OF SARATOGA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

As of June 2012, approximately 17 percent of the City's streets were rated below the average standard of 70. The City will continue to rehabilitate these segments of the streets. Total deficiencies (deferred maintenance) identified in the Pavement Management System Report at the end of a five-year period (2013-2017) amounted to approximately \$11,000,000 for all streets and are expected to be rehabilitated with a minimum annual budget of \$1,000,000.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Lighting and Landscape Assessment District Funds – These funds account for revenues and expenditures associated with maintaining the City’s 25 Landscape and Lighting districts which were approved by consent of property owners living along or within the boundaries of the Districts.

Debt Service Fund

Library Bond - Santa Clara County general obligation bond tax revenues are accumulated in this fund to pay annual principal and interest payments on the voter approved 2001 Library Improvement Bond.

**CITY OF SARATOGA
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Special Revenue	Debt Service	
	Lighting and Landscaping Assessment District	Library Bond	Total Other Governmental Funds
ASSETS			
Cash and investments	\$ 597,987	\$ 859,823	\$ 1,457,810
Receivables:			
Accounts	826	2,378	3,204
Interest	476	540	1,016
Total assets	<u>\$ 599,289</u>	<u>\$ 862,741</u>	<u>\$ 1,462,030</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 36,785	\$ 326	\$ 37,111
Deferred revenue	-	-	-
Total liabilities	<u>36,785</u>	<u>326</u>	<u>37,111</u>
Fund Balances:			
Restricted:			
Special revenue funds	562,504	-	562,504
Debt service	-	862,415	862,415
Total fund balances	<u>562,504</u>	<u>862,415</u>	<u>1,424,919</u>
Total liabilities and fund balances	<u>\$ 599,289</u>	<u>\$ 862,741</u>	<u>\$ 1,462,030</u>

**CITY OF SARATOGA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue	Debt Service	Total Other Governmental Funds
	Lighting and Landscaping Assessment District	Library Bond	
REVENUES:			
Property taxes	\$ 184,242	\$ -	\$ 184,242
Special assessment	304,840	930,485	1,235,325
Use of money and property	2,159	2,093	4,252
Total revenues	<u>491,241</u>	<u>932,578</u>	<u>1,423,819</u>
EXPENDITURES:			
Current:			
General and ingov't services	-	219,738	219,738
Public works	432,862	-	432,862
Debt service:			
Principal	-	370,000	370,000
Interest and fiscal charges	-	550,820	550,820
Total expenditures	<u>432,862</u>	<u>1,140,558</u>	<u>1,573,420</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>58,379</u>	<u>(207,980)</u>	<u>(149,601)</u>
OTHER FINANCING (USES):			
Refunded bond proceeds	-	11,995,000	11,995,000
Payment for refunded bonds	-	(12,235,000)	(12,235,000)
Net original issue premium	-	459,738	459,738
Total other financing sources (uses)	<u>-</u>	<u>219,738</u>	<u>219,738</u>
Net change in fund balances	58,379	11,758	70,137
FUND BALANCES:			
Beginning of year	504,125	850,657	1,354,782
End of year	<u>\$ 562,504</u>	<u>\$ 862,415</u>	<u>\$ 1,424,919</u>

**CITY OF SARATOGA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses & permits	\$ 334,000	\$ 334,000	\$ 543,714	\$ 209,714
Fines & forfeitures	-	-	300	300
Intergovernmental - federal	5,725,139	5,849,893	1,915,187	(3,934,706)
Intergovernmental - state	1,269,201	1,148,484	1,495,452	346,968
Intergovernmental - other	66,000	185,469	30,531	(154,938)
Use of money and property	30,000	30,000	32,190	2,190
Other revenue	357,745	360,245	130,579	(229,666)
Total revenues	<u>7,782,085</u>	<u>7,908,091</u>	<u>4,147,953</u>	<u>(3,760,138)</u>
EXPENDITURES:				
Capital outlay	12,085,444	12,354,537	5,178,900	7,175,637
Total expenditures	<u>12,085,444</u>	<u>12,354,537</u>	<u>5,178,900</u>	<u>7,175,637</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,303,359)</u>	<u>(4,446,446)</u>	<u>(1,030,947)</u>	<u>3,415,499</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	411,706	305,000	304,963	(37)
Transfers out	(106,000)	(205,222)	(205,222)	-
Total other financing sources (uses)	<u>305,706</u>	<u>99,778</u>	<u>99,741</u>	<u>(37)</u>
Net change in fund balances	<u>\$ (3,997,653)</u>	<u>\$ (4,346,668)</u>	<u>(931,206)</u>	<u>\$ 3,415,462</u>
FUND BALANCES:				
Beginning of year			4,475,411	
End of year			<u>\$ 3,544,205</u>	

**CITY OF SARATOGA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 LIGHTING & LANDSCAPING ASSESSMENT DISTRICT SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 176,100	\$ 176,100	\$ 184,242	\$ 8,142
Special assessments	308,150	308,150	304,840	(3,310)
Use of money and property	2,145	2,145	2,159	14
Total revenues	<u>486,395</u>	<u>486,395</u>	<u>491,241</u>	<u>4,846</u>
EXPENDITURES:				
Current:				
Public works	<u>641,518</u>	<u>641,518</u>	<u>432,862</u>	<u>208,656</u>
Total expenditures	<u>641,518</u>	<u>641,518</u>	<u>432,862</u>	<u>208,656</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(155,123)</u>	<u>(155,123)</u>	<u>58,379</u>	<u>213,502</u>
Net change in fund balances	<u>\$ (155,123)</u>	<u>\$ (155,123)</u>	<u>58,379</u>	<u>\$ 213,502</u>
FUND BALANCES:				
Beginning of year			<u>504,125</u>	
End of year			<u>\$ 562,504</u>	

**CITY OF SARATOGA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY BOND DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 950,000	\$ 950,000	\$ 930,485	\$ (19,515)
Use of money and property	3,600	3,600	2,093	(1,507)
Total revenues	<u>953,600</u>	<u>953,600</u>	<u>932,578</u>	<u>(21,022)</u>
EXPENDITURES:				
Debt service:				
General and ingov't services	-	-	219,738	(219,738)
Principal	370,000	370,000	370,000	-
Interest and fiscal charges	677,556	677,556	550,820	126,736
Total expenditures	<u>1,047,556</u>	<u>1,047,556</u>	<u>1,140,558</u>	<u>(93,002)</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>(93,956)</u>	<u>(93,956)</u>	<u>(207,980)</u>	<u>(114,024)</u>
OTHER FINANCING SOURCES (USES):				
Refunded bond proceeds	-	-	11,995,000	11,995,000
Payment for refunded bonds	-	-	(12,235,000)	(12,235,000)
Net original issue premium	-	-	459,738	459,738
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>219,738</u>	<u>219,738</u>
Net change in fund balances	<u>\$ (93,956)</u>	<u>\$ (93,956)</u>	<u>11,758</u>	<u>\$ 105,714</u>
FUND BALANCES:				
Beginning of year			<u>850,657</u>	
End of year			<u>\$ 862,415</u>	

INTERNAL SERVICE FUNDS

Liability/Risk Management Insurance Fund – Accounts for insurance premiums, self-insurance portion of claims, and administrative cost associated with settling claims. Charges made to operating departments are based on 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.

Information Technology Services Fund – Supports the delivery of technology based services and infrastructure, including desktop support, network systems, technology upgrades and initiatives, community systems, and associated information technology equipment.

Vehicle & Equipment Maintenance Fund – Accounts for the cost of operating and maintaining automotive equipment used for service operations in various City departments.

Building Maintenance Fund – Accounts for operating costs associated with building maintenance. Expenses include 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 program over the asset's life span, reflective of usage.

Information Technology Equipment Replacement Fund – Established to accumulate funding for the replacement of information technology equipment. Replacement costs are charged to departments over the asset's lifespan, reflective of usage.

**CITY OF SARATOGA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Liability / Risk Management	Workers' Compensation	Office Stores
ASSETS			
Current assets:			
Cash and investments	\$ 126,609	\$ 232,580	\$ 14,851
Accounts receivable	30,474	-	-
Total current assets	<u>157,083</u>	<u>232,580</u>	<u>14,851</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	-	-	-
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>157,083</u>	<u>232,580</u>	<u>14,851</u>
LIABILITIES			
Liabilities:			
Current assets:			
Accounts payable	286	445	3,631
Accrued payroll	793	169	-
Claims payable	<u>21,247</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>22,326</u>	<u>614</u>	<u>3,631</u>
NET ASSETS			
Investment in capital assets	-	-	-
Unrestricted	<u>134,757</u>	<u>231,966</u>	<u>11,220</u>
Total net assets	<u>\$ 134,757</u>	<u>\$ 231,966</u>	<u>\$ 11,220</u>

<u>Information Technology Services</u>	<u>Vehicle and Equipment Maintenance</u>	<u>Building Maintenance</u>	<u>Vehicle and Equipment Replacement</u>	<u>Technology Equipment Replacement</u>	<u>Total</u>
\$ 268,602	\$ 33,678	\$ 242,778	\$ 437,089	\$ 160,312	\$ 1,516,499
-	-	-	-	-	30,474
<u>268,602</u>	<u>33,678</u>	<u>242,778</u>	<u>437,089</u>	<u>160,312</u>	<u>1,546,973</u>
-	-	-	633,819	90,240	724,059
-	-	-	(567,670)	(90,240)	(657,910)
-	-	-	66,149	-	66,149
<u>268,602</u>	<u>33,678</u>	<u>242,778</u>	<u>503,238</u>	<u>160,312</u>	<u>1,613,122</u>
7,807	9,395	34,671	-	3,553	59,788
4,094	1,252	7,181	-	-	13,489
-	-	-	-	-	21,247
<u>11,901</u>	<u>10,647</u>	<u>41,852</u>	<u>-</u>	<u>3,553</u>	<u>94,524</u>
-	-	-	66,149	-	66,149
256,701	23,031	200,926	437,089	156,759	1,452,449
<u>\$ 256,701</u>	<u>\$ 23,031</u>	<u>\$ 200,926</u>	<u>\$ 503,238</u>	<u>\$ 156,759</u>	<u>\$ 1,518,598</u>

**CITY OF SARATOGA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

	Liability / Risk Management	Workers' Compensation	Office Stores
Operating revenues:			
Charges for services	\$ 300,000	\$ 215,000	\$ 40,000
Other operating revenues	<u>52,454</u>	<u>4,287</u>	<u>10,625</u>
Total operating revenues	<u>352,454</u>	<u>219,287</u>	<u>50,625</u>
Operating expenses:			
Cost of services	-	-	-
Administration	352,603	211,425	55,236
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>352,603</u>	<u>211,425</u>	<u>55,236</u>
Operating income	<u>(149)</u>	<u>7,862</u>	<u>(4,611)</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(149)	7,862	(4,611)
Total net assets - beginning	<u>134,906</u>	<u>224,104</u>	<u>15,831</u>
Total net assets - ending	<u>\$ 134,757</u>	<u>\$ 231,966</u>	<u>\$ 11,220</u>

Information Technology Services	Vehicle and Equipment Maintenance	Building Maintenance	Vehicle and Equipment Replacement	Technology Equipment Replacement	Total
\$ 400,000	\$ 200,000	\$ 725,000	\$ 100,000	\$ 50,000	\$ 2,030,000
-	-	-	15,716	-	83,082
<u>400,000</u>	<u>200,000</u>	<u>725,000</u>	<u>115,716</u>	<u>50,000</u>	<u>2,113,082</u>
-	219,786	732,592	-	53,845	1,006,223
374,362	-	-	-	-	993,626
-	-	-	85,390	9,024	94,414
<u>374,362</u>	<u>219,786</u>	<u>732,592</u>	<u>85,390</u>	<u>62,869</u>	<u>2,094,263</u>
<u>25,638</u>	<u>(19,786)</u>	<u>(7,592)</u>	<u>30,326</u>	<u>(12,869)</u>	<u>18,819</u>
-	-	-	-	(24,963)	(24,963)
25,638	(19,786)	(7,592)	30,326	(37,832)	(6,144)
<u>231,063</u>	<u>42,817</u>	<u>208,518</u>	<u>472,912</u>	<u>194,591</u>	<u>1,524,742</u>
<u>\$ 256,701</u>	<u>\$ 23,031</u>	<u>\$ 200,926</u>	<u>\$ 503,238</u>	<u>\$ 156,759</u>	<u>\$ 1,518,598</u>

**CITY OF SARATOGA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

	Liability / Risk Management	Workers' Compensation	Office Stores
Cash flows from operating activities:			
Receipts from customers and users	\$ 321,980	\$ 219,287	\$ 50,625
Payments to suppliers	(301,527)	(200,944)	(57,474)
Payments to employees	(43,547)	(10,502)	-
Net cash provided by operating activities	<u>(23,094)</u>	<u>7,841</u>	<u>(6,849)</u>
Cash flows from noncapital financing activities:			
Transfers out	-	-	-
Net cash used in nonoperating activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital activities:			
Acquisition of capital assets	-	-	-
Net cash used for acquisition of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(23,094)	7,841	(6,849)
Cash and cash equivalents, beginning of year	149,703	224,739	21,700
Cash and cash equivalents, ending of year	<u>\$ 126,609</u>	<u>\$ 232,580</u>	<u>\$ 14,851</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (149)	\$ 7,862	\$ (4,611)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	-	-
Change in operating assets and liabilities:			
(Increase) in accounts receivables	(30,474)	-	-
(Decrease) increase in accounts payable	286	86	(2,238)
Increase in claims payable	7,156	-	-
(Decrease) increase in accrued payroll	87	(107)	-
Net cash provided (used) by operating activities	<u>\$ (23,094)</u>	<u>\$ 7,841</u>	<u>\$ (6,849)</u>

Information Technology Services	Vehicle and Equipment Maintenance	Building Maintenance	Vehicle and Equipment Replacement	Information Technology Equipment Replacement	Total
\$ 400,000	\$ 200,000	\$ 725,000	\$ 115,716	\$ 50,000	\$ 2,082,608
(172,744)	(144,408)	(281,199)	(1,579)	(50,292)	(1,210,167)
(205,578)	(74,973)	(441,817)	-	-	(776,417)
21,678	(19,381)	1,984	114,137	(292)	96,024
-	-	-	-	(24,963)	(24,963)
-	-	-	-	(24,963)	(24,963)
-	-	-	(10,000)	-	(10,000)
-	-	-	(10,000)	-	(10,000)
21,678	(19,381)	1,984	104,137	(25,255)	61,061
246,924	53,059	240,794	332,952	185,567	1,455,438
<u>\$ 268,602</u>	<u>\$ 33,678</u>	<u>\$ 242,778</u>	<u>\$ 437,089</u>	<u>\$ 160,312</u>	<u>\$ 1,516,499</u>
\$ 25,638	\$ (19,786)	\$ (7,592)	\$ 30,326	\$ (12,869)	\$ 18,819
-	-	-	85,390	9,024	94,414
-	-	-	-	-	(30,474)
(4,474)	689	9,830	(1,579)	3,553	6,153
-	-	-	-	-	7,156
514	(284)	(254)	-	-	(44)
<u>\$ 21,678</u>	<u>\$ (19,381)</u>	<u>\$ 1,984</u>	<u>\$ 114,137</u>	<u>\$ (292)</u>	<u>\$ 96,024</u>

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**CAPITAL ASSETS
USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

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**CITY OF SARATOGA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULE BY SOURCE
 JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Governmental Funds Capital Assets:		
Land and land improvements	\$ 14,510,401	\$ 13,135,756
Buildings and structures	23,611,590	23,462,738
Machinery and equipment	1,698,723	1,773,286
Infrastructure	104,928,913	104,903,913
Construction in progress	<u>7,166,953</u>	<u>6,248,294</u>
Total Governmental Funds Capital Assets	151,916,580	149,523,987
Accumulated depreciation	<u>(28,786,053)</u>	<u>(27,053,663)</u>
Total Governmental Funds Capital Assets, Net	<u><u>\$ 123,130,527</u></u>	<u><u>\$ 122,470,324</u></u>

Investments in Governmental Funds

Capital Assets by Source:

General Fund	\$ 115,440,255	\$ 115,548,433
Special revenue funds	960,972	974,487
Capital projects funds	34,668,005	32,903,719
Donations	847,348	97,348
Accumulated depreciation	<u>(28,786,053)</u>	<u>(27,053,663)</u>
Total Governmental Funds Capital Assets	<u><u>\$ 123,130,527</u></u>	<u><u>\$ 122,470,324</u></u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**CITY OF SARATOGA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
JUNE 30, 2012**

Function and Activity	<u>Land and Land Improvements</u>	<u>Buildings and Structures</u>
General and intergovernmental services:		
Management services	\$ -	\$ 564,632
Administrative services	-	167,585
Intergovernmental services	<u>118,184</u>	<u>3,138,641</u>
Total General and Intergovernmental Services:	<u>118,184</u>	<u>3,870,858</u>
Public safety:		
Police services	-	-
Code enforcement	<u>-</u>	<u>-</u>
Total Public Safety:	<u>-</u>	<u>-</u>
Public works:		
Streets and sidewalks	835,154	30,628
Parks/open space	<u>2,637,061</u>	<u>2,679,107</u>
Total Public Works:	<u>3,472,215</u>	<u>2,709,735</u>
Community services	9,177,538	2,716,098
Community development services	<u>1,742,464</u>	<u>14,314,899</u>
Total Governmental Funds Capital Assets	14,510,401	23,611,590
Accumulated depreciation	<u>-</u>	<u>(6,641,759)</u>
Total Governmental Funds Capital Assets, Net	<u>\$ 14,510,401</u>	<u>\$ 16,969,831</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Machinery and Equipment	Infrastructure	Construction in Progress	Total
\$ 553,507	\$ -	\$ 216,994	\$ 1,335,133
140,332	-	-	307,917
22,225	-	-	3,279,050
<u>716,064</u>	<u>-</u>	<u>216,994</u>	<u>4,922,100</u>
29,459	-	-	29,459
7,548	-	-	7,548
<u>37,007</u>	<u>-</u>	<u>-</u>	<u>37,007</u>
437,835	104,845,895	3,334,308	109,483,820
222,596	-	107,580	5,646,344
<u>660,431</u>	<u>104,845,895</u>	<u>3,441,888</u>	<u>115,130,164</u>
268,589	83,017	3,460,815	15,706,057
16,632	-	47,256	16,121,251
1,698,723	104,928,912	7,166,953	151,916,579
<u>(1,160,737)</u>	<u>(20,983,556)</u>	<u>-</u>	<u>(28,786,052)</u>
<u>\$ 537,986</u>	<u>\$ 83,945,356</u>	<u>\$ 7,166,953</u>	<u>\$ 123,130,527</u>

CITY OF SARATOGA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGE BY FUNCTION AND ACTIVITY
JUNE 30, 2012

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	July 1, 2011	Additions	Deletions	June 30, 2012
General and intergovernmental services:				
Management services	\$ 1,141,732	\$ 193,401	\$ -	\$ 1,335,133
Administrative services	297,075	10,842	-	307,917
Intergovernmental services	3,304,384	-	(25,334)	3,279,050
Total General and Intergovernmental Services:	4,743,191	204,243	(25,334)	4,922,100
Public safety:				
Police services	27,813	1,646	-	29,459
Code enforcement	7,548	-	-	7,548
Total Public Safety:	35,361	1,646	-	37,007
Public works:				
Streets and sidewalks	109,218,352	311,265	(45,797)	109,483,820
Parks/open space	5,606,522	87,709	(47,887)	5,646,344
Total Public Works:	114,824,874	398,974	(93,684)	115,130,164
Community services	13,790,713	1,915,344	-	15,706,057
Community development services	16,129,847	4,920	(13,516)	16,121,251
Total Governmental Funds Capital Assets	149,523,986	2,525,127	(132,534)	151,916,579
Accumulated depreciation	(27,053,662)	(1,864,924)	132,534	(28,786,052)
Total Governmental Funds Capital Assets, Net	\$ 122,470,324	\$ 660,203	\$ -	\$ 123,130,527

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.



STATISTICAL SECTION

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This part of the City of Saratoga's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well being have changed over time.	84-89
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source; property tax.	90-99
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	100-106
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	107-108
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	110-115

The City of Saratoga implemented GASB Statement No. 34 in fiscal year 2001/02; schedules presenting government-wide information include information beginning in that year.

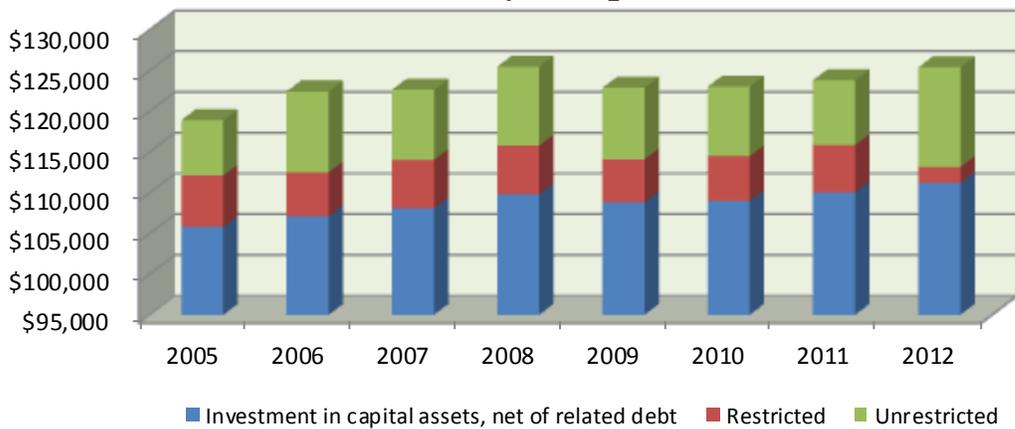
The City of Saratoga implemented GASB Statement No. 44 in fiscal year 2007/08; newly required schedules presenting information in the Statistical Section include the earliest available information.

**CITY OF SARATOGA
NET ASSETS BY COMPONENT
LAST EIGHT YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

(amounts expressed in thousands)

	Fiscal Year			
	2005	2006	2007	2008
Primary government				
Governmental activities				
Investment in capital assets, net of related debt	\$ 105,784	\$ 107,100	\$ 108,102	\$ 109,818
Restricted	6,328	5,370	5,928	5,940
Unrestricted	6,789	9,955	8,593	9,710
Total primary government	<u>\$ 118,901</u>	<u>\$ 122,425</u>	<u>\$ 122,623</u>	<u>\$ 125,468</u>

Net Assets by Component



Source: CAFR

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 108,818	\$ 108,966	\$ 110,016	\$ 111,201
5,281	5,519	5,830	1,938
8,759	8,533	7,964	12,248
<u>\$ 122,858</u>	<u>\$ 123,018</u>	<u>\$ 123,810</u>	<u>\$ 125,387</u>

**CITY OF SARATOGA
CHANGES IN NET ASSETS
LAST EIGHT YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

(amounts expressed in thousands)

	Fiscal Year			
	2005	2006	2007	2008
Expenses:				
Governmental activities:				
General and intergovernmental services	\$ 4,160	\$ 3,473	\$ 4,532	\$ 6,293
Public safety	3,736	3,427	3,844	4,166
Public works	3,829	4,752	6,425	5,325
Community services	1,929	1,395	1,437	1,286
Community development services	2,349	2,226	1,993	2,032
Interest on long-term debt (unallocated)	760	754	768	714
Total governmental activities expenses	<u>16,763</u>	<u>16,027</u>	<u>18,999</u>	<u>19,816</u>
Program revenues:				
Charges for services:				
General and intergovernmental services	-	31	452	1,787
Public safety	141	122	-	411
Public works	1,988	1,890	528	1,705
Community services	757	1,008	604	911
Community development services	1,890	2,665	1,328	2,110
Operating grants and contributions	1,218	1,549	2,155	151
Capital grants and contributions	865	1,568	1,282	1,715
Total governmental activities program revenue	<u>6,859</u>	<u>8,833</u>	<u>6,349</u>	<u>8,790</u>
Net (expense) revenue and change in net assets	<u>(9,904)</u>	<u>(7,194)</u>	<u>(12,650)</u>	<u>(11,026)</u>
General revenue and other changes in net assets				
Taxes:				
Property taxes	4,841	5,652	5,772	8,099
Sales taxes	1,011	988	995	1,058
Local taxes	1,143	1,288	1,099	694
Franchise taxes	995	1,040	1,187	1,625
Motor vehicle in-lieu	420	718	177	149
Total Taxes	<u>8,410</u>	<u>9,686</u>	<u>9,230</u>	<u>11,625</u>
Intergovernmental	-	-	673	841
Investment earnings	283	709	2,813	1,057
Other revenues	193	323	132	348
Total general revenues	<u>8,886</u>	<u>10,718</u>	<u>12,848</u>	<u>13,871</u>
Change in net assets	(1,018)	3,524	198	2,845
Net assets - beginning of year	119,919	118,901	122,425	122,623
Net assets - end of year	<u>\$ 118,901</u>	<u>\$ 122,425</u>	<u>\$ 122,623</u>	<u>\$ 125,468</u>

Source: CAFR

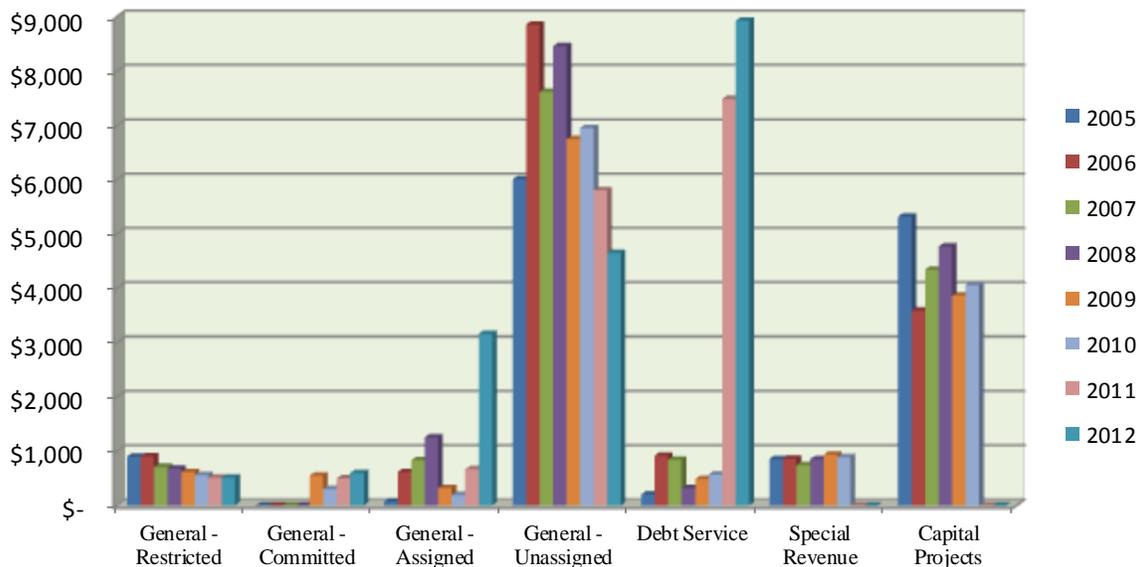
	2009	2010	2011	2012
\$	5,595	\$ 3,729	\$ 4,368	\$ 3,486
	4,211	4,339	4,457	4,300
	7,643	6,535	6,645	9,121
	1,634	1,711	1,846	1,996
	2,000	1,751	1,839	1,553
	697	677	656	453
	<u>21,780</u>	<u>18,742</u>	<u>19,811</u>	<u>20,909</u>
	133	125	171	140
	520	425	561	694
	2,379	2,535	2,771	4,886
	935	917	1,020	1,640
	1,802	1,586	1,734	1,922
	228	275	401	-
	339	674	1,221	-
	<u>6,336</u>	<u>6,537</u>	<u>7,879</u>	<u>9,282</u>
	<u>(15,444)</u>	<u>(12,205)</u>	<u>(11,932)</u>	<u>(11,627)</u>
	8,336	8,371	8,199	8,457
	1,043	955	991	1,101
	663	560	632	683
	1,657	1,664	1,821	1,852
	116	101	146	16
	<u>11,815</u>	<u>11,651</u>	<u>11,789</u>	<u>12,109</u>
	474	522	773	910
	397	101	65	67
	148	91	97	118
	<u>12,834</u>	<u>12,365</u>	<u>12,724</u>	<u>13,204</u>
	(2,610)	160	792	1,577
	<u>125,468</u>	<u>122,858</u>	<u>123,018</u>	<u>123,810</u>
\$	<u>122,858</u>	<u>\$ 123,018</u>	<u>\$ 123,810</u>	<u>\$ 125,387</u>

**CITY OF SARATOGA
 FUND BALANCE OF GOVERNMENTAL FUNDS
 LAST EIGHT YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

(amounts expressed in thousands)

	Fiscal Year			
	2005	2006	2007	2008
General fund:				
Restricted	\$ 899	\$ 910	\$ 711	\$ 679
Committed	-	-	-	-
Assigned	75	615	831	1,258
Unassigned	6,002	8,854	7,619	8,459
Total general fund	<u>\$ 6,976</u>	<u>\$ 10,379</u>	<u>\$ 9,161</u>	<u>\$ 10,396</u>
All other governmental funds:				
Restricted				
Special revenue funds	\$ 202	\$ 919	\$ 844	\$ 318
Debt service	856	865	746	854
Committed				
Capital project funds	5,321	3,586	4,338	4,768
Total all other governmental funds	<u>\$ 6,379</u>	<u>\$ 5,370</u>	<u>\$ 5,928</u>	<u>\$ 5,940</u>

Fund Balances of Governmental Funds



Source: CAFR

Information prior to fiscal year 2011 have been updated to conform with GASB 54 requirements

**CITY OF SARATOGA
 FUND BALANCE OF GOVERNMENTAL FUNDS
 LAST EIGHT YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

2009	2010	2011	2012
\$ 613	\$ 563	\$ 513	\$ 513
550	300	500	600
322	196	667	3,161
6,744	6,952	5,804	4,655
<u>\$ 8,229</u>	<u>\$ 8,011</u>	<u>\$ 7,484</u>	<u>\$ 8,929</u>

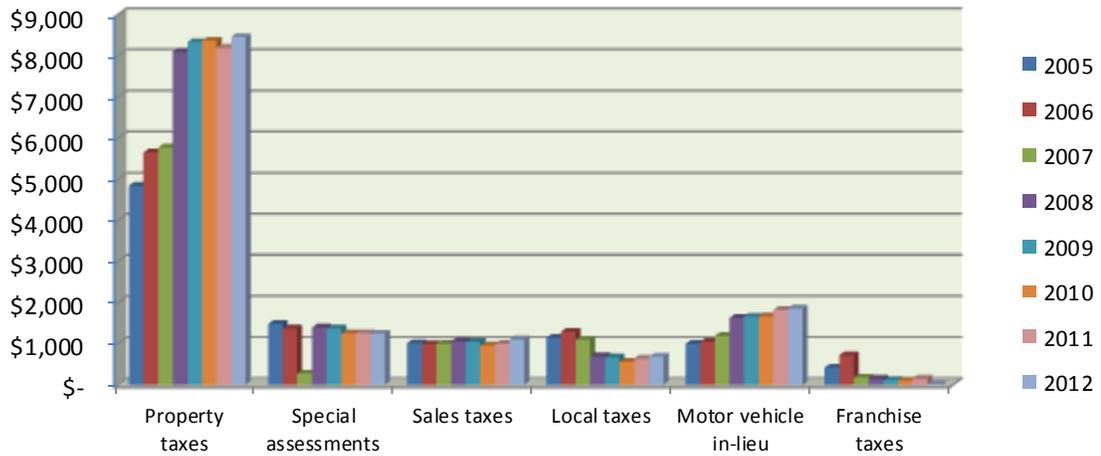
\$ 484	\$ 569	\$ 504	\$ 563
931	893	851	862
3,866	4,057	4,475	3,544
<u>\$ 5,281</u>	<u>\$ 5,519</u>	<u>\$ 5,830</u>	<u>\$ 4,969</u>

**CITY OF SARATOGA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST EIGHT YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

(amounts expressed in thousands)

	Fiscal Year			
	2005	2006	2007	2008
Tax revenues:				
Property taxes	\$ 4,841	\$ 5,652	\$ 5,772	\$ 8,099
Special assessments	1,476	1,369	271	1,392
Sales taxes	1,011	988	995	1,058
Local taxes	1,143	1,288	1,099	694
Franchise taxes	995	1,040	1,187	1,625
Motor vehicle in-lieu	420	718	177	149
Total tax revenues	\$ 9,886	\$ 11,055	\$ 9,501	\$ 13,017

Tax Revenues by Source



Source: CAFR

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 8,336	\$ 8,371	\$ 8,199	\$ 8,457
1,368	1,247	1,255	1,243
1,043	955	991	1,101
663	560	632	683
1,657	1,664	1,821	1,852
116	101	146	16
<u>\$ 13,183</u>	<u>\$ 12,898</u>	<u>\$ 13,044</u>	<u>\$ 13,352</u>

**CITY OF SARATOGA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

(amounts expressed in thousands)

	Fiscal Year			
	2005	2006	2007	2008
Revenues:				
Property taxes	\$ 4,893	\$ 5,652	\$ 4,758	\$ 7,877
Special assessments	1,411	1,370	1,285	1,566
Sales taxes	1,011	987	995	1,058
Other local taxes	851	1,288	1,126	773
Licensed and permits	100	79	1,340	1,671
Fines and forfeitures	162	259	396	344
Intergovernmental - federal	90	-	-	-
Intergovernmental - state	1,375	2,660	3,631	1,641
Intergovernmental - other	671	976	629	777
Franchise fees	1,294	1,041	1,187	1,622
Use of money any property	664	752	2,813	924
Other revenues	153	1,719	151	326
Current services charges	3,093	2,715	900	4,184
Total tax revenues	<u>15,768</u>	<u>19,498</u>	<u>19,211</u>	<u>22,763</u>
Expenditures:				
Current:				
General and intergovernmental services	3,238	3,346	3,806	4,083
Public safety	3,731	3,423	3,824	4,166
Public works	2,599	3,501	5,714	4,717
Community services	1,875	1,210	1,381	1,262
Community development services	1,990	1,847	1,962	2,026
Capital outlay	1,777	2,908	2,130	4,246
Debt service:				
Principal	255	270	280	295
Interest and fiscal charges	766	760	774	721
Total expenditures	<u>16,231</u>	<u>17,265</u>	<u>19,871</u>	<u>21,515</u>
Excess of revenues	(463)	2,233	(660)	1,247
Other financing sources (uses):				
Refunded bond proceeds	-	-	-	-
Payment for refunded bonds	-	-	-	-
Net original issue premium	-	-	-	-
Transfers in	2,492	499	3,422	2,241
Transfers out	(2,492)	(499)	(3,422)	(2,241)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (463)</u>	<u>\$ 2,233</u>	<u>\$ (660)</u>	<u>\$ 1,247</u>
Debt as a percentage of noncapital expenditures	7.06%	7.17%	5.94%	5.62%

Source: CAFR

	2009	2010	2011	2012
\$	8,335	\$ 8,371	\$ 8,199	\$ 8,457
	1,368	1,247	1,255	1,243
	1,043	954	991	1,101
	663	560	632	683
	1,460	1,489	1,950	1,728
	360	359	285	234
	-	430	1,033	1,915
	1,283	1,258	1,480	1,728
	290	258	337	73
	1,657	1,664	1,821	1,852
	794	595	550	589
	1,966	1,794	2,169	2,199
	-	-	-	-
	<u>19,219</u>	<u>18,979</u>	<u>20,702</u>	<u>21,802</u>
	3,330	3,102	3,524	3,145
	4,206	4,349	4,467	4,310
	4,700	4,730	4,717	4,751
	1,424	1,223	1,322	1,269
	2,450	2,111	2,193	1,888
	4,060	2,584	3,704	5,179
	310	330	350	370
	705	685	665	551
	<u>21,185</u>	<u>19,114</u>	<u>20,942</u>	<u>21,463</u>
	(1,966)	(135)	(240)	339
	-	-	-	11,995
	-	-	-	(12,235)
	-	-	-	460
	2,043	1,172	1,725	510
	<u>(2,043)</u>	<u>(1,017)</u>	<u>(1,700)</u>	<u>(485)</u>
	-	155	25	245
\$	<u>(1,966)</u>	<u>\$ 20</u>	<u>\$ (215)</u>	<u>\$ 584</u>
	4.89%	5.80%	5.56%	5.01%

**CITY OF SARATOGA
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
LAST EIGHT YEARS**

(Property Tax Rates per \$100 of Assessed Value)

	Fiscal Year			
	2005	2006	2007	2008
General	1.0000	1.0000	1.0000	1.0000
County Retirement Levy	0.0388	0.0388	0.0388	0.0388
County Library	0.0024	0.0024	0.0024	0.0024
City of Saratoga	0.0148	0.0117	0.0096	0.0113
	<u>1.0560</u>	<u>1.0529</u>	<u>1.0508</u>	<u>1.0525</u>
Campbell School District	0.0529	0.0512	0.0508	0.0475
County Bond 2008 Hospital	0.0000	0.0000	0.0000	0.0000
Campbell Elementary 2002	0.0000	0.0000	0.0000	0.0000
Campbell Elementary 2010	0.0000	0.0000	0.0000	0.0000
Campbell Union High 1999	0.0198	0.0224	0.0198	0.0285
Campbell Union High 2006	0.0000	0.0000	0.0000	0.0000
Cupertino Elementary School District	0.0360	0.0350	0.0289	0.0337
Moreland Elementary School District	0.0612	0.0561	0.0556	0.0569
Saratoga School District	0.0361	0.0356	0.0351	0.0363
Campbell Union High School District	0.0197	0.0224	0.0198	0.0285
Fremont Union High School District	0.0268	0.0260	0.0243	0.0241
Los Gatos-Saratoga Joint Union High School District	0.0409	0.0371	0.0651	0.0345
Foothill-DeAnza Community College District	0.0129	0.0119	0.0346	0.0113
West Valley-Mission Community College District	0.0000	0.0140	0.0126	0.0118
Saratoga Fire District	0.0017	0.0052	0.0049	0.0053
Santa Clara Valley Water District - State Water Project	0.0086	0.0069	0.0070	0.0067
Santa Clara Valley Water District - Zone W-1	0.0006	0.0009	0.0002	0.0040
	<u>0.3172</u>	<u>0.3247</u>	<u>0.3587</u>	<u>0.3291</u>
Total Tax Rate	<u><u>1.3732</u></u>	<u><u>1.3776</u></u>	<u><u>1.4095</u></u>	<u><u>1.3816</u></u>

Source: California Municipal Statistics, Inc.

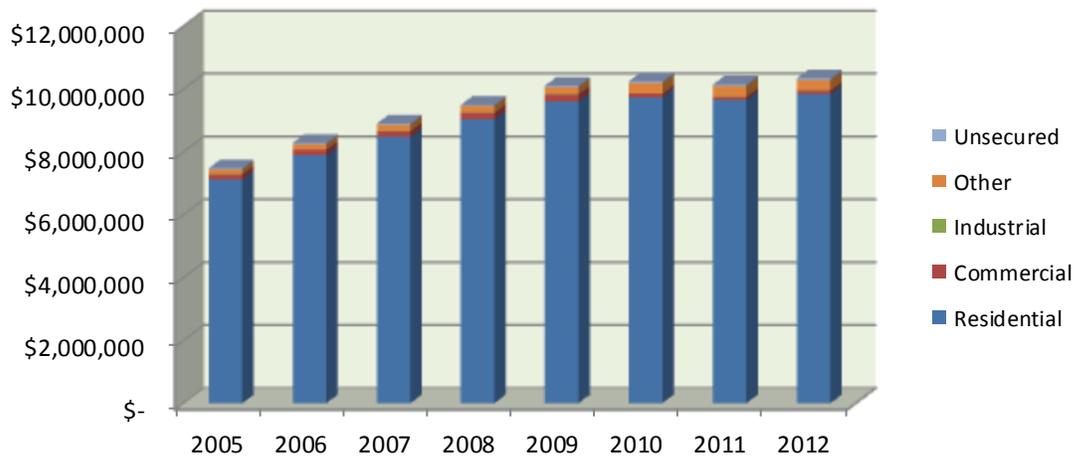
2009	2010	2011	2012
1.0000	1.0000	1.0000	1.0000
0.0388	0.0388	0.0388	0.0388
0.0024	0.0024	0.0024	0.0024
0.0104	0.0094	0.0094	0.0088
1.0516	1.0506	1.0506	1.0500
0.0524	0.0285	0.0249	0.0283
0.0000	0.0122	0.0095	0.0047
0.0000	0.0267	0.0298	0.0266
0.0000	0.0000	0.0005	0.0003
0.0299	0.0183	0.0196	0.0186
0.0000	0.0131	0.0131	0.0156
0.0306	0.0000	0.0000	0.0000
0.0565	0.0000	0.0000	0.0000
0.0363	0.0000	0.0000	0.0000
0.0299	0.0000	0.0000	0.0000
0.0339	0.0000	0.0000	0.0000
0.0330	0.0000	0.0000	0.0000
0.0123	0.0000	0.0000	0.0000
0.0032	0.0140	0.0139	0.0137
0.0053	0.0000	0.0000	0.0000
0.0059	0.0071	0.0070	0.0063
0.0002	0.0300	0.0002	0.0001
0.3294	0.1499	0.1185	0.1142
1.3810	1.2005	1.1691	1.1642

**CITY OF SARATOGA
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST EIGHT YEARS**

(amounts expressed in thousands)

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Total Assessed Property
2005	\$ 7,114,095	\$ 166,071	\$ 8,746	\$ 138,912	\$ 42,965	\$ 7,470,789
2006	7,883,965	177,149	8,921	161,496	46,874	8,278,405
2007	8,467,894	187,142	9,099	192,470	39,764	8,896,369
2008	9,025,628	208,369	9,281	210,269	35,775	9,489,322
2009	9,605,309	213,951	9,467	223,190	43,933	10,095,850
2010	9,724,687	120,769	9,656	327,898	58,210	10,241,220
2011	9,639,782	107,269	9,633	323,881	57,172	10,137,737
2012	9,834,082	111,232	9,706	323,563	55,535	10,334,118

Total Assessed Property



Source: Santa Clara County Assessor data, MuniServices, LLC

Less:	Total Taxable	Total
Tax Exempt	Assessed	Direct
Real Property	Value	Tax
		Rate
\$ (76,932)	\$ 7,393,857	1.0560
(133,951)	8,144,454	1.0529
(140,859)	8,755,510	1.0508
(159,369)	9,329,953	1.0525
(161,488)	9,934,362	1.0516
(230,127)	10,011,093	1.0506
(230,477)	9,907,260	1.0506
(230,868)	10,103,250	1.0500

**CITY OF SARATOGA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND TEN YEARS AGO
 JUNE 30, 2012**

Taxpayer	(amounts expressed in thousands)					
	2012			2002		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Cupertino Village Associates, LLC	\$ 35,069	1	22.83%			
John I. and Michelle Keller	20,459	2	13.32%			
Quito Village Group, LLC	19,143	3	12.46%			
San Jose Water Works	16,593	4	10.80%	\$ 14,002	2	11.82%
Gregpenn Properties, LLC	12,800	5	8.33%			
John M. & Abby J. Sobrato	12,299	6	8.01%	11,730	5	9.90%
Argonaut Associates, LLV	10,564	7	6.88%			
Public Storage Inc.	9,466	8	6.16%	8,209	7	6.93%
Ashok Krishnamurthi	8,880	9	5.78%			
Terri E Morrison	8,306	10	5.41%			
Odd Fellows Home of California						
Saratoga Office Center Partners, LLC				28,000	1	0.26%
Navico Incorporated				12,650	3	10.68%
Michael T Labarbera				12,648	4	10.68%
David House				8,426	6	7.11%
Howell McNeil Devel LLC				8,181	8	6.91%
Vincent R & Susan Borelli				8,160	9	6.89%
David J Morrison Trustee				6,426	10	5.43%
Top Ten Total Assessed Value	<u>\$ 153,579</u>			<u>\$ 118,432</u>		
City Total Assessed Value	<u>\$ 10,103,250</u>			<u>\$ 7,393,858</u>		

Source: Santa Clara County Assessor data, MuniServices, LLC

**CITY OF SARATOGA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST EIGHT YEARS**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage		Amount	Percentage
2005	\$ 4,972,875	\$ 4,972,875	100.0%	\$ -	\$ 4,972,875	100.0%
2006	5,243,038	5,243,038	100.0%	-	5,243,038	100.0%
2007	6,032,558	6,032,558	100.0%	-	6,032,558	100.0%
2008	8,108,364	8,108,364	100.0%	-	8,108,364	100.0%
2009	8,332,184	8,332,184	100.0%	-	8,332,184	100.0%
2010	8,371,396	8,371,396	100.0%	-	8,371,396	100.0%
2011	8,199,341	8,199,341	100.0%	-	8,199,341	100.0%
2012	8,456,687	8,456,687	100.0%	-	8,456,687	100.0%

Source: City of Saratoga

CITY OF SARATOGA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT YEARS

(amounts expressed in thousands, except per capita amounts)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
General obligation bonds	\$ 14,440	\$ 14,170	\$ 13,890	\$ 13,595
Total primary government	<u>\$ 14,440</u>	<u>\$ 14,170</u>	<u>\$ 13,890</u>	<u>\$ 13,595</u>
Percentage of Personal Income ¹	0.91%	0.82%	0.75%	0.74%
Per capita ²	468	460	443	430

Source: CAFR

¹US Census Bureau, adjusted for inflation, MuniServices LLC

²Population information from California State Controller's Office

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 13,285	\$ 12,955	\$ 12,605	\$ 11,995
<u>\$ 13,285</u>	<u>\$ 12,955</u>	<u>\$ 12,605</u>	<u>\$ 11,995</u>
0.76%	0.54%	0.57%	0.57%
419	405	417	395

CITY OF SARATOGA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT YEARS

(amounts expressed in thousands, except per capita amounts)

	Fiscal Year			
	2005	2006	2007	2008
General obligation bonds	\$ 14,440	\$ 14,170	\$ 13,890	\$ 13,595
Less: Amount available in debt service fund	(855)	(865)	(747)	(854)
Total primary government	<u>\$ 13,585</u>	<u>\$ 13,305</u>	<u>\$ 13,143</u>	<u>\$ 12,741</u>
Percentage of actual taxable value of property	0.18%	0.16%	0.15%	0.14%
Per capita ¹	440	431	419	403

Source: CAFR

¹Population information from California State Controller's Office

2009	2010	2011	2012
\$ 13,285	\$ 12,955	\$ 12,605	\$ 11,995
(926)	(890)	(848)	(860)
<u>\$ 12,359</u>	<u>\$ 12,065</u>	<u>\$ 11,757</u>	<u>\$ 11,135</u>

0.12% 0.12% 0.12% 0.11%

390 377 389 367

**CITY OF SARATOGA
LEGAL DEBT MARGIN INFORMATION
LAST EIGHT YEARS**

(amounts expressed in thousands)

	Fiscal Year			
	2005	2006	2007	2008
Debt Limit	\$ 1,120,618	\$ 1,241,761	\$ 1,334,455	\$ 1,423,398
Total net debt applicable to limit	13,585	13,305	13,143	12,741
Legal debt margin	\$ 1,107,033	\$ 1,228,456	\$ 1,321,312	\$ 1,410,657
Total net debt applicable to the limit as a percentage of debt limit	1.21%	1.07%	0.98%	0.90%
Legal debt margin calculation				
Assessed value	\$ 7,393,857	\$ 8,144,454	\$ 8,755,510	\$ 9,329,953
Add back: exempt real property	76,932	133,951	140,859	159,369
Total assessed value	\$ 7,470,789	\$ 8,278,405	\$ 8,896,369	\$ 9,489,322
Debt limit (15% of total assessed value)	\$ 1,120,618	\$ 1,241,761	\$ 1,334,455	\$ 1,423,398
Debt applicable to limit:				
General obligation bonds	\$ 14,440	\$ 14,170	\$ 13,890	\$ 13,595
Less: Amount available in debt service fund	(855)	(865)	(747)	(854)
Total net debt applicable to limit	\$ 13,585	\$ 13,305	\$ 13,143	\$ 12,741
Legal debt margin	\$ 1,107,033	\$ 1,228,456	\$ 1,321,312	\$ 1,410,657

Source: CAFR

2009	2010	2011	2012
\$ 1,514,378	\$ 1,536,183	\$ 1,520,660	\$ 1,550,118
12,359	12,065	11,757	11,135
\$ 1,502,019	\$ 1,524,118	\$ 1,508,903	\$ 1,538,983
0.82%	0.79%	0.77%	0.72%
\$ 9,934,362	\$ 10,011,093	\$ 9,907,259	\$ 10,103,250
161,488	230,127	230,477	230,868
\$ 10,095,850	\$ 10,241,220	\$ 10,137,736	\$ 10,334,118
\$ 1,514,378	\$ 1,536,183	\$ 1,520,660	\$ 1,550,118
\$ 13,285	\$ 12,955	\$ 12,605	\$ 11,995
(926)	(890)	(848)	(860)
\$ 12,359	\$ 12,065	\$ 11,757	\$ 11,135
\$ 1,502,019	\$ 1,524,118	\$ 1,508,903	\$ 1,538,983

**CITY OF SARATOGA
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT**

(amount expressed in thousands)

	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Direct Debt:			
City of Saratoga	\$ 11,995	100.000%	\$ 11,995
Total Direct Debt			<u>11,995</u>
Overlapping Tax and Assessment Debt:			
Santa Clara County	316,800	3.785%	11,991
Foothill-De Anza Community College District	628,424	1.752%	11,010
West Valley Community College District	210,962	11.872%	25,045
Campbell Union High School District	161,195	5.616%	9,053
Fremont Union High School District	260,605	3.793%	9,885
Los Gatos-Saratoga Joint Union High School District	51,160	40.823%	20,885
Campbell Union School District	148,705	7.001%	10,411
Cupertino Union School District	120,673	6.207%	7,490
Moreland School District	85,223	12.795%	10,904
Saratoga Union School District	45,414	86.127%	39,114
Saratoga Fire Protection District	4,554	97.255%	4,429
Santa Clara Valley Water District Benefit Assessment	133,440	3.785%	5,051
Total Overlapping Tax and Assessment Debt			<u>165,268</u>
Overlapping General Fund Debt:			
Santa Clara County General Fund Obligations	770,947	3.785%	\$ 29,180
Santa Clara County Pension Obligations	383,035	3.785%	14,498
Santa Clara County Board of Education Certificates of Participation	11,540	3.785%	437
Santa Clara County Vector Control District Certificates of Participation	3,630	3.785%	137
Foothill-De Anza Community College District Certificates of Participation	18,890	1.752%	331
West Valley-Mission College District General Fund Obligations	65,715	11.872%	7,802
Los Gatos-Saratoga Joint Union High School District Certificates of Participation	9,070	40.823%	3,703
Campbell Union High School District Certificates of Participation	12,452	5.616%	699
Saratoga Union School District Certificates of Participation	5,830	86.127%	5,021
Midpeninsula Open Space Park District General Fund Obligations	131,003	6.236%	8,169
Total Overlapping General Fund Debt			<u>69,977</u>
Total Overlapping Tax & Assesment and General Fund Debt			<u>235,245</u>
Combined Total Debt ²			<u>\$ 247,240</u>

¹Percentage of overlapping agency's assessed valuation located within boundaries of the city.

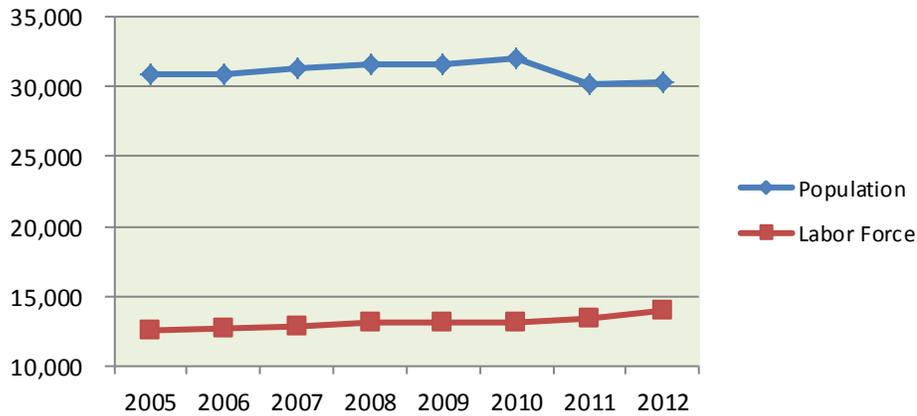
²Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

**CITY OF SARATOGA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST EIGHT YEARS**

Fiscal Year	City Population ¹	Personal Income (in thousands) ²	Per Capita Personal Income ²	Labor Force ³	Unemployment Rate ³
2005	30,850	\$ 1,586,245	\$ 51,418	12,600	2.5%
2006	30,835	1,719,175	55,754	12,700	2.1%
2007	31,352	1,860,365	59,338	12,900	2.3%
2008	31,592	1,843,425	58,351	13,100	3.2%
2009	31,679	1,747,699	55,169	13,300	6.0%
2010	31,997	2,401,151	75,043	13,200	5.6%
2011	30,195	2,211,963	73,256	13,400	5.0%
2012	30,363	2,119,463	69,804	14,000	4.4%

Labor Force vs. Population



Source: ¹Population information from California State Controller's Office

²US Census Data, adjusted for inflation, MuniServices LLC

³EDD Labor Market Information Division, MuniServices LLC

**CITY OF SARATOGA
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND SEVEN YEARS AGO AT JUNE 30, 2012**

Employer	2012			2005 ¹		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Gene's Fine Foods	85	1	0.61%	85	1	0.67%
Safeway	65	2	0.46%	65	2	0.52%
Saratoga Country Club	65	3	0.46%	65	3	0.52%
McDonald's	45	4	0.32%			
Roku Inc	33	5	0.24%			
La Fondue	22	6	0.16%			
CVS	20	7	0.14%	20	6	0.16%
Classic Car Wash	20	8	0.14%	20	7	0.16%
Hinshaw, Draa & Marsh	20	9	0.14%	20	9	0.16%
Jakes of Saratoga	20	10	0.14%			
24 Hour Fitness				30	4	0.24%
Windermere				27	5	0.21%
Harmonic European Day Spa				20	8	0.16%
Bella Saratoga				20	10	0.16%
Total City Employment ²	14,000			12,600		

¹Earliest information available

²EDD Labor Market Information Division, MuniServices LLC

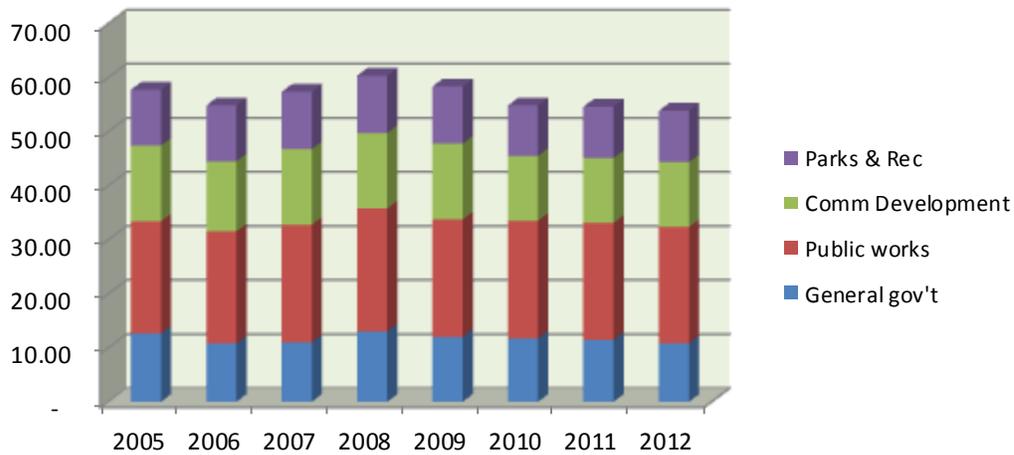
Source: City of Saratoga

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**CITY OF SARATOGA
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST EIGHT FISCAL YEARS**

Function	Fiscal Year			
	2005	2006	2007	2008
General government	12.65	10.75	11.00	13.00
Public works	20.75	20.75	21.75	22.75
Community development	14.00	13.00	14.00	14.00
Parks and recreation	10.35	10.35	10.60	10.60
Total	57.75	54.85	57.35	60.35

Full-Time Equivalents



Source: City of Saratoga Budget Document

2009	2010	2011	2012
12.00	11.75	11.45	10.80
21.75	21.75	21.65	21.55
14.00	12.00	12.00	12.00
10.60	9.35	9.50	9.50
<u>58.35</u>	<u>54.85</u>	<u>54.60</u>	<u>53.85</u>

**CITY OF SARATOGA
OPERATING INDICATORS BY FUNCTION
LAST EIGHT FISCAL YEARS**

Function	Fiscal Year			
	2005	2006	2007	2008
Part 1 crimes ¹	463	426	425	381
Total incidents	42,011	40,567	39,663	41,243
Police reports	1,767	1,659	1,767	1,941
Public Works				
Street resurfacing (miles)	N/A	5	14	N/A
Street lights repaired	2	3	3	12
Potholes filled (sq. ft.)	N/A	5,000	5,000	7,000
Community Development				
Total permit valuation (\$000)	74,668	94,485	69,935	70,442
Parks and Recreation				
Classes, trips (enrollment) community events	5,604	5,712	4,817	4,782
Adult Exercise (e.g. JS Dance. Jazzerxcise)	272	312	285	362
Sports programs (e.g. Adult basketball, softball)	470	473	515	591
Prescholl programs (enrollment)	200	163	159	225
Staffed Day/summer camps (enrollment)	301	287	205	242
Teen/youth council (enrollment)	2,506	3,798	2,221	94
Senior center (enrollment/attendance days)	22,312	22,591	18,515	17,826

¹Part 1 Crimes are the following as reported to DOJ: homicide, rape, robbery, burglary, assault, theft, auto theft, and arson.

Source: City of Saratoga various records

2009	2010	2011	2012
282	173	373	287
41,384	39,942	41,642	35,664
1,949	1,273	1,549	1,329
6	3	N/A	6
25	24	25	41
10,000	10,000	11,000	10,000
61,117	44,658	50,936	59,675
4,698	4,366	6,135	5,479
515	545	661	647
459	423	-	-
171	161	142	132
225	331	326	-
419	2,110	1,323	787
16,325	16,533	14,640	15,221

**CITY OF SARATOGA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST EIGHT FISCAL YEARS**

Function	Fiscal Year			
	2005	2006	2007	2008
Public safety				
Police Station	1	1	-	-
Fire Station				
Saratoga Fire District	1	1	1	1
Central Fire District	1	1	1	1
Public Works				
Street Miles - Private	13	13	13	13
Street Miles - Public	137	137	137	137
West Valley Sanitation District				
Number of Connections	8,601	8,621	8,651	8,651
Length of Sewer Lines	120	120	127	127
Cupertino Valley Sanitation District				
Number of Connections	2,118	2,118	2,915	2,927
Length of Sewer Lines	36	36	36	36
Parks and Recreation				
Parks Acreage	81	81	81	81
Parks	15	15	15	15

Source: City of Saratoga various records

2009	2010	2011	2012
-	-	-	-
1	1	1	1
1	1	1	1
14	14	14	14
140	140	140	140
8,683	8,687	8,664	8,679
127	127	127	127
2,938	2,949	2,954	2,959
37	37	37	37
84	84	84	84
15	15	15	15

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