

DRAFT RESOLUTION 2021-

**RESOLUTION OF THE TOWN COUNCIL
OF THE TOWN OF LOS GATOS APPROVING COMMITMENTS OF FUND BALANCE UNDER GASB 54**

WHEREAS, the Governmental Accounting Standards Board (GASB) has issued its Statement No. 54, Fund Balance and Governmental Fund Type Definitions with the intent of improving financial reporting by providing fund balance categories that will be more easily understood and to improve the comparability of governmental fund financial statements; and

WHEREAS, GASB 54 provides that the Town Council of the Town of Los Gatos classify governmental fund balances as restricted, assigned, or committed fund balances; and

WHEREAS GASB 54 provides that restricted reserves are funds that are restricted for externally imposed constraints such as legal contracts or state law, assigned amounts are constrained by the Town's intent to use them for specific purposes, and committed amounts are dedicated for specific purposes under constraints and formal action taken by the Town Council and these committed amounts cannot be used for any other purposes unless the Town Council of the Town of Los Gatos removes or changes the specific use through the same formal action to establish the commitment; and

WHEREAS, there exists a Nonspendable Reserve that is not readily available for expenditure as it represents the outstanding balance of long term notes receivable; and

WHEREAS, there exists a balance of \$159,000 as of June 30, 2021 in the Nonspendable Reserve; and

WHEREAS, the Town Council of the Town of Los Gatos has established a General Fund Reserve Policy providing for minimum fund balance dollar target amounts for Budget Stabilization and Catastrophic fund balances and outlines policies and procedures for use and restoration of these balances; and

WHEREAS, the Budget Stabilization and Catastrophic Reserve should be maintained at the required minimum 12.5% of FY 2021/22 general fund budgeted operating expenditures of \$5,460,485 as specified in the Town Council General Fund Reserve Policy. This would increase both Budget Stabilization and Catastrophic Reserves from \$5,427,603 by \$32,882 from available year-end savings; and

WHEREAS, on November 6, 2018, the Town Council provided direction to establish an unassigned Surplus Property Revenue General Fund Reserve that any monies received from the sale of the property located on Winchester Boulevard and any monies received from the sale of future surplus property be placed in this reserve, and the provisions for the reserve specifically indicate that Council may, at its discretion, distribute those funds as it deems appropriate; and

WHEREAS, there exists an assigned approximately \$1,200,000 balance in the Surplus Property Reserve.

WHEREAS, per Town Council General Fund Reserve Policy, \$300,000 will be placed to the CalPERS/OPEB Reserve from available year-end savings; and

WHEREAS, there exists a balance of \$300,000 as of June 30, 2021 in the committed CalPERS/OPEB Reserve; and

WHEREAS, the Town Council established the assigned Open Space reserve in the FY 1998/99 to be used for the preservation of open space, connection of open space trails, the definition of the southern boundary of the Town with passive open space, and protection of unique natural features; and

WHEREAS, there exists an excess balance of \$410,000 as of June 30, 2021 in the assigned Open Space Reserve; and

WHEREAS, there exists a balance of \$300,000 as of June 30, 2021 in the committed CalPERS/OPEB Reserve; and

WHEREAS, the Town Council established the assigned Open Space reserve in the FY 1998/99 to be used for the preservation of open space, connection of open space trails, the definition of the southern boundary of the Town with passive open space, and protection of unique natural features; and

WHEREAS, there exists an excess balance of \$410,000 as of June 30, 2021 in the assigned Open Space Reserve; and

WHEREAS, the Town Council established the assigned Sustainability Reserve in FY 2008/09 by closing the Solid Waste Management fund and placing the initial residual balance dedicated for conservation, recycling, and sustainability; and

WHEREAS, there exists an excess balance of \$140,553 as of June 30, 2021 in the assigned Sustainability Reserve; and

WHEREAS, there exists an assigned General Fund Compensated Absences Reserve allocated to fund 50% of all vested hours of sick leave, compensation, and vacation time with the actual reserve amount of \$1,649,917; and

WHEREAS, there exists an assigned Market Fluctuation Reserve that represent fund balance amounts for unrealized investment gains that have been recorded as investment income in the financial statements in accordance with the requirements of GASB 31 in the amount of \$438,333; and

WHEREAS, in June 2016, the Town Council established the committed Pension/OPEB Reserve to provide funding toward pension and Other Post-Employment Benefits (OPEB) unfunded obligations by placing discretionary amounts to the reserve with formal Council action and transferring available year-end surpluses based on the General Fund Reserve Policy; and

WHEREAS, there exists an assigned Measure G 2018 District Sales Tax Reserve to track receipt and use of the 1/8 cent district tax funds collected by the Town; and

WHEREAS, the Town Council has determined the use of Measure G accumulated and future proceeds to be 50% for operating expenditures and 50% for capital purposes; and

WHEREAS, there is anticipated to be an excess balance of \$1,730,490 as of June 30, 2021 in the assigned Measure G District Sales Tax Reserve; and

WHEREAS, there exists an assigned Capital/Special projects Reserve to fund Council priorities, and key infrastructure and capital/special projects as identified in the Town's five-year Capital Improvement Plan; and

WHEREAS, the remainder of the available year-end savings will be placed to the Capital/Special Project Reserve according to the Town Council Reserve Policy; and

WHEREAS, there exists an assigned Capital/Special Project Reserve in the amount of \$9,965,355; and

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES HEREBY RESOLVE that the following fund balances as of June 30, 2021 as restricted, assigned, or formally committed as follows:

	<u>General Fund</u>	<u>Appropriated Reserves</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance				
Nonspendable	\$ 159,000	\$ -	\$ -	\$ 159,000
Restricted for:				
Capital Outlay	-	-	7,544,097	7,544,097
Library	-	-	552,877	552,877
Repairs and Maintenance	-	-	172,356	172,356
VTA	-	293,323	-	293,323
Committed to:				
Budget Stabilization	5,460,485	-	-	5,460,485
Catastrophic	5,460,485	-	-	5,460,485
CalPERS/OPEB	300,000	-	-	300,000
Assigned to:				
Open Space	410,000	152,000	-	562,000
Parking	-	1,460,210	-	1,460,210
Sustainability	140,553	-	-	140,553
Capital/Special Projects	6,965,355	13,160,379	-	20,125,734
Comcast PEG	-	50,000	-	50,000
Sale of Property	1,200,000	-	-	1,200,000
Market Fluctuation	438,333	-	-	438,333
Compensated Absences	1,649,917	-	-	1,649,917
Measure G 2018 District Sales T	1,730,490	-	-	1,730,490
Special Revenue Funds	-	-	537,892	537,892
Total Fund Balances	<u>\$ 23,914,618</u>	<u>\$ 15,115,912</u>	<u>\$ 8,807,222</u>	<u>\$ 47,837,752</u>

PASSED AND ADOPTED at a regular meeting of the Town Council held on the 21st day of December 2021 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

CLERK ADMINISTRATOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA