

**DRAFT RESOLUTION 2020-**

**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**, 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 2020/21 general fund budgeted operating expenditures of \$5,427,603 as specified in the Town Council General Fund Reserve Policy. This would increase both Budget Stabilization and Catastrophic Reserves from \$5,419,222 by \$8,391 from available year-end savings; 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**, on November 6, 2018 the Town Council provided direction to establish a an unassigned Surplus Property Revenue General Fund Reserve that any monies received from the sale of the property located on Winchester Boulevard and Lark Ave, APN 424-31-055 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**, on May 21, 2019 the Town Council directed a transfer of \$1,905,000 million (proceeds of the property located on Winchester Boulevard and Lark Ave, APN 424-31-055) from the unassigned Surplus Property Revenue Reserve to the committed General Fund Pension/OPEB Reserve; and

**WHEREAS**, there exists a balance of \$0 as of June 30, 2020 in the assigned Surplus Property Reserve; and

**WHEREAS**, there exists an excess balance as of June 30, 2020 from year-end surplus beyond the minimum dollar amount required under the approved Town Council General Fund Reserve Policy; and

**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 \$4,532,500 as of June 30, 2020 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, 2020 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, 2020 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 \$1,539,408; 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 \$1,218,732; and

**WHEREAS**, there exist an assigned Measure G 2018 District Sales Tax Reserve to tack receipt and use of the 1/8 cent district tax funds collected by the Town; 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 \$9,969,120; and

**NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES HEREBY RESOLVE** that the following fund balances as of June 30, 2020 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>
<b>Fund Balance</b>				
Restricted for:				
Capital Outlay	\$ -	\$ 88,937	\$ 6,168,819	\$ 6,257,756
Pension	669,978	-	-	669,978
Repairs and Maintenance			190,250	190,250
Committed to:				
Budget Stabilization	5,427,603	-	-	5,427,603
Catastrophic	5,427,603	-	-	5,427,603
CalPERS/OPEB	4,532,500	-	-	4,532,500
Assigned to:				
Open Space	410,000	-	-	410,000
Parking	-	1,460,210	-	1,460,210
Sustainability	140,553	-	-	140,553
Capital/Special Projects	8,787,958	-	-	8,787,958
Measure G 2018 District Sales Tax	1,181,162			
Comcast PEG	-	50,000	-	50,000
Market Fluctuations	1,218,732	-	-	1,218,732
Compensated Absences	1,539,408	-	-	1,539,408
Special Revenue Funds	-	-	404,588	404,588
Capital Projects	-	12,266,881	-	12,266,881
<b>Total Fund Balances</b>	<b>\$ 29,335,497</b>	<b>\$ 13,866,028</b>	<b>\$ 6,763,657</b>	<b>\$ 48,784,020</b>

**PASSED AND ADOPTED** at a regular meeting of the Town Council held on the 15<sup>th</sup> day of December 2020 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