

**DRAFT RESOLUTION 2019-**

**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 2019/20 general fund budgeted operating expenditures of \$5,419,222 as specified in the Town Council General Fund Reserve Policy. This would increase both Budget Stabilization and Catastrophic Reserves from \$5,037,243 by \$381,979 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**, on May 21, 2019 the Town Council directed an additional transfer of approximately \$1,337,500 million from the available assigned General Fund Capital/Special Projects Reserve to the committed General Fund Pension/OPEB Reserve, and

**WHEREAS**, there exists an excess balance as of June 30, 2019 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 \$4,232,500 as of June 30, 2019 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 \$562,000 as of June 30, 2019 in the assigned Open Space Reserve; five-year capital plan transfers \$152,000 to the Open Space Trail Upgrades Project from this funding source; this transfer reduces the assigned General Fund Open Space Reserve by \$152,000 to \$410,000 as of June 30, 2020 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, 2019 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 \$1,232,654; and

**WHEREAS**, there exists an assigned To Workers' Comp Reserve from the other 50% of General Fund Compensated Absences Reserve with the actual reserve amount of \$1,232,653; and

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

**WHEREAS**, there exists an assigned authorized Carry Forward Reserve for materials and services on approved purchase order and contracts which were issued but not finalized or fulfilled as of the end of the fiscal year but for which funds will be carried forward to the following fiscal year with the actual reserve balance of \$413,729; and

**WHEREAS**, on May 21, 2019 the Town Council provided direction to close the Vehicle Maintenance and Stores Internal Service Funds and establish an assigned Vehicle Maintenance and Stores Residual 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 the use of the total amount of available funds in the unassigned Vehicle Maintenance and Stores Residual Reserve to provide funding for an additional \$5,000 Human Services grants, \$27,685 additional sidewalk cleaning, and approximately \$972,384 transfer to the Downtown Revitalization Project in FY 2019/20. The actual assigned Vehicle Maintenance and Stores Residual Balance is \$1,040,375 as of June 30, 2019; 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 \$1,232,654; and

**WHEREAS**, there exists an assigned To Workers' Comp Reserve from the other 50% of General Fund Compensated Absences Reserve with the actual reserve amount of \$1,232,653; 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 \$13,262,303;  
and

**NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES  
HEREBY RESOLVE** that the following fund balances as of June 30, 2019 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	\$ -	\$ 133,169	\$ 6,562,064	\$ 6,695,233
Pension	5,015,316	-	-	5,015,316
Repairs and Maintenance			208,139	208,139
Committed to:				
Budget Stabilization	5,419,222	-	-	5,419,222
Catastrophic	5,419,222	-	-	5,419,222
CalPERS/OPEB	4,232,500	-		4,232,500
Almond Grove Street Project		2,579,997		2,579,997
Assigned to:				
Open Space	562,000	-	-	562,000
Parking	-	1,460,210	-	1,460,210
Sustainability	140,553	-	-	140,553
Capital/Special Projects	13,262,303	4,344,618	-	17,606,921
Carryover Encumbrances	413,729	-	-	413,729
Comcast PEG	-	50,000	-	50,000
Vehicle Maintenance & Stores	1,040,375	-	-	1,040,375
Compensated Absences	1,232,654	-	-	1,232,654
To Workers' Comp	1,232,653	-	-	1,232,653
Special Revenue Funds	-		326,102	326,102
<b>Total Fund Balances</b>	<u>\$ 37,970,527</u>	<u>\$ 8,567,994</u>	<u>\$ 7,096,305</u>	<u>\$ 53,634,826</u>

**PASSED AND ADOPTED** at a regular meeting of the Town Council held on the 17<sup>th</sup> day  
of December 2019 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