

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, there exists a Restricted General Fund Pension Reserve in the form of an IRS 115 Pension Trust; 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 Reserve fund balances and outlines policies and procedures for use and restoration of these balances; 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 to be determined at the close of FY 2019/20; 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. Actual reserve balance will be established at closing FY 2019/20; 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 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. Actual reserve balance will be established at closing FY 2019/20; and

WHEREAS, on May 19, 2020 the Town Council directed staff that the Surplus Property Reserve balance can be used for alleviating COVID-19 economic impacts including revenue declines (for example Sales Tax, Property Tax, and Transient Occupancy Tax) and/or unanticipated expenditure cost increases in FY 2019/20 and beyond; 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, the \$3,401,479 transfer from the Capital/Special Project Reserve to the General Fund Appropriated Reserves provides funding to the five-year capital plan; and

ATTACHMENT 2

WHEREAS, the \$769,308 one-time use from the Capital/Special Project Reserve to the General Fund Appropriated Reserves provides funding for additional tree maintenance and engineering services, one-time bonuses, and one-time staffing for emergency management, parking management and code compliance; 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

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES HEREBY RESOLVE that the following estimated Budget Stabilization, Catastrophic, Pension/OPEB, Capital/Special Projects, Compensated Absences; Surplus Property Revenue, Sustainability, Open Space, Reserves as of June 30, 2020 and as of June 30, 2021 as restricted, assigned, unassigned or formally committed as follows:

	Actual General Fund Reserves June 30, 2019	FY 2019/20 Budget, GF Reserve Policy, and this Resolution Approved Increase	FY 2019/20 Budget, GF Reserve Policy, and this Resolution Approved (Decrease)	Estimated General Fund Reserves June 30, 2020	FY2020/21 Budget Resolution Approved Increase	FY 2020/21 Budget Resolution Approved (Decrease)	Estimated General Fund Reserves June 30, 2021
Restricted Fund Balances							
Pension	\$ 5,015,316	\$ 390,000	\$ (4,765,797)	\$ 639,519	\$ 962,158 *		\$ 1,601,677
Committed Fund Balances							
Budget Stabilization	5,419,222	\$ 8,381	\$ -	5,427,603		-	5,427,603
Catastrophic	5,419,222	8,381	-	5,427,603		-	5,427,603
Pension/OPEB	4,232,500			4,232,500		(4,232,500) *	-
Assigned Fund Balances							
Capital/Special Projects	13,262,303		(5,839,663)	7,422,640		(4,170,787) **	3,251,853
Compensated Absences	1,232,654	-	-	1,232,654		-	1,232,654
Open Space	562,000	-	(152,000)	410,000		-	410,000
Sustainability	140,553	-	-	140,553		-	140,553
Carryover Encumbrances	413,729	-	-	413,729		-	413,729
Surplus Property Revenue Reserve	-	1,200,000	-	1,200,000		-	1,200,000
To Workers Comp	1,232,654		(1,232,654)	-			-
Vehicle Maintenance & Stores Residual	1,040,375		(1,040,375)	-			-
<i>Designated One-Time Use of Reserves during FY 2020/21</i>							
							\$ 3,270,342
							\$ 769,308
							3,401,479
							\$ 7,441,129
							<i>Total</i>

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos held on the 2nd day of June 2020 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

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

DATE: _____