

FUND POLICIES

Establishing the Classifications of Fund Balance in Accordance with Governmental
Accounting Standards Board Statement No. 54

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**CITY OF WALNUT CREEK
RESOLUTION NO. 11-30**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WALNUT CREEK
ESTABLISHING THE CLASSIFICATIONS OF FUND BALANCE IN ACCORDANCE WITH
GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 54**

WHEREAS, The Governmental Accounting Standards Board has issued Statement No. 54 (“GASB 54”) entitled “Fund Balance Reporting and Governmental Fund Type Definitions”, a new standard that became effective in governmental fiscal years starting after June 15, 2010, and

WHEREAS, the City Council elects to implement GASB 54 requirements and to apply such requirements to its financial statements beginning with the current (July 1, 2010-June 30, 2011) fiscal year, and

WHEREAS, GASB 54 states that the City Council may commit General Fund balance for specific purposes by taking formal action and these committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific uses through the same formal action taken to establish the commitment; and

WHEREAS, the City Council has determined that the Catastrophic Emergency commitment should be established and approved at 10% of annual General Fund budgeted operating expenditures as recommended by the City Manager, and

WHEREAS, the City Council has determined that the Compensated Absences commitment should be established and approved as equal to the projected one-year liability based on the previous year’s experience, and

WHEREAS, the City Council has determined the Dental Claim commitment should be established and approved as equal to six months of budgeted dental expenses, and

WHEREAS, the City Council has determined that the Fiscal Emergency commitment should be established and approved at 10% of annual General Fund revenue budget for property tax, sales tax, and departmental revenue, plus 10% of the annual General Fund expenditure budget for PERS and medical costs as recommended by the City Manager, and

WHEREAS, the City Council has determined that the Legal Claims commitment should be established and approved based on the City’s five year claim history, but no less than \$3 million, and

WHEREAS, the City Council has determined that the Public Employee Retirement System (PERS) commitment should be established and approved, and

WHEREAS, the City Council has determined that the Radio Communications commitment should be established and approved, and

WHEREAS, the City Council has determined that the Workers Compensation commitment should be established and approved equal to twice the annual expenses paid out over the previous five years, but no less than \$2 million, and

WHEREAS, the City Council has determined where an expenditure is to be made for a purpose for which amounts are available in multiple Fund Balance classifications, the order in which

resources will be expended is as follows: Restricted Fund Balance, followed by Committed Fund Balance, Assigned Fund Balance, and lastly Unassigned Fund Balance.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Walnut Creek as follows:

Section 1. The Council hereby approves and defines the various components of Fund Balance reported by the City as defined in Governmental Accounting Standards Board Statement No. 54 effective starting with the current (July 1, 2010-June 30, 2011) fiscal year.

Section 2. The City Council delegates to the City Manager the authority to carry thru Council direction related to those components of Fund Balance that are reported as "Assigned" in the City's Comprehensive Annual Financial Report.

Section 3. The City Council has determined that the specific purposes for which the Catastrophic Emergency commitment may be used are the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within this City caused by such conditions as fire, flood, storm, epidemic, riot, earthquake, nuclear disaster, tornado, or terrorism. These uses may only be changed by approval of a subsequent resolution.

Section 4. The City Council has determined that the specific purposes for which the Compensated Absences commitment may be used is to fund payouts of accumulated leave due upon separation from City employment that exceed the regularly budgeted amount for this purpose. These uses may only be changed by approval of a subsequent resolution.

Section 5. The City Council has determined that the specific purposes for which Dental Claims commitment is to be used is to pay claims awarded against the City during the budget period that exceed the regularly budgeted amounts for this purpose. These uses may only be changed by approval of a subsequent resolution.

Section 6. The City Council has determined that the specific purposes for which the Fiscal Emergency commitment may be used are in the event of that the combined revenues (projected or actual) of property tax, sales tax, and departmental revenues decline more than five percent (5%) or in the event that the combined expenditures (projected or actual) of PERS retirement, medical insurance costs, utility costs (electric, gas, and water) and fuel costs increase more than 10%. These uses may only be changed by approval of a subsequent resolution.

Section 7. The City Council has determined that the specific purposes for which Legal Claims commitment is to be used is to pay claims awarded against the City during the budget period that exceed the regularly budgeted amounts for this purpose. These uses may only be changed by approval of a subsequent resolution.

Section 8. The City Council has determined that the specific purposes for the PERS commitment is to provide funding set aside for costs either to pay down future liabilities or smooth large increases anticipated for the next budget cycle, whichever is the most fiscally advantageous. These uses may only be changed by approval of a subsequent resolution.

Section 9. The City Council has determined that the specific purposes for which Radio Communications commitment is to set aside funding for the City's upcoming purchase of radios for

police and public services staff and investment in infrastructure needed to facilitate emergency response and communications on a regional basis. These uses may only be changed by approval of a subsequent resolution.

Section 10. The City Council has determined that the specific purposes for which Workers Compensation commitment is to be used is to pay workers compensation awards that exceed the regularly budgeted amount for this purpose. These uses may only be changed by approval of a subsequent resolution.

PASSED AND ADOPTED by the City Council of the City of Walnut Creek at a regular meeting thereof held on the 7th day of June 2011, by the following called vote:

AYES: Councilmembers: Lawson, Rajan, Simmons, Skrel, Mayor Silva

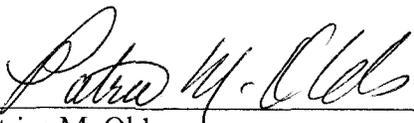
NOES: Councilmembers: None

ABSENT: Councilmembers: None



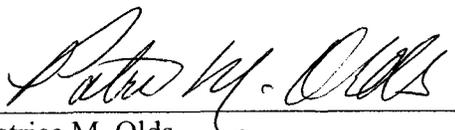
Cindy Silva
Mayor of the City of Walnut Creek

Attest:



Patrice M. Olds
City Clerk of the City of Walnut Creek

I HEREBY CERTIFY the foregoing to be a true and correct copy of Resolution No.11-30, duly passed and adopted by the City Council of Walnut Creek, County of Contra Costa, State of California, at a regular meeting of said Council held on the 7th day of June 2011.



Patrice M. Olds
City Clerk of the City of Walnut Creek



City of Walnut Creek 2014-2016

General Fund Reserves

	Ending Balance 12/31/2013	Estimated Balance 7/1/2014	Estimated Balance 7/1/2015
<u>General Fund Reserves</u>			
<u>Nonspendable****</u>			
1. Advance to Other Funds**	7,016,000	6,002,685	5,026,041
2. Inventory	40,832	40,832	40,832
3. Prepaid Expense	150,294	150,294	150,294
<u>Committed</u>			
4. Catastrophic Emergency - To be used in the event of actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within this City caused by such conditions as fire, flood, storm, epidemic, riot, earthquake, nuclear disaster, tornado, or terrorism. Policy is that the minimum budgeted reserve should equal 10% of annual General Fund budgeted operating expenditures.	6,935,687	7,305,800	7,420,600
5. Compensated Absences - To fund payouts of accumulated leave due upon separation from City employment that exceed the regularly budgeted amount for this purpose. Policy is to set a reserve equal to the projected one-year liability based on the previous year's experience.	143,208	143,200	143,200
6. Dental Claims - To fund dental self-insurance program claims that exceed the regularly budgeted amount for this purpose. Policy is to reserve an amount equal to six months of budgeted dental expenses.	236,670	209,200	221,200
7. Fiscal Emergency - This reserve is to cover declines of more than 5% of property tax, sales tax, or departmental revenues or increases of more than 10% in PERS, medical costs, utility (electric, gas, and water), or fuel. Policy is to set aside in amount equal to 5% of the annual General Fund revenue budget for property tax, sales tax, and departmental revenue, plus 5% of the annual General Fund expenditure budget for PERS and medical costs.	3,683,362	3,993,800	4,093,300
8. Legal Claims - To pay claims awarded against the City during the budget period that exceed the regularly budgeted amount for this purpose Policy is to reserve an amount based on the City's 5 year claim history, but no less than \$3 million.	2,956,339	3,000,000	3,000,000
9.			
PERS Liability** - Funding set aside for PERS costs either to pay down future liabilities or smooth large increases anticipated for the next budget cycle, whichever is the most fiscally advantageous.	168,923	168,900	168,900
10. Worker's Compensation** - This reserve is to pay worker compensation awards that exceed the regularly budgeted amount for this purpose. Policy is to set aside an amount equal to twice the annual expenses paid out over the previous five years, but no less than \$2 million.	-	697,300	1,674,000



City of Walnut Creek 2014-2016

General Fund Reserves

	Ending Balance 12/31/2013	Estimated Balance 7/1/2014	Estimated Balance 7/1/2015
Assigned			
11. ARCS Scholarships	48,730	48,730	48,730
12. Contractual Commitments - Encumbrances	1,377,379	1,377,379	1,377,379
Unassigned			
13. City Manager Contingency - For City Manager use to fund unanticipated needs not otherwise included in budget, within limits of the City Manager's discretionary authority without needing prior Council approval. This amount covers a two year budget cycle.	41,024	72,000	69,000
14. Council Contingency *** - For Council to use to take advantage of unforeseen opportunities or problems that may occur during the budget cycle. Policy is that the minimum budgeted reserve should equal a flat \$100,000 per year.	123,943	100,000	100,000
15. Unassigned Fund Balance - adjustments based on other reserve activities	6,262,341	621,321	61,778
One-Time Funds		4,350,000	1,000,000
Revenues Over or (Under) Expenditure - preliminary amount until budget is adopted		82,103	8,724
	29,184,732	28,363,544	24,603,978
Unassigned Fund Balance Transferred to Other Funds - 4-1-14	(4,835,000)	-	-
Fund Balance Reserve, End of Year	24,349,732	28,363,544	24,603,978

*Per GASB 54, when the City has the ability to expend various resources in different Fund Balance classifications, the order of use has to be specified. The City's order of use will be as follows: Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and lastly, Unassigned Fund Balance.

**These committed reserves were used to pay the PERS Safety Side Fund Liability. A Council approved repayment schedule restores the borrowed amounts prior to the funds being needed (\$2M for Workers Compensation and \$4.8M for PERS Liability).

***Council Contingency reserve represents Council action on May 6, 2014.

****The portion of the fund balance that is not spent because they are in a non-spendable form like prepaid items or inventory of supplies or loan receivables.

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