



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 09/9/2024

ITEM NO: 8

DESK ITEM

DATE: September 9, 2024
TO: Finance Commission
FROM: Katy Nomura, Interim Town Manager
SUBJECT: Receive the Town of Los Gatos Retiree Healthcare Plan June 30, 2023 Actuarial Valuation and its Assumptions as Prepared and Recommended by Foster and Foster, Inc., and Provide Any Comments to the Town Council.

REMARKS:

Attachment 2 contains commissioner communication received after 11:00 on Friday, September 6, 2024, and before 11:00 a.m. Monday, September 9, 2024.

Attachments received with the staff report:

1. June 30, 2023 OPEB Actuarial Valuation Final Results

Attachment received with this Desk Item:

2. Commissioner Communication Received Before 11:00 a.m. Monday, September 9, 2024

PREPARED BY: Wendy Wood
Town Clerk

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From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#); [Wendy Wood](#); [Mary Badame](#)
Subject: Agenda Item #8 - question
Date: Saturday, September 7, 2024 6:51:53 AM

[EXTERNAL SENDER]

Could you please have Foster and Foster present the graph on page 31 of their presentation showing combined total AAL as a percentage of pay as well as misc and safety?

What is driving the ratio for misc and safety so much higher than the 50th percentile of the California OPEB database? What recommendations do Foster and Foster have regarding actions the Town could take to drive the ratio closer to the 50th percentile of 88% for miscellaneous and 89% percentile for safety?

Thank you,

Phil Koen
Sent from my iPhone

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Subject: Agenda Item 8 - staff question
Date: Saturday, September 7, 2024 8:55:10 AM
Attachments: [Pages from FY-202223-ACFR\(22\).pdf](#)

[EXTERNAL SENDER]

Please ask Foster and Foster to reconcile the schedule below from the FY 23 ACFR OPEB footnote to the schedule of Actuarial Obligations found on page 17 of their report.

Also where in the report can the reader see the projections for the next 10 years of employer contributions, benefit payments, administrative costs and net investment income for the plan fiduciary net position.

Thank you

Phil Koen

Sent from my iPhone

TOWN OF LOS GATOS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2022 (measurement date) and was determined by an actuarial valuation as of June 30, 2021 (valuation date) for the fiscal year ended June 30, 2023 (reporting date).

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2023:

Fiscal Year Ended June 30, 2023 (Measurement Date June 30, 2022)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2022	\$ 28,720,003	\$ 26,228,423	\$ 2,491,580
Service cost	955,115	-	955,115
Interest in Total OPEB Liability	1,804,972	-	1,804,972
Employer contributions	-	1,754,922	(1,754,922)
Net investment income	-	(3,510,434)	3,510,434
Administrative expenses	-	(21,454)	21,454
Benefit payments	(1,591,150)	(1,591,150)	-
Net changes	1,168,937	(3,368,116)	4,537,053
Balance at June 30, 2023	\$ 29,888,940	\$ 22,860,307	\$ 7,028,633
Covered Employee Payroll	\$ 16,987,042		
Total OPEB Liability as a % of Covered Employee Payroll	175.95%		
Plan Fid. Net Position as a % of Total OPEB Liability	76.48%		
Service Cost as a % of Covered Employee Payroll	5.62%		
Net OPEB Liability as a % of Covered Employee Payroll	41.38%		
Contributions as a % of Cov. Emp. Payroll	10.33%		

Deferred Inflows and Outflows of Resources

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 1,729,077
Difference between actual and expected earnings	1,869,601	-
Change in assumptions	703,092	388,845
OPEB contribution subsequent to measurement date	1,733,337	-
Totals	\$ 4,306,030	\$ 2,117,922