



**TOWN OF LOS GATOS**  
**TOWN PENSION AND OPEB TRUSTS**  
**OVERSIGHT COMMITTEE REPORT**

MEETING DATE: 12/03/2019

ITEM NO: 4

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DATE: November 21, 2019  
TO: Town Pension and OPEB Trusts Oversight Committee  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive CalPERS Actuarial Valuations Reports as of June 30, 2018

**RECOMMENDATION:**

Receive CalPERS Actuarial Valuations Reports as of June 30, 2018.

**BACKGROUND:**

The Town's pension plans are administered by the Board of Administration of the California Public Employees' Retirement System (CalPERS). The Board of Administration is responsible for the management and control of CalPERS. In addition, the Board has exclusive control of the administration and investment of funds. Sworn employees are covered under the Safety Plan which is a pooled plan, while all other employees are covered in the Miscellaneous Plan, which is a separate plan. The Miscellaneous Plan is administered by CalPERS in the Public Employees' Retirement Fund (PERF).

In order for the Town to understand the value of future pension benefit payments, an actuarial valuation is performed each year for the pension plan. The CalPERS actuary estimates the payments that will be made for all potential retirees from the plan in each future year. The actuary calculates the present value of future benefits the plan will be required to pay to its current participants: those still working who will retire in the future, retirees, and those who have terminated employment but have not yet begun drawing benefits.

**DISCUSSION:**

Staff has received the annual Actuarial Valuation Reports from CalPERS for the Miscellaneous Plan (Attachment 1), the Safety Plan (Attachment 2), and the PEPRSA Safety Police Plan (Attachment 3). The measurement date for each of the Plans, as proscribed by GASB 68, is as of June 30, 2018.

**PREPARED BY:** Arn Andrews  
Assistant Town Manager

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Reviewed by: Town Manager and Finance Director

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The Town’s Safety Plan funded status stood at 72.0% compared to 73.9% for the 2017 valuation. The Town’s Safety PEPR Plan had a funded status of 91.6% versus 94.8% for 2017 and the Miscellaneous Plan funded status of 68.4% was also slightly lower compared to 2017 at 69.6%. While the Market Value of Assets (MVA) improved for all three Plans, larger corresponding increases in Accrued Liabilities offset those gains resulting increased Unfunded Accrued Liabilities (UAL) and reduced funding status.

June 30, 2018	Miscellaneous Plan	Safety Plan	PEPRA Safety Plan
Accrued Liability	\$107,075,648	\$91,111,357	\$414,453
Market Value of Assets	73,291,140	65,569,436	379,539
Unfunded Accrued Liability	33,784,508	25,541,921	34,914
Funded Ratio	68.4%	72.0%	91.6%

It should be noted that the funding percentage for the Miscellaneous Plan is as of June 30, 2018 and does not reflect recent Council actions to pay down approximately \$8.0 million of unfunded pension liabilities. The first additional discretionary payment of \$4,753,965 was transferred to CalPERS on October 11, 2019. Per GASB standards, assets held in the Town’s PARS Section 115 Trust dedicated for pension obligations were not allowed to be added to the Town’s CalPERS pension assets for valuation purposes. Had these assets been included there would have been a corresponding increase in the Town’s funding status.

**COORDINATION:**

This report was coordinated with the Town Manager and Director of Finance

**Attachments:**

1. CalPERS Annual Valuation Report as of June 30, 2018 – Miscellaneous Plan of the Town of Los Gatos
2. CalPERS Annual Valuation Report as of June 30, 2018 – Safety Plan of the Town of Los Gatos
3. CalPERS Annual Valuation Report as of June 30, 2018 – PEPR Safety Police Plan of the Town of Los Gatos