

August 9, 2011

Hon. Arthur A. Garcia
Assistant Presiding Judge
Santa Barbara Superior Court
P.O. Box 5369
Santa Maria, CA 93456-5369

Response of the Goleta Cemetery District to the Santa Barbara County Grand Jury Findings and Recommendations.

Judge Garcia,

During its regular meeting of Tuesday August 9, 2011, the Board of Trustees of the Goleta Cemetery District (the "District") adopted the following responses to the Grand Jury findings and recommendations contained in the report entitled: **"Local Government Post Employment Benefits in Santa Barbara County – Complicated and Costly"**. The Board of Trustees thanks the Grand Jury for its time and attention to these important matters.

RESPONSES TO FINDINGS AND RECOMMENDATIONS

FINDING 1a: Most public agencies in Santa Barbara County are participants in large defined benefit pension plan pools, which provide diversification, cost efficiency, spreading of risk, centralized management and centralized investment strategy.

Response: The District agrees with this Finding.

FINDING 1b: Public agencies in Santa Barbara County participating in defined benefit pension pools know their current year required contribution and an estimate of the following year's contribution.

Response: The District agrees with this Finding.

FINDING 1c: Fitch Ratings is a global rating agency that has announced new disclosure requirements because current disclosure requirements make it impossible for Fitch to accurately allocate a cost-sharing multiple-employer system's unfunded pension liability to the numerous participating employers that use pools to provide pensions to their employees. Moody's Investor Service has begun to recalculate the state's debt burdens in a way that includes unfunded pensions. The Government Accounting Standards Board has stated that each government agency participating in a cost-sharing pension plan should report a net liability based on its proportion of the unfunded obligation of all the participating governments.

Response: The District agrees with this Finding.

FINDING 1d: Unfunded long-term liability can have an important impact on future funding requirements that the ratepayer, taxpayer and each individual agency needs to know.

Response: The District agrees with this Finding.

FINDING 1e: Public agencies in Santa Barbara County participating in defined benefit pension pools do not know their individual long-term unfunded actuarial liability.

Response: The District agrees with this Finding.

RECOMMENDATION 1: That, no later than January 1, 2012, all local government agencies that belong to multiple-employer pension pools obtain, and for each year thereafter, make publicly available estimates of their individual unfunded actuarial liability from an actuary or the plan sponsor.

Response: The recommendation has been implemented. The District has formally requested from our pension pool administrator, Santa Barbara County Employee's Retirement System, the District's specific unfunded actuarial liability. We have been advised by the administrator that they would comply with our request, but they would not specify a date when we would receive this information. When received this information will be made available to the public.

FINDING 2a: As of June, 2010, public agencies in Santa Barbara County had a total unfunded actuarial liability of post employment healthcare of approximately \$316,000,000.

Response: The District agrees with this Finding.

FINDING 2b: Some agencies pay all or a portion of the healthcare premium costs for employees.

Response: The District agrees with this Finding.

FINDING 2c: For the most part, local agency healthcare benefits are pay as you go, and are not structured on a prefunded basis like defined benefit pension plans.

Response: The District agrees with this Finding.

RECOMMENDATION 2a: That, no later than January 1, 2012, in the best interest of ratepayers and taxpayers, each government agency that contributes some or part of healthcare premiums for employees, adopt an implementation plan to reduce those contributions.

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Response: The recommendation has not been implemented, but will be considered for implementation as current staff leaves District employment and are replaced.

RECOMMENDATION 2b: That, no later than January 1, 2012, in the best interest of ratepayers and taxpayers, each government agency that provides healthcare premiums for employees, implement prefunding their current unfunded healthcare liability.

Response: The recommendation will not be implemented because it is not warranted due to the small number of District employees and sufficient income and reserves to meet future healthcare obligations.

FINDING 3: As of June, 2010, public agencies in Santa Barbara County had a total liability for compensated absences of nearly \$61,000,000.

Response: The District agrees with this Finding.

RECOMMENDATION 3: That, no later than January 1, 2012, in the best interest of ratepayers and taxpayers, each government agency that has compensated absences liabilities, adopt an implementation plan to reduce each agency's compensated absences liability.

Response: The recommendation will not be implemented because it is not warranted due to the small number of District employees and the District's current policy of strictly limiting accrual of unused vacation time and no monetary compensation for unused sick time.

Thank you for this opportunity to provide these responses.

Sincerely,

Terry Dressler
Chairman of the Board
Goleta Cemetery District Board of Trustees