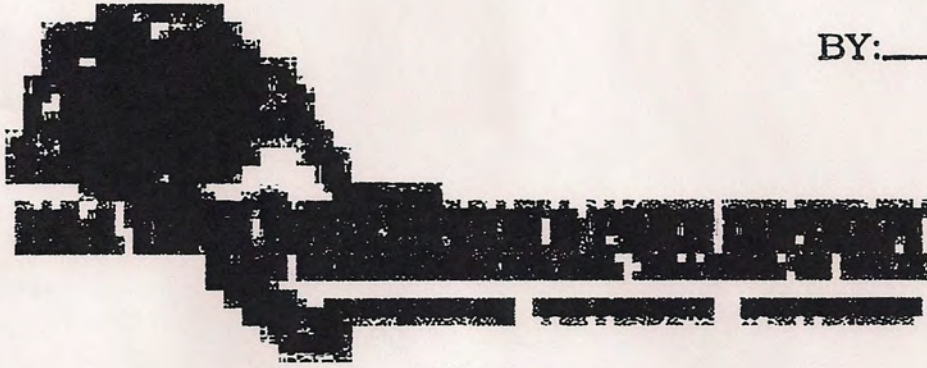


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August 23, 2011

Honorable Arthur A. Garcia  
Assistant Presiding Judge  
Santa Barbara Superior Court  
312 East Cook Street  
PO Box 5369  
Santa Maria, California 93456-5369

**Re: Isla Vista Recreation and Park District (IVRPD) Response to Santa Barbara Civil Grand Jury report entitled "Local Government Post-Employment Benefits in Santa Barbara County – Complicated and Costly"**

Dear Judge Garcia:

Thank you for the opportunity to respond to the Grand Jury report entitled "Local Government Post-Employment Benefits in Santa Barbara County – Complicated and Costly." According to the instructions, the IVRPD must respond to Findings 1a, 1b, 1c, 1d, 1e and Recommendation 1, and Finding 3 and Recommendation 3. The IVRPD responses are below.

**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:* IVRPD agrees with the Finding 1a.

**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:* IVRPD agrees with Finding 1b.

**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 states' debt burdens in a way that includes unfunded pensions. The Governmental 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:* IVRPD agrees with Finding 1c.

**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:* IVRPD agrees with Finding 1d.

**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:* IVRPD agrees with Finding 1e.

**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 IVRPD belongs to CalPERS and will obtain and make publicly available estimates of the individual unfunded actuarial liability from the plan sponsor no later than January 1, 2012.

**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:* IVRPD agrees with Finding 3.

**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 IVRPD has implemented several measures to control compensated absence liabilities including limits on vacation and sick time accruals and limits on the amount of a "cash-out" on separation. These include limiting accrued vacation to 22 days and limiting sick time accrued to a maximum of 40 days. Upon separation, an employee can be paid out for unused vacation days. Unused sick days are paid out, only with four weeks advance notice, and based on term of service to IVRPD at the following rates:

- 15% after 6 years continuous service,
- 20% after 8 years continuous service, and
- 25% after 10 years continuous service.

In addition, partly due to Recommendation 3 of this report, IVRPD management has recently taken steps to further control increases the vacation accrual rate and other changes to policy that increase unfunded liabilities.

We are confident that these measures limit the IVRPD exposure to excessive post-employment liabilities. If there should be any questions please feel free to contact me directly at 805-968-2017 x27 or by e-mail at [jlindgren@ivparks.org](mailto:jlindgren@ivparks.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Lindgren", written in a cursive style.

Jeff Lindgren  
General Manager  
Isla Vista Recreation and Park District