



Los Olivos School District

2540 Alamo Pintado Avenue
PO Box 208 • Los Olivos • Ca 93441
Phone: (805) 688-4025
Fax: (805) 688-4885

Response to Grand Jury Findings and Recommendations Local Government Post Employment Benefits in Santa Barbara County

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 Los Olivos School 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 Los Olivos School 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 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

The Los Olivos School 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 Los Olivos School 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 Los Olivos School 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

This recommendation will not be implemented because it is not warranted or is not reasonable.

This action is not within the scope of our office’s capabilities. This information is not currently available to us.

The Los Olivos School District is part of the schools statewide CalPERS and CalSTRS pools, and employer contributions are set at the same rate for all school district members of that pool.

The unfunded liability of the state schools pools impacts the employer contribution rate, and this unfunded liability is made available to the general public annually in the CalPERS *Comprehensive Annual Financial Report* and the CalSTRS *Comprehensive Annual Financial Report*.

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 Los Olivos School 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

This recommendation has been implemented. District policy does not allow substantial carryover of vacation or comp-time for employees without very specific approval by management, and in small amounts. Because policy has been structured in this way, the issue of compensated absences liability is not material to the Los Olivos School District.

Respectfully submitted,

Marsha Filbin
Superintendent