

---

---

# SANTA MARIA CEMETERY DISTRICT

---

---

P.O. Box 684 • Santa Maria, CA 93456

August 1, 2011

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

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

Dear Santa Barbara County Civil Grand Jury:

During its regular meeting of August 8, 2011 the Board of Directors of Santa Maria Cemetery District (the "District") adopted the following responses to the Grand Jury recommendations contained in the report entitled: Local Government Post Employment Benefits. The Board of Directors 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.

The Santa Maria Cemetery District agrees with the 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.

The Santa Maria Cemetery District agrees with the 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 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 Standings 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.

The Santa Maria Cemetery District agrees with the 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.

The Santa Maria Cemetery District agrees with the 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.

The Santa Maria Cemetery District agrees with the 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 Santa Maria Cemetery District will implement the recommendation by requesting and making publically available the estimates of their individual unfunded actuarial liability from the plan sponsor.

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

The Santa Maria Cemetery District agrees with the finding.

**Finding 2b:** Some agencies pay all or a portion of the healthcare premium cost for the employees.

The Santa Maria Cemetery District agrees with the 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.

The Santa Maria Cemetery District agrees with the 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.

**Response:** The Santa Maria Cemetery District is in the process of implementing recommendation 2a. The Santa Cemetery District is currently negotiating labor contracts including employee salaries and benefits. The District recently changed healthcare insurance providers and continuously searches for ways to further reduce the cost to the district.

**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 Santa Maria Cemetery District will consider implementation of recommendation 2b. The District will research the economic feasibility of prefunding its healthcare liability.

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

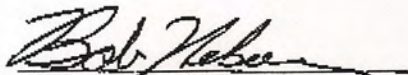
The Santa Maria Cemetery District agrees with the finding.

**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 Santa Maria Cemetery District is in the process of implementing recommendation 3. The Santa Cemetery District is currently negotiating labor contracts including employee salaries and benefits including compensated absences.

Thank you for this opportunity to provide these responses

Sincerely,



Board Chairman  
Santa Maria Cemetery District