

August 24, 2011

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

Re: 2010-11 Grand Jury Response  
"Local Government Post Employment Benefits"

Dear Honorable Judge Garcia:

The Los Alamos Community Services District has received the 2010-11 Santa Barbara County Grand Jury report, as referenced above. The LACSD Board of Directors has reviewed the findings and recommendations with necessary personnel and, pursuant to California Penal Code 933.05, we have prepared and respectfully submit the following responses:

**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 Los Alamos Community Services District agrees with 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.*

**The Los Alamos Community Services District 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.*

**The Los Alamos Community Services District 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.*

**The Los Alamos Community Services District 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.*

**The Los Alamos Community Services District 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.*

**Recommendation has been considered for implementation.**

In October 2002, Assembly Bill 1974 was chaptered by the California legislature, adding Government Code 20840, 20841, and 20842 to the California Code. These sections give full Authority to the CalPERS Board of Administration to create risk pools and mandate participation for all plans with less than 100 active members. Including retired and separated Employees, as of June 30, 2011, the LACSD has 5 active members. As a result, the LACSD receives an annual actuarial valuation report for the Miscellaneous 2% @ 60 Risk Pool. Currently, CalPERS does not provide an individual unfunded liability report to risk pool members, even upon

request, unless the member agency is either changing or terminating their contract with CalPERS.

We respectfully submit the response to the 2010-2011 Grand Jury report. If we can be of further assistance, please contact Candyce Clark, Office Manager/Treasurer, at (805) 344-4195.

Sincerely yours,

LOS ALAMOS COMMUNITY SERVICES DISTRICT

William Rose  
Board President

cc: The Honorable Joni Gray, Chair  
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