



August 15, 2017

The Honorable Judge Kelly V. Simmons  
Marin County Superior Court  
P.O. Box 4988  
San Rafael, CA 94913-4988

Re: Marin's Retirement Health Care Benefits: The Money Still Isn't There – Request for Response

Dear Judge Simmons:

The referenced report requests the Marin Municipal Water District (District) to respond to recommendations R1-R9, which state:

- R1. Each agency should adopt a formal, written policy for contributions to its OPEB plan.
- R2. Each agency's standard practice should be to consistently satisfy its formal, written OPEB contribution policy.
- R3. Each agency's OPEB contribution policy and practice should support a projection under GASB 75 that its OPEB plan assets will be sufficient to make all projected OPEB benefit payments.
- R4. Each agency that uses special reserve funds for Postemployment Benefits should transition to a trust meeting the criteria of GASB 75.
- R5. Each term of service, elected or appointed officials of each agency should take a public agency financial class.
- R6. Each agency should make its CAFRs, Audits, and GASB valuations more readily understandable by the general public.
- R7. Each agency should ensure that all of its public financial presentations are more readily understandable and scheduled during hours convenient for the public.
- R8. Each agency should have the following downloadable and text-searchable documents readily accessible on their website: the last five years of CAFRs/Audits and the last three actuarial reports.
- R9. Before the next round of bargaining begins, each agency should prioritize the cost containment strategies to be used, including reducing or eliminating OPEB benefits for future employees.

The district complies with recommendations numbered R4 – R8. Recommendations numbered R1-R3, & R9 will be implemented before the end of fiscal year 2018.

Response to R1: The District will memorialize our current practice with a written policy as part of a comprehensive set of fiscal policies no later than June 2018.

Response to R2: The District will institutionalize compliance with its OPEB policy once created.

Response to R3: The District's practice is in compliance with GASB 45 and we make ARC (Annually Required Contribution) into CERBT (California Employer's Retiree Benefit Trust) to reduce the OPEB liability. The upcoming GASB 75, which will be in effect as of the 2018 fiscal year, will be implemented in the fiscal year ending June 30, 2018, to record the OPEB liability in the audited financial statements.

Response to R4: The District has been contributing the ARC to the California Employer's Retiree Benefit Trust (CERBT) to reserve for the future OPEB liability.

Response to R5: During the first year of each new term of service the District offers a financial class to its elected officials. We plan to continue and enhance this practice after the next election.

Response to R6: CAFRs, Audits and GASB valuations are readily available to the public on the District website or via email, written, or oral request. The District's website includes a convenient web page detailing Financial Statements which includes CAFRs, Audits and GASB valuations: <http://www.marinwater.org/273/Management-Finance>

The District strives to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure. For the last three years, the District has been awarded the Certificate of Achievement in Financial Reporting from the Government Finance Officers Association (GFOA). The District will continue its commitment to transparent and reliable information.

Response to R7: The District schedules public hearings, rate workshops, and several board meetings after normal business hours. It is the District's intention to make financial presentations accessible to the public. We will continue to listen to the public and make improvements.

Response to R8: The last five years of CAFRs/Audits and the last three actuarial reports are downloadable and text searchable on our website on the following page: <http://www.marinwater.org/273/Management-Finance>

Response to R9: Before the next round of bargaining begins, the District will evaluate its cost containment strategies and priorities, will consider the efficacy of making changes to our benefits, and will evaluate the possibility of reducing or eliminating OPEB benefits for future employees.

The District has no comment or requested changes to the Findings included in the report. Out of fourteen total special districts analyzed, MMWD is one of the four special districts to see a reduction in our unfunded liability. This is a complicated subject and that many factors contribute to fiscal responsibility beyond a singular focus on unfunded liabilities. The use of the term *unfunded* often sensationalizes the issue and implies an alternate state of fiscal adequacy when in truth all future expenses have a less than fully funded component. MMWD realizes the importance of conducting business in a fiscally responsible manner by fully funding our Annual Required Contribution (ARC) for what may be better termed contingent liabilities.

The District greatly appreciates the efforts of the Marin County Civil Grand Jury and the opportunity to respond to Recommendations R1-R9.

Respectfully yours,



Larry Russell,  
President, Board of Directors