



SAUSALITO MARIN CITY SCHOOL DISTRICT

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*Superintendent:
Board of Trustees:*

*Will McCoy -
Joshua Barrow (President), Ida Green, Thomas
Debra Turner, and Caroline Van*

*Newmeyer
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1895 - 2017

August 15, 2017

The Honorable Kelly V. Simmons
Marin County Superior Court
P.O. Box 4988
#275
San Rafael, CA 94913-4988

Jay Hamilton-Roth, Foreperson
Marin County Civil Grand Jury
3501 Civic Center Drive, Room
San Rafael, CA 94903

Re: Grand Jury Request for Response to "Other Post Employment Benefits"

Dear Judge Simmons and Mr. Hamilton-Roth:

This is the Sausalito Marin City School District response from the Marin County Grand Jury Report "Other Post Employment Benefits".

R1: Each agency should adopt a *formal, written policy* for contributions to its Other Post-Employment Benefits (OPEB) plan.

The recommendation has been implemented, but needs updating.

The District will adopt a revised Board Policy 3460 for contributions to its OPEB plan at our school board meeting in September 2017. The contributions are provided on a "pay-as-you-go" basis. This plan is further iterated in the notes to the financial statements published with the District's annual audit.

R2: Each agency's standard practice should be to consistently satisfy its formal, written OPEB contribution policy.

The recommendation has been implemented.

The District follows a "pay-as-you-go" method for paying for OPEB expenses as required by Board Policy and stated in the District's financial statements.

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.

The recommendation will not be implemented. We will continue to fund our obligation utilizing a pay-as-you-go model for two reasons:

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- The historical and projected trend of pay-as-you-go OPEB projected costs are stable, given the criteria for eligibility and district contribution to the program have been fixed in agreements with our bargaining units. As a result, there is no generational shift of these costs.
- Financial issues of the district prevent funding the OPEB liability with ending fund balance, our only possible financing source at this time. We must maintain fund balance for program needs while we adjust our financial condition to a sustainable model over time.

R4 Each agency that uses special reserve funds for Postemployment Benefits should transition to a trust meeting the criteria of GASB 75.

The recommendation will not be implemented, for the same reasons identified in our response to Recommendation #3, specifically that the district OPEB obligation is stable and thus costs are not being shifted to future generations, and that the district does not have the financial resources necessary to establish a trust.

R5 Each term of service, elected or appointed officials of each agency should take a public agency financial class.

The recommendation has not yet been implemented.

Some board members have participated in the Marin County Office of Education hosted Masters in Governance program facilitated by the California School Boards Association. We will discuss opportunities for this and other trainings for all our board members at a board meeting within the next few months.

We will also provide our board members with appropriate “Elected Officials Guides” published by the Government Finance Officers Association. These guides provide information specifically for elected officials on a wide range of financial topics for public agencies.

R6: Each agency should make its CAFRs, Audits, and GASB valuations more readily understandable by the general public.

The recommendation has not yet been implemented.

The format and content of the annual audit is prescribed by standards set by the American Institute of Certified Public Accountants in accordance with generally accepted accounting principles (GAAP) set by the Governmental Accounting Standards Board (GASB). The report includes a Management Discussion and Analysis section where we will provide information regarding our OPEB obligation and funding plan. Footnotes to the financial statements also provide significant supporting information that address our policies and practices with respect to OPEB. We will also address OPEB in narratives to our school board and community that accompany budget reports that are provided three times each year. All of the above will be provided beginning the 2017/2018 school year as these reports are presented to the Governing Board for review and approval in December, January, March and June of each year.

Similarly the OPEB actuarial study report is prepared in accordance with standards set by outside bodies. We present these reports to our boards and community; we will also provide a narrative

that describes the substance of the report and its implications for our Districts financial plan to fund our OPEB obligation beginning the 2017/2018 school year.

R7 Each agency should ensure that all of its public financial *presentations* are more readily understandable and scheduled during hours convenient for the public.

The recommendation has been implemented. Our school board meetings are held each month at 6:00 p.m. at Bayside Martin Luther King Junior Academy which provides opportunity for community members to attend and participate in discussions regarding any financial presentations. Board meeting dates and locations can be found at <http://www.smcsd.org/index.php/2012-01-20-07-17-51/meeting-agenda-and-minutes> .

Our presentations are crafted towards the relative financial sophistication of all audience members, and staff is available at the meetings to answer questions. Budget reports and presentations are also posted at <http://www.smcsd.org/index.php/2012-01-20-07-17-51/presentations> .

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.

The recommendation has been implemented. All audit and actuarial reports will be loaded and available for viewing on our website. The reports are posted and available at <http://www.smcsd.org/index.php/2012-01-20-07-17-53/business>

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 recommendation has been implemented.

The District currently has language in its bargaining agreements for staff. This language has established eligibility requirements to received OPEB benefits as well as cap. Therefore, the District uses the “pay-as-you-go” method.

Thank you for your continued interest in and support of our public schools.

Sincerely,



Joshua Barrow
President



William McCoy
Superintendent