



SOMIS UNION SCHOOL DISTRICT

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Board of Education

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OCT 19 2010

VENTURA COUNTY GRAND JURY
Mary H. McKee, Ed.D. Superintendent

Ventura County Grand Jury
800 S. Victoria Avenue, L#3761
Ventura, CA 93009

RE: Response from Somis Union School District to Grand Jury Report: *The Half Billion Dollar Elephant in our Schools' Closets*

Members of the Ventura County Grand Jury:

Thank you for preparing the Ventura County 2009/2010 Grand Jury Report title *The Half Billion Dollar Elephant in Our Schools' Closets*. As required by the Grand Jury, following are the responses to the findings and recommendations included in the report on behalf of Somis Union School District:

Finding F-20. Somis Union School District:

- District concurs with the Grand Jury Report that the budget for the General Fund as of the 2009/2010 Adopted Budget was \$2,642,763
- District concurs with the Grand Jury Report that the annual costs associated with health care benefits for active employees as of October 1, 2009 were \$199,806
- District concurs with the Grand Jury Report that the projected health care benefit costs for retirees for the next 30 years are expected to be \$27,690
- District concurs with the Grand Jury Report that District-paid retiree health benefit plan is closed for all employees hired after October 19, 1988
- District concurs with the Grand Jury Report that there is one current employee who was hired prior to October 19, 1988 who may be eligible to retire with postemployment health care benefits
- Although no District-paid health benefits were provided to retirees as of October 1, 2009, retirees were allowed to participate in the District's health benefit plan provided the retiree reimburses the District for the full amount of the coverage cost
- District concurs with the Grand Jury Report that the District does not have an Annual Required Contribution (ARC) since the retiree health plan is fully funded
- District concurs with the Grand Jury Report that the retiree health care benefits plan is fully funded
- District concurs with the Grand Jury Report that the District has an amount set aside to fully fund the maximum retiree health benefit liability of \$27,690
- District concurs with the Grand Jury Report that the District has established a Special Reserve Fund for Postemployment Benefits to pay for the liability. The fund had an ending fund balance of \$64,178 as of June 30, 2009

Recommendation R-01. Adopt a policy of prefunding retiree health care benefits:

- District has set aside a Special Reserve for Postemployment Benefits to fully fund the liability

Recommendation R-02. Identify cost reductions to allow District to achieve calculated ARC:

- District has already fully funded the cost of postemployment benefits

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Recommendation R-03. Leverage the economies of scale by acting as a bargaining unit and selecting a health care plan for all employees:

- The Somis Union District already leverages the economies of scale by participating with other school districts in California in the Self-Insured Schools of California (SISC) joint powers health benefit insurance pool administered by the Kern County Superintendent of Schools Office.

Recommendation R-04. Use language in District's financial report to communicate to average County taxpayer, employee, and retiree how tax dollars are being spent and to recognize the District's financial indebtedness:

- The financial reports of the District include a narrative which summarizes the information included in the California State-Required report format into a document that is more easily understood by the public.

Recommendation R-05. Post the entire District budget on the District website:

- Although the Board packets are posted on the District website, the entire District budget is not currently posted on the District website. This recommendation will be studied and included on the Board agenda for consideration.

Recommendation R-06. Educate and communicate employees, retirees, and parents of students regarding the OPEB issue:

Recommendation R-07. Take a pro-active role in solving the unfunded liability crisis for the District:

Recommendation R-08. Consider alternatives to resolve this serious financial situation:

- R-06, R-07, and R-08 – Not applicable to Somis Union School District because District has set aside a Special Reserve for Postemployment Benefits which fully funds the liability.

Thank you for the opportunity for the Somis Union School District to review and respond to the Grand Jury on this topic. If you have any additional questions or comments, please feel free to contact me or Dr. Mary McKee, Superintendent, via phone (District Office 805-386-8258) or via email (pehrhardt@thecarreragroup.com or dr.marymac@yahoo.com).

Sincerely,



Patricia Ehrhardt, Board President
Somis Union School District



Mary McKee, Ph.D., Superintendent
Somis Union School District

Cc: Honorable Kevin J. McGee, Presiding Judge, Superior Court of CA, Ventura County, P.O. Box 6489, Ventura, CA 93006

Members, Somis Union School District Board
Cynthia Hansen, Chief Business Official