



January 31, 2011

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

RE: Response Follow-up from the Mesa Union School District to the Grand Jury Report: *The Half Billion Dollar Elephant in our Schools' Closets*

Members of the Ventura County Grand Jury:

As requested in your letter dated October 23, 2010 regarding the Mesa Union School District's response to the Ventura County 2009/2010 Grand Jury Report title *The Half Billion Dollar Elephant in Our Schools' Closets*, following are the decisions made by the Mesa Board of Trustees:

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

- On January 18, 2011, the Mesa Board reviewed the following options for developing a policy regarding the method to be used by the District for funding the retiree health care benefits as per GASB 45 as follows:
 - Establish an irrevocable trust and contributing funds into the irrevocable trust each year to reduce future liabilities for the retiree health care benefits.
 - Establish an internal reserve fund that is dedicated to retiree health benefits and contributing funds into the internal reserve fund each year to reduce future liabilities for the retiree health care benefits.
 - Continue the current Board policy of "pay-as-you-go" funding (funding the benefits based on the actual annual costs of retirees currently receiving benefits).
- Although the Mesa Board recognizes that collecting and securing current funding for the future retiree benefits is clearly the most prudent way of providing for the financial stability of the District over the long term, the Board made the decision to continue the current Board policy of funding the retiree benefits under the "pay-as-you-go" method for the following reasons:
 - The liability is finite because the retiree benefits are based on a capped annual amount for qualifying retirees between the age of 55 and 65. The benefits have been phased out entirely for all new employees hired after December 1, 1998. There are 11 employees eligible for an annual cap of \$1,500 and 5 employees eligible for an annual cap of \$1,000 if they remain with the district and retire at the age of at least 55. Therefore, the total future liability of \$112 thousand will not increase over time.
 - The current economic environment and devastating funding reductions to school districts passed on by the State of California makes it very difficult to pre-fund retiree benefits without compromising the quality of educational programs provided for the District's current students.

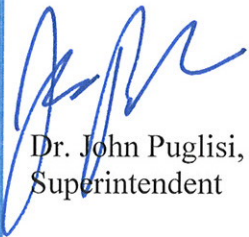
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Recommendation R -05. Post the entire District budget on the District website:

- After reviewing the benefits to the public of posting the entire budget versus posting the budget narrative, the Mesa Board made the decision on January 18, 2011 to post the budget narrative on the District website beginning with the 2010/2011 Second Interim Budget narrative (to be posted on or before March 15, 2011) due to the following reasons.
 - The entire budget is reported on the California Department of Education's required software using the required Standardized Account Code Structure. The general public is not familiar with the reporting codes used in the budget reporting which makes the budget very cumbersome to comprehend.
 - The Budget narrative is more "reader friendly" and summarizes the key elements of the budget. The narrative includes charts and tables which compare the current budget with the previous budgets so readers can follow the changes made between reporting periods.
- A copy of the entire budget is available in the District office for the public upon request.

Thank you for the opportunity for the Mesa 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 via phone (805-405-1411) or via email (jpuglisi@mesa.k12.ca.us).

Sincerely,



Dr. John Puglisi,
Superintendent

Cc: Honorable Kevin J. McGee, Presiding Judge, Superior Court of CA
Ventura County, P.O. Box 6489, Ventura, CA 93006
Members, Mesa Board of Trustees
Cynthia Hansen, Chief Business Official