



# County of Santa Cruz

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## BOARD OF SUPERVISORS

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**JOHN LEOPOLD**  
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SECOND DISTRICT

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THIRD DISTRICT

**GREG CAPUT**  
FOURTH DISTRICT

**BRUCE MCPHERSON**  
FIFTH DISTRICT

April 25, 2016

The Honorable Judge John Gallagher  
Santa Cruz Courthouse  
701 Ocean Street  
Santa Cruz, CA 95060

RE: RESPONSE TO THE 205-16 GRAND JURY REPORT  
"SANTA CRUZ COUNTY RETIREMENT COSTS AND OBLIGATIONS"

Dear Judge Gallagher:

The purpose of this letter is to formally transmit the response of the Santa Cruz County Board of Supervisors to the 2015-2016 Grand Jury Report, titled "Santa Cruz County Retirement Costs and Obligations."

Sincerely,

BRUCE McPHERSON, Chair  
Board of Supervisors

BM:fh  
Attachment

cc: Clerk of the Board  
Santa Cruz County Grand Jury



**The 2015-2016 Santa Cruz County Civil Grand Jury  
Requires that the  
Santa Cruz County Board of Supervisors  
Respond to the Findings and Recommendations  
Specified in the Report Titled  
Reporting Santa Cruz County  
Retirement Costs and Obligations  
by April 25, 2016**

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When the response is complete, please

1. Email the completed Response Packet as a file attachment to [grandjury@scgrandjury.org](mailto:grandjury@scgrandjury.org), and
2. Print and send a hard copy of the completed Response Packet to

The Honorable Judge John Gallagher  
Santa Cruz Courthouse  
701 Ocean St.  
Santa Cruz, Ca 95060

## Instructions for Respondents

California law PC § 933.05 (included below) requires the respondent to a Grand Jury report to comment on each finding and recommendation within a report. Explanations for disagreements and timeframes for further implementation or analysis must be provided. Please follow the format below when preparing the responses.

### **Response Format**

1. For the Findings included in this Response Packet, select one of the following responses and provide the required additional information:
  - a. **AGREE** with the Finding, or
  - b. **PARTIALLY DISAGREE** with the Finding and specify the portion of the Finding that is disputed and include an explanation of the reasons therefor, or
  - c. **DISAGREE** with the Finding and provide an explanation of the reasons therefor.
2. For the Recommendations included in this Response Packet, select one of the following actions and provide the required additional information:
  - a. **HAS BEEN IMPLEMENTED**, with a summary regarding the implemented action, or
  - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE**, with a timeframe or expected date for implementation, or
  - c. **REQUIRES FURTHER ANALYSIS**, with an explanation and the scope and parameters of an analysis or study, and a timeframe for that analysis or study; this timeframe shall not exceed six months from the date of publication of the grand jury report, or
  - d. **WILL NOT BE IMPLEMENTED** because it is not warranted or is not reasonable, with an explanation therefor.

### **Validation**

Date of governing body response approval: \_\_\_\_\_

If you have questions about the response report please contact the Grand Jury by calling 831-454-2099 or by sending an e-mail to [grandjury@scgrandjury.org](mailto:grandjury@scgrandjury.org).

## Findings

F1. The public has not received a clear, understandable accounting of the County of Santa Cruz's total annual retirement costs and obligations in a single summary document.

AGREE

PARTIALLY DISAGREE – explain the disputed portion

DISAGREE – explain why

**Response explanation** (required for a response other than **Agree**):

As stated in our response to the 2014-15 Santa Cruz County Civil Grand Jury Report, those obligations are detailed in the Comprehensive Annual Financial Report (CAFR) and reporting is in accordance with standards set by the Governmental Accounting Standards Board (GASB).

It is correct that the County does not provide the information in the format suggested by the Grand Jury. GASB is used as our reporting format.

## Recommendations

R1. The Board of Supervisors should direct the County Administrative Office to provide an annual summary of all retirement costs and obligations starting in FY 2016/17.

HAS BEEN IMPLEMENTED – summarize what has been done

HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE – summarize what will be done and the timeframe

REQUIRES FURTHER ANALYSIS – explain scope and timeframe (not to exceed six months)

WILL NOT BE IMPLEMENTED – explain why

**Response explanation, summary, and timeframe:**

Beginning in 2016/17, a summary of County retirement costs and obligations will be provided as part of the Comprehensive Annual Financial Report (CAFR) prepared by the Auditor-Controller-Treasurer-Tax Collector.

While that information is included in various locations throughout the CAFR, a summary chart, including pension, Social Security and Other Post-Employment Benefits costs

and obligations, will be included in the Management Discussion and Analysis section of the 2016/17 CAFR.

**R2.** The annual summary of the total retirement costs and obligations should be identified in the county budget in clear and understandable language.

**HAS BEEN IMPLEMENTED** – summarize what has been done

**HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

**REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

**WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

The County's annual budget does include all retirement cost estimates for each department. Costs are included for each department under "Salaries & Employee Benefits". Pension costs are provided on the "PERS" line item; retiree health benefit costs (OPEB) are included with active employee health benefit costs in the "Employee Insurance and Benefits" line item. It should be noted that annual budgets are *estimated* costs, and actual costs may vary. The CAFR includes actual costs, and the County considers that the most appropriate place to report retirement costs and obligations for employees.