

CITY OF LOS ALAMITOS



Mayor:
Gerri L. Graham-Mejia

Mayor Pro Tem:
Richard D. Murphy

Council Members:
Troy D. Edgar
Dean Grose
Warren Kusumoto

The Honorable Glenda Sanders
Presiding Judge of the Superior Court
700 Civic Center Drive West
Santa Ana, California 92701

Subject: Response to the Orange County Grand Jury report "Orange County City Pension Liabilities-Budget Transparency Critically Needed"

Dear Presiding Judge Sanders:

The City of Los Alamitos appreciates the opportunity to respond to the findings and recommendations of the 2013-14 Orange County Grand Jury report "Orange County City Pension Liabilities-Budget Transparency Critically Needed"

The responses to the Findings and Recommendations are as follows:

Findings

- F.1. The City of Los Alamitos agrees with the finding.
- F.2. The City of Los Alamitos agrees with the finding.
- F.3. The City of Los Alamitos agrees with the finding.
- F.4. The City of Los Alamitos agrees with the finding, however the statement is not true for the City of Los Alamitos. The budgets for Los Alamitos are easy to find under Finance on the City's website and multiple budget years are included.
- F.5. The City of Los Alamitos agrees with the finding; however, the City of Los Alamitos does show prior year data within each annual budget that is posted online.
- F.6. The City of Los Alamitos agrees with the finding; however, the transmittal letter to the budget is intended to explain unusual changes in budgeted amounts or revenues and expenditures.
- F.7. The City of Los Alamitos agrees with the finding.
- F.8. The City of Los Alamitos agrees with the finding.
- F.9. The City of Los Alamitos agrees with the finding.
- F.10. The City of Los Alamitos agrees with the finding.
- F.11. The City of Los Alamitos agrees with the finding.

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F.12. The City of Los Alamitos agrees with the finding.

Recommendations

R.1. The recommendation has been implemented by the City. The City already posts the current budget and at least three prior year budgets on the city's website, the budgets are easily located under Finance, and a single search on the word "budget" immediately links to the current budget.

R.2. The recommendation has not been implemented, but will be implemented if mandated in 2015 when the next budget is prepared by City staff. However, the City disagrees with having to display the five years of projected revenues and expenditures at the same level of detail and using the same line item structure as information for the current budget. The majority of revenue and expenditures are insignificant in relation to the total budget. It is very difficult to compile a budget with the amount of detail that is shown in a one or two year budget. To have to now create the same level of detail for five years creates a tremendous burden on finance department staff. The numbers would be far from accurate when forecasting out five years into the future, and would not be meaningful. The City believes the five year budget should be at the level of major categories of revenues and expenditures, and not at the line item structure and level of detail as the current one year budget.

R.3. The recommendation has not been implemented, but will be implemented in 2015 when the next budget is prepared by City staff.

R.4. The recommendation has not been implemented, but will be implemented in 2015 when the next budget is prepared by City staff.

R.5. The recommendation has not been implemented, but will be implemented in 2015 when the next budget is prepared by City staff.

R.6. The recommendation will not be implemented. Although the OCFA provides fire service to the City of Los Alamitos, the City is not involved with the accounting for the services provided. The revenues do not flow to the City, they are collected as part of the property tax levy by the County of Orange, and the City has no control over the pension benefits provided or the cost of those benefits. The County has their own pension system, and it is highly unlikely that they account for the assets and liabilities of their pension system by agency. This recommendation would have to be implemented by the Orange County Fire Authority, and not by the City of Los Alamitos.

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R.7. This recommendation will be difficult to implement. It requires the consent of CalPERS, and the City has no ability to require that CalPERS post the City's actuarial reports online. The City can certainly post the reports on our website, but unless and until CalPERS agrees to do this for all cities, we will be unable to make them add a provision in our contract that they will comply with our request.

Respectfully,



Bret M. Plumlee
City Manager
City of Los Alamitos, California

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