



September 24, 2015

Alexander A. Ethans
Mayor

Brian Donahue
Mayor Pro Tem

Rigoberto A. Ramirez
Council Member

David J. Shawver
Council Member

Carol Warren
Council Member

James A. Box
City Manager

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

RE: Response to the Orange County Grand Jury report - "Unfunded Retiree Health Care Obligations – A Problem for Public Agencies?"

Honorable Judge Sanders:

The City of Stanton has reviewed the findings and recommendations of the Orange County Grand Jury report entitled, "Unfunded Retiree Health Care Obligations – A Problem for Public Agencies?" and provides the following responses:

Finding F.4.: All agencies surveyed (except Anaheim) do not disclose retiree health benefits as part of employee compensation per GAAP standards.

City Response:

The City of Stanton disagrees wholly with the finding. The City of Stanton does budget and report expenditures for retiree health costs in the Health/Life Insurance account in the City's Employee Benefits Internal Service Fund. Furthermore, in compliance with GASB Statement No. 45, we are properly reporting the City's Other Postemployment Benefits (OPEB) in the Comprehensive Annual Financial Report (CAFR). Not only is the City's CAFR audited annually by external auditors, but the City also submits the CAFR for a review by the Government Finance Officers Association (GFOA). GFOA's reviewers have provided no comments to the City regarding deficiencies in OPEB reporting, and the City has received GFOA's Certificate of Achievement for Excellence in Financial Reporting for 16 consecutive years.

Recommendation R4: All agencies surveyed should recognize retiree health care benefits in employee compensation in conformity with GAAP. (F.4.)

City Response:

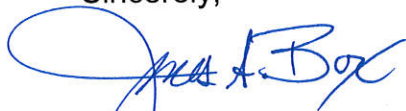
The recommendation will not be implemented because it is not warranted or is not reasonable.

The City of Stanton already accounts for retiree healthcare costs in its budget and associated reporting of expenditures as part of salary and wages. The City already recognizes health care benefits in employee compensation and is properly reporting Other Postemployment Benefits (OPEB) in the City's Comprehensive Annual Financial Report (CAFR) as required by GASB Statement No. 45.

The City's OPEB disclosures are properly reported in Note 12 to the Basic Financial Statements (See FY 2013/14 CAFR pages 71-72) and required disclosures are included in the CAFR's Required Supplemental Information Section (FY 2013/14 CAFR page 87). The City's reporting is consistent with GAAP standards. This is supported by the City's CAFR being audited each year for compliance with GASB Statement No. 45 by external auditors and Government Finance Officers Association (GFOA) reviewers. The City has received no findings from external auditors and has received the GFOA Certificate of Achievement for Excellence in Financial Reporting 16 consecutive years.

On behalf of the City of Stanton, I would like to thank you for the opportunity to provide this response to the Orange County Grand Jury. Please contact Stephen Parker, Administrative Services Director at (714) 890-4226 or sparker@ci.stanton.ca.us if you have questions or need additional information.

Sincerely,



James A. Box
City Manager

Cc: Orange County Grand Jury
Matthew E. Richardson, City Attorney
City Council