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## CITY OF SANTA ANA

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**FINANCE AND MANAGEMENT SERVICES AGENCY**  
714-647-5420

SENT VIA EMAIL ([grandjurysupport@occourts.org](mailto:grandjurysupport@occourts.org)) AND CERTIFIED MAIL

June 21, 2018

Honorable Charles Margines  
Presiding Judge of the Orange County Superior Court  
700 Civic Center Drive West  
Santa Ana, CA 92701

Re: Orange County Grand Jury Report entitled "Unfunded Retiree Healthcare Obligations-A Problem for Public Agencies" correspondence dated May 9, 2018

Dear. Honorable Charles Margines:

The City of Santa Ana (City) is in receipt of your correspondence dated May 9, 2018 regarding the above-referenced subject matter. Below are the City's responses to the recommendations made by the Grand Jury

### Recommendations of the Grand Jury

R.2. The 21 agencies that not yet contributed in an irrevocable trust fund to finance their health care obligations should begin to put aside monies to fund this obligation and reduce their unfunded public liabilities. [F.2]

### **City Response:**

As of the date of this letter, the City has established an Irrevocable Trust in December 2015 for the purpose of funding unfunded pension and retiree health care obligations. The City has contributed funds in the amount of \$500,000 towards the Trust for unfunded pension obligations. Currently the City is evaluating the timing of contributing additional funds toward the Trust for the purposes of health care obligations.

### Recommendations of the Grand Jury

R.3. The 26 agencies that are not recognizing the full amount of their Annual Required Contribution as expense in the current period should comply with the requirement to do so. [F.3]

**City Response:**

As of the date of this letter, the City implemented the above-referenced recommendation in its Comprehensive Annual Financial Report (CAFR) and will continue to do so for future CAFR's.

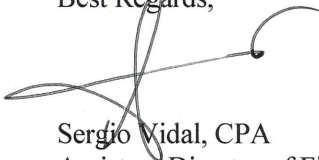
- R.4. All agencies surveyed should recognize retiree health care benefits in employee compensation in conformity with Generally Accepted Accounting Principles. [F.4]

**City Response:**

The City has implemented the above-referenced recommendation in its Comprehensive Annual Financial Report (CAFR) and will continue to do so for future CAFR's in conformance with Generally Accepted Accounting Principles.

If you have any further questions feel free to contact me at (714) 647-5295

Best Regards,



Sergio Vidal, CPA  
Assistant Director of Finance, Finance and Management Service Agency  
City of Santa Ana  
(714) 647-5297 (direct)  
[svidal@santa-ana.org](mailto:svidal@santa-ana.org)

Cc: Orange County Grand Jury – Mr. Bob Niccum, Foreperson – 700 Civic Center Drive West, Santa Ana, CA 92701  
Miguel Pulido, Mayor  
Raul Godinez II, City Manager  
Francisco Gutierrez, Executive Director – Finance and Management Services Agency

**SANTA ANA CITY COUNCIL**