

Southgate Recreation & Park District
Sacramento Grand Jury 2009-2010 Survey of Independent Special Districts
Response to Findings and Recommendations

Finding 1.0 ISD directors perform valuable service at minimal cost. However, this survey reveals inconsistent behaviors regarding compliance with sound management practices.

Recommendation 1.1 Directors should review their by-laws every four years to assure compliance with applicable laws, ethical practices, and appropriate behavior.

Response: The District performed a review of the District's Policy Manual in August, 2009 and will continue to administer periodic reviews.

Recommendation 1.2 Directors should limit compensation to reasonable meeting stipends and necessary costs of professional activities. All ISD boards should ensure that their compensation practices conform to the principles in Section 5.1 of this report.

Response: Compensation practices are described in the District's Policy Manual and comply with the principles in Section 5.1 of the Grand Jury Report.

Recommendation 1.3 Directors should limit the use of consent calendars according to the principles in section 5.1 of this report.

Response: The District's current policies and practices regarding the use of consent calendars comply with the principles in Section 5.1 of the Grand Jury Report.

Finding 2.0 Some ISDs grant monetary awards for education and training; many have inadequate evaluation of employees' degrees and certificates.

Recommendation 2.1 All ISDs should encourage education and training, but should not make direct monetary (cash) awards for educational achievement.

Response: The District does not make direct monetary awards for educational achievement.

Recommendation 2.2 All ISDs should recognize educational degrees and certificates only if they meet the criteria listed in Section 5.3.1.

Response: The District does not provide direct monetary awards for obtaining educational degrees and certificates.

Finding 3.0 ISD pension awards and Other Post Employment Benefits (OPEB) have increased markedly in the last decade. Some of these awards are unfair and unsustainable.

Recommendation 3.1 All ISDs should adopt pension and OPEB plans that are fair, affordable and sustainable.

Response: *The District has adopted fair and sustainable retirement and OPEB plans.*

Recommendation 3.2 To minimize unfair pension boosting, all ISDs should ensure that calculations of employees' base pension awards are on actual base salary earnings over their highest 36 months of earnings and urge CalPERS to promote this standard.

Response: *The District does not provide a defined benefit plan similar to CalPERS, but instead offers a defined contribution plan for its employees. Retirement calculations cannot be "boosted". Therefore, this recommendation is not applicable.*

Recommendation 3.3 All ISD pension/OPEB changes should be made only after analysis and full disclosure to all parties of the fiscal ramifications.

Response: *All retirement and OPEB changes are carefully analyzed and the fiscal ramifications are fully disclosed.*

Recommendation 3.4 All ISD pension/OPEB benefits should have an employee contribution component.

Response: *The District's retirement plan has a mandatory employee contribution.*

Finding 4.0 The majority of the ISDs surveyed in this study are neglecting their fiduciary responsibility to taxpayers and ratepayers by excessive use of no-bid purchasing.

Recommendation 4.1 Every ISD in Sacramento County should establish and adhere to a goal of minimizing no-bid purchasing. Essentially all purchases except utilities and emergency construction should be by contracts awarded to the lowest responsive responsible bidders.

Response: *The District believes that obtaining the best possible price is important. The District's Policy Manual provides specific guidelines for purchases.*

Finding 5.0 ISDs have not consistently conducted and reported required Independent Financial Audit Reports and management audits.

Recommendation 5.1 All ISDs must complete and file the required annual Independent Financial Audit.

Response: *The District completes and files the required annual Independent Financial Audit.*

Recommendation 5.2 All ISDs should commission a thorough periodic management audit. These audits should be completed by a multi-disciplinary team qualified to examine a district's management practices. This audit should be done in fiscal year 2011, and every four years thereafter.

Response: The District agrees that a periodic management audit will benefit independent special districts. However, unless a funding mechanism is provided, a management audit is not feasible in the current economic climate.