

# **Office of Audit Services**



## **Public Agency Review**

# **Cambria Community Services District**

**CalPERS ID: 3473008001  
Job Number: P14-029**

**November 2015**



California Public Employees' Retirement System  
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November 30, 2015

CalPERS ID: 3473008001  
Job Number: P14-029

Patrick O'Reilly, Finance Manager  
Cambria Community Services District  
P.O. Box 65  
Cambria, CA 93428

Dear Mr. O'Reilly:

Enclosed is our final report on the results of the public agency review completed for the Cambria Community Services District (Agency). We received your written response on September 16, 2015 and have included it as an appendix to the report. Your written response indicates agreement with the issues noted in the report except for Findings 2D, 2E, 4, 5, and 7 (now Finding 6). We appreciate the additional information that you provided on these findings. After consideration of the additional information we have removed Finding 5 from the report. As a result, Findings 6 through 9 are now listed as Findings 5 through 8. In addition, we added clarifying language to Finding 2E.

In accordance with our resolution policy, we have referred the issues identified in the report to the appropriate divisions at CalPERS. Please work with these divisions to address the recommendations specified in our report. It was our pleasure to work with your Agency. We appreciate the time and assistance of you and your staff during this review.

Sincerely,

Original signed by Beliz Chappuie

BELIZ CHAPPUIE, Chief  
Office of Audit Services

Enclosure

cc: Board of Directors, Cambria Community Services District  
Risk and Audit Committee Members, CalPERS  
Matthew G. Jacobs, General Counsel, CalPERS  
Anthony Suine, Chief, BNSD, CalPERS  
Renee Ostrander, Chief, EAMD, CalPERS  
Carene Carolan, Chief, MAMD, CalPERS

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# CAMBRIA COMMUNITY SERVICES DISTRICT

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# CAMBRIA COMMUNITY SERVICES DISTRICT

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## RESULTS IN BRIEF

The objective of our review was to determine whether the Cambria Community Services District (Agency) complied with applicable sections of the California Government Code (Government Code), California Public Employees' Pension Reform Act of 2013 (PEPRA), California Code of Regulations (CCR) and its contract with the California Public Employees' Retirement System (CalPERS).

The Office of Audit Services (OAS) noted the following findings during the review. Details are noted in the Results section beginning on page two of this report.

- Pay schedule did not meet all of the requirements of the Government Code and CCR.
- Special compensation was not reported in accordance with the Government Code and CCR.
- Compensation earnable was incorrectly reported.
- Payrate was incorrectly reported.
- Eligible part-time employees were not enrolled into membership.
- Eligible employee was not enrolled into membership.
- Member reciprocal self-certification was not maintained.
- Unused sick leave was incorrectly reported.

OAS recommends the Agency comply with applicable sections of the Government Code, PEPRA, CCR and its contract with CalPERS. We also recommend the Agency work with the appropriate CalPERS divisions to resolve issues identified in this report.

## SCOPE

The Agency contracted with CalPERS effective December 15, 1977 to provide retirement benefits for local miscellaneous and fire safety employees. By way of the Agency's contract with CalPERS, the Agency agreed to be bound by the terms of the contract and the Public Employees' Retirement Law (PERL). The Agency also agreed to make its employees members of CalPERS subject to all provisions of the PERL.

As part of the CalPERS Board of Administration (Board) approved plan, OAS reviewed the Agency's payroll reporting and member enrollment processes related to the Agency's retirement contract with CalPERS. The review was limited to the examination of sampled employees, records, and pay periods from July 1, 2011 through June 30, 2014. The review objectives and methodology are listed in Appendix A.

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# CAMBRIA COMMUNITY SERVICES DISTRICT

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## OFFICE OF AUDIT SERVICES REVIEW RESULTS

1: The Agency's pay schedule did not meet all of the Government Code and CCR requirements.

***Condition:***

The Agency's pay schedule did not meet all the requirements of the Government Code and CCR. Specifically, the pay schedule did not list the payrate for the General Manager position and referenced another document to identify the payrate. In addition, the pay schedule did not identify or show the payrate for the Fire Reservist position.

Only compensation earnable as defined under Government Code Section 20636 and corresponding regulations can be reported to CalPERS and considered in calculating retirement benefits. For purposes of determining the amount of compensation earnable, a member's payrate is limited to the amount identified on a publicly available pay schedule. Per CCR Section 570.5, a pay schedule, among other things, must:

- Be duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
- Identify the position title for every employee position;
- Show the payrate as a single amount or multiple amounts within a range for each identified position;
- Indicate the time base such as hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
- Be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
- Indicate an effective date and date of any revisions;
- Be retained by the employer and available for public inspection for not less than five years; and
- Not reference another document in lieu of disclosing the payrate.

Pay amounts reported for positions that do not comply with the payrate definition and pay schedule requirements cannot be used to calculate retirement benefits because the amounts do not meet the definition of payrate under Government Code Section 20636(b)(1). When an employer does not meet the requirements for a publicly available pay schedule, CalPERS, in its sole discretion, may determine an amount that will be considered to be payrate as detailed in CCR Section 570.5.

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# CAMBRIA COMMUNITY SERVICES DISTRICT

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***Recommendation:***

The Agency should ensure its pay schedule meets all of the Government Code and CCR requirements.

The Agency should work with CalPERS Employer Account Management Division (EAMD) to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

***Criteria:***

Government Codes: § 20160, § 20636

CCR: § 570.5

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# CAMBRIA COMMUNITY SERVICES DISTRICT

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**2:** The Agency did not report special compensation in accordance with the Government Code and CCR.

***Condition:***

- A. The Agency incorrectly reported Uniform Allowance for classic members. Specifically, the Agency paid and reported Uniform Allowances for miscellaneous and fire employees in the amounts of \$400.00 and \$600.00 per fiscal year, respectively. However, the Agency incorrectly reported the Uniform Allowance in lump sum amounts in the service period paid, instead of identifying the pay period(s) in which the special compensation was earned as required by Government Code Section 20636(c)(3).
- B. The Agency incorrectly included \$150.00 for the purchase of non-reportable safety shoes in the reported Uniform Allowance. The Agency's written labor policy for miscellaneous employees provides \$150.00 of the \$400.00 Uniform Allowance for safety shoes. The Agency's labor policy for fire employees stated the \$600.00 Uniform Allowance shall be used for clothes and safety shoes but did not specify the amount that applied to the safety shoes. As prescribed by the CCR, Uniform Allowance includes compensation paid or the monetary value for the purchase, rental and/or maintenance of required clothing, but excludes items that are solely for personal health and safety such as safety shoes.
- C. The Agency did not report the monetary value of the rental and maintenance of uniforms for employees required to wear uniforms. Specifically, the Agency provided uniforms to Water, Wastewater, and Facilities & Resources positions. However, the Agency did not report the monetary value for the rental and maintenance of uniforms. Government Code and CCR require compensation paid or the monetary value for the purchase, rental and/or maintenance of required clothing be reported as special compensation for classic employees.
- D. The Agency incorrectly reported Holiday Pay for fire employees. Specifically, fire employees accrue 5.92 hours of holiday credit each bi-weekly pay period and the holiday credit is cashed out at the end of the fiscal year. However, the Agency incorrectly reported the Holiday Pay cash outs in lump sum amounts in the service period paid, instead of identifying the pay period(s) in which the special compensation was earned as required by Government Code Section 20636(c)(3).

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# CAMBRIA COMMUNITY SERVICES DISTRICT

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- E. Holiday Pay cash outs were also incorrectly reported as regular earnings, and should have been reported as special compensation. Government Code Section 20636(c)(6) and CCR 571(a) both specifically identify Holiday Pay as special compensation.

Reportable special compensation is defined in CCR Section 571(a) and must be reported if it conforms with all of the requirements listed in CCR Section 571(b). Specifically, special compensation is required to be contained in a written labor policy or agreement indicating the eligibility and amount of special compensation. Also, special compensation must be available to all members in the group or class, part of normally required duties, performed during normal hours of employment, paid periodically as earned, and historically consistent with prior payments for the job classification.

***Recommendation:***

The Agency should report Uniform Allowance in the period(s) earned.

The Agency should discontinue reporting amounts for the purchase of safety shoes in Uniform Allowance as required by the CCR.

The Agency should report the monetary value of uniforms as special compensation.

The Agency should report Holiday Pay in the period(s) earned.

The Agency should discontinue reporting Holiday Pay as regular earnings and report as special compensation.

The Agency should work with EAMD to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

***Criteria:***

Government Codes: § 20160, § 20630, § 20636  
CCR: § 571



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# CAMBRIA COMMUNITY SERVICES DISTRICT

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3: Compensation earnable was incorrectly reported.

**Condition:**

- A. The Agency incorrectly reported regular earnings for a part-time Fire Reservist during the bi-weekly pay period ended June 27, 2014. Specifically, the Agency reported \$1,638.00 in a bi-weekly period; however, the pay was earned over a 24-day period. As a result, the pay was over reported for the bi-weekly period. The Agency should identify and report compensation for the pay period(s) in which the compensation was earned regardless of when paid.
  
- B. The Agency under reported regular earnings and special compensation for the same part-time Fire Reservist. Specifically, the Agency did not report regular earnings for 192 hours at the straight time rate of pay and Fair Labor Standards Act (FLSA) premium pay for 10 hours at the half time rate of pay in a 24-day work period. The normal workweek for the Fire Reservist is 56 hours per week which equates to 192 hours over a 24-day period. The normal workweek per FLSA is 53 hours per week which equates to 182 hours over a 24-day period. The Agency considered compensation for all hours in excess of 182 hours in a 24-day period to be overtime and did not report FLSA to CalPERS. The Fire Reservist worked over 192 hours; therefore, the Agency should have reported regular earnings up to 192 hours and FLSA for 10 hours at half time the rate of pay. Government Code Section 20636(c)(6) and CCR Section 571(a) state the premium paid for the hours worked within the normally scheduled working hours that are in excess of the statutory maximum workweek shall be included as special compensation.

**Recommendation:**

The Agency should ensure regular earnings are reported correctly.

The Agency should report FLSA premium pay as special compensation for eligible employees.

The Agency should work with EAMD to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

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# CAMBRIA COMMUNITY SERVICES DISTRICT

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***Criteria:***

Government Codes: § 20120, § 20121, § 20160, § 20630, § 20636  
CCR: § 571

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## CAMBRIA COMMUNITY SERVICES DISTRICT

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4: The Agency reported an incorrect payrate.

***Condition:***

The Agency incorrectly reported the payrate for an employee. Specifically, the employee was promoted from Wastewater Systems Operator II with a payrate of \$5,149.00 to Interim Senior Wastewater Operator with a payrate of \$5,569.00 effective June 14, 2014. However, the Agency incorrectly reported the monthly payrate of \$5,149.00 in the pay period ended June 27, 2014.

Payrate is an important factor in computing a member's retirement allowance because the service credit and final compensation are directly related this factor.

***Recommendation:***

The Agency should ensure payrates are reported correctly.

The Agency should work with EAMD to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

***Criteria:***

Government Codes: § 20120, § 20121, § 20160, § 20636

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# CAMBRIA COMMUNITY SERVICES DISTRICT

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5: The Agency did not enroll eligible part-time employees into membership.

***Condition:***

- A. The Agency did not enroll, report compensation earnable, or submit contributions for a part-time employee with prior CalPERS membership. Employees who have previous CalPERS membership are required to be immediately enrolled upon the first day of rendering service to the Agency. As required by Government Code Section 20305, if an employee is already a member at the time he or she renders services, and is not excluded by a provision of a contract, he or she cannot be excluded.
  
- B. The Agency did not enroll a part-time employee when membership eligibility requirements were met. Specifically, the part-time employee worked for the Agency and was subsequently hired by another employer that contracts with CalPERS for retirement benefits. Once the employee was hired and enrolled by another contracting employer, the Agency was required to immediately enroll the employee into membership through my|CalPERS. Government Code Section 20305 specifies that employees with active CalPERS membership must be enrolled into CalPERS membership.

***Recommendation:***

The Agency should ensure they enroll and report eligible temporary/part-time employees into membership.

The Agency should work with EAMD to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

***Criteria:***

Government Codes: § 20160, § 20283, § 20305

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# CAMBRIA COMMUNITY SERVICES DISTRICT

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**6:** The Agency did not enroll an eligible employee into CalPERS membership

**Condition:**

The Agency did not enroll, report compensation earnable, or submit contributions for the Interim Finance Manager who was an active CalPERS member. OAS identified one individual assigned to provide services for the Agency under an employment agreement with a temporary agency, Regional Government Services (RGS). OAS determined, by applying the common-law employment test, that this individual was under the control of the Agency and therefore, a common-law employee of the Agency for the reasons discussed below. As a result, the Agency should have reported the individual to CalPERS for retirement purposes.

Government Code Section 20460 provides in relevant part that any public agency may participate in and make all or part of its employees members of this system by contract. Government Code Section 20022 defines a contracting agency as any public agency that has elected to have all or any part of its employees become members of this system and that has contracted with the Board for that purpose. Government Code 20028 defines an employee as any person in the employ of any contracting agency. Management and control of CalPERS is vested in the Board as provided in Government Code Section 20120. Each member and each person retired is subject to the PERL and the rules adopted by the Board pursuant to Government Code Section 20122. Government Code Section 20125 provides that the Board shall determine who are employees and is the sole judge of the conditions under which persons may be admitted to and continue to receive benefits under this system. Government Code Section 20283 provides that any employer that fails to enroll an employee into membership when he or she becomes eligible, or within 90 days thereof, when the employer knows or can reasonably be expected to have known of that eligibility shall be required to pay all arrears costs for member contributions and administrative costs of five hundred dollars (\$500) per member as a reimbursement to this system's current year budget.

For the purposes of the PERL and for programs administered by the Board, the standard used for determining whether an individual is the employee of another entity is the California common-law employment test as set forth in the California Supreme Court case titled *Tieberg v. Unemployment Ins. App. Bd.*, (1970) 2 Cal. 3d 943, which was cited with approval in *Metropolitan Water Dist. v. Superior Court (Cargill)*, (2004) 32 Cal. 4th 491, and which was adopted by the Board in two precedential decisions, *In the Matter of Lee Neidengard*, Precedential Decision No. 05-01, effective April 22, 2005, and *In the Matter of Galt Services Authority*, Precedential Decision No. 08-01, effective October 22, 2008.

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In applying the California common-law employment test, the most important factor in determining whether an individual performs services for another employer is the right of the principal to control the manner and means of job performance and the desired result, whether or not this right is exercised. Where there is independent evidence that the principal has the right to control the manner and means of performing the service in question, CalPERS will determine that an employer-employee relationship exists between the employee and the principal.

Other factors to be taken into consideration under the common-law employment test are as follows:

- Whether or not the one performing services is engaged in a distinct occupation or business.
- The kind of occupation, with reference to whether, in the locality, the work is usually done under the direction of a principal or by a specialist without supervision.
- The skill required in the particular occupation.
- Whether the principal or the individual performing the services supplies the instrumentalities, tools, and the place of work for the person doing the work.
- The length of time for which the services are to be performed.
- The method of payment, whether by the time or by the job.
- Whether or not the work is a part of the regular business of the principal.
- Whether or not the parties believe they are creating the relationship of employer-employee.

OAS reviewed the services provided by the individual for the position of Interim Finance Manager and determined the individual performed services as a common-law employee of the Agency rather than of RGS. As such, OAS determined the Agency did not enroll an eligible employee in membership.

Our review included information obtained from the employment relationship questionnaires, the agreement for management and administrative services between the Agency and RGS, and other information related to the individual. The facts outlined below support a finding of common-law employment with the Agency for the sampled individual:

- In the event that the Agency, at its sole discretion, at any time during the term of this agreement, desires the reassignment of any such persons, RGS shall reassign such person or persons.
- The Agency has the sole discretion to determine if the services performed by the individual are satisfactory to the Agency.
- All reports, records, files, and documents prepared by the individual are the property of the Agency.

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- The Agency agrees to pay RGS the full cost of compensation and support of this individual.
- Reimbursed compensation is intended to include the cost of contributions to any pension and/or annuities for which RGS may be obligated for individuals providing services on its behalf or may otherwise be contractually obligated.
- RGS shall assign an RGS employee or employees to perform the functions of Interim Finance Manager as assigned.
- Individual providing services through RGS must be reasonably available to perform the services during the normal work week.
- Individual providing services through RGS will meet regularly and as often as necessary for the purpose of consulting about the scope of work performed.
- Individual will perform duties as part of the Agency's job description for the position of Finance Manager.
- The Agency stated the individual could perform the work at the Agency or in her home office. However, the Agency paid Pacific Coast Properties \$1,500.00 per month for Interim Finance Manager's housing. This suggests the Agency wanted the individual to live in or near the city so the individual can perform their duties onsite at the Agency's location.

OAS obtained the job description for the Interim Finance Manager position and noted the following key duties and responsibilities for the position:

- Under direction of the General Manager, the Finance Manager plans, directs, manages, and oversees the activities and operations of the Finance Department.
- The Finance Manager plans, organizes, administers, reviews and evaluates the work of professional, technical, and administrative support staff.
- The Finance Manager provides trainings and policy guidance and interpretation to staff.
- The Finance Manager performs accounting, financial, payroll, and/or budgetary document processing.
- The Finance Manager prepares or directs the preparation of records and reports, and reconciliation of journals, ledgers, and other accounting records.
- The Finance Manager prepares and presents written and oral financial reports for the General Manager and Board of Directors.
- The Finance Manager serves as a resource for department personnel, Agency staff, other organization, and the public, and coordinates pertinent information, resources, and work teams.

It is clear from the above job description and duties that the individual was performing Agency functions, was engaged in essential Agency business and served at the direction of the Agency. In addition to the above characteristics, OAS noted the following specific facts, employment details, and responsibilities ascribed

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## CAMBRIA COMMUNITY SERVICES DISTRICT

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to the position, further supporting a finding that the individual was a common-law employee of the Agency:

- The Individual began providing services for the Agency on March 17, 2014.
- The services are performed at the Agency's or the individual's location.
- The individual performs the duties of the Interim Finance Manager position.
- The individual is required to attend Agency meetings.
- The function of the Finance Manager was previously performed by an Agency employee.
- The Agency provides the individual with office space, office equipment, stationary, email account and business cards.

Based upon the factors discussed above, OAS determined that the control of the individual was with the Agency. As such, OAS concluded the Agency was the common-law employer of the individual. Furthermore, the individual has prior membership in CalPERS and the Agency should therefore have enrolled and reported the individual immediately upon hire.

***Recommendation:***

The Agency should ensure all common-law employees are enrolled and reported to CalPERS.

The Agency should work with EAMD to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

***Criteria:***

Government Codes: § 20022, § 20028, § 20056, § 20120, § 20122, § 20125, § 20160, § 20283, § 20305, § 20305, § 20460, § 20636



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## CAMBRIA COMMUNITY SERVICES DISTRICT

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7: The Agency did not maintain the required member reciprocal self-certification.

***Condition:***

The Agency did not maintain the required member reciprocal self-certification for employees hired after January 1, 2013. CCR Section 579.3 requires individuals to self-certify in writing as to whether he or she is also a member of another public retirement system and is eligible for reciprocity. Agencies are required to retain the retirement and benefit-related information provided by the newly-hired individual.

***Recommendation:***

The Agency should ensure employees hired on or after January 1, 2013 certify in writing whether they are members of another public retirement system and provide the additional required information if reciprocity exists. Further, the Agency should ensure it retains the information provided.

The Agency should work with EAMD to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

***Criteria:***

Government Codes: § 20160, § 7522.02, § 7522.04

CCR: § 579.3

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## CAMBRIA COMMUNITY SERVICES DISTRICT

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**8:** The Agency reported incorrect unused sick leave balances.

***Condition:***

The Agency did not certify the correct number of sick leave days for one retiree. The Agency certified a balance of 1.004 years, equivalent to 251 days. However, the employee's balance was 250.95 hours, equivalent to only 31.37 days. As a result, the employee's unused sick leave credit was overstated by 219.63 days. Retiring members are eligible for additional service credit for unused sick leave accrued by the member during the normal course of employment. The total number of unused sick leave hours at retirement is converted to days to determine the additional service credit.

***Recommendation:***

The Agency should ensure the correct amount of unused sick leave for retiring members is reported to CalPERS.

The Agency should work with EAMD to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

***Criteria:***

Government Codes: § 20160, § 20965

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## CONCLUSION

OAS limited this review to the areas specified in the scope section of this report and in the objectives outlined in Appendix A. The procedures performed provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract except as noted.

The findings and conclusions outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination in regard to the findings noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations on the report findings and provide appeal rights, if applicable, at that time. All appeals must be made to the appropriate CalPERS division by filing a written appeal with CalPERS, in Sacramento, within 30 days of the date of the mailing of the determination letter, in accordance with Government Code Section 20134 and Sections 555-555.4, Title 2, of California Code of Regulations.

Respectfully submitted,

Original signed by Beliz Chappuie

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BELIZ CHAPPUIE, CPA, MBA  
Chief, Office of Audit Services

Staff: Cheryl Dietz, CPA, Assistant Division Chief  
Chris Wall, Senior Manager  
Antonio Madrigal, Lead Auditor

# APPENDIX A

## OBJECTIVES

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# CAMBRIA COMMUNITY SERVICES DISTRICT

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## OBJECTIVES

The objectives of this review were limited to determine whether the Agency complied with:

- Applicable sections of the Government Code (Sections 20000 et seq.), California Public Employees' Pension Reform Act of 2013 (PEPRA), and Title 2 of the CCR.
- Reporting and enrollment procedures prescribed in the Agency's retirement contract with CalPERS.

Effective January 1, 2013, new enrollments are checked against the PEPRA definition of "new member," regardless of whether the enrollment is for a first time CalPERS member or an existing member. All members that do not fit within the definition of a new member are referred to as "classic members."

This review did not include an assessment as to whether the Agency is a "public agency," and expresses no opinion or finding with respect to whether the Agency is a public agency or whether its employees are employed by a public agency.

## METHODOLOGY

To accomplish the review objectives, OAS interviewed key staff members to obtain an understanding of the Agency's personnel and payroll procedures, reviewed documents, and performed the following procedures.

- ✓ Reviewed:
  - Provisions of the contract and contract amendments between the Agency and CalPERS
  - Correspondence files maintained at CalPERS
  - Agency Board minutes and Agency Board resolutions
  - Agency written labor policies and agreements
  - Agency salary, wage and benefit agreements including applicable resolutions
  - Agency personnel records and employee time records
  - Agency payroll information including Contribution Detail Transaction History reports
  - Other documents used to specify payrate, special compensation, and benefits for employees
  - Other various relevant documents
- ✓ Reviewed Agency payroll records and compared the records to data reported to CalPERS to determine whether the Agency correctly reported compensation.

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## **CAMBRIA COMMUNITY SERVICES DISTRICT**

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- ✓ Reviewed payrates reported to CalPERS and reconciled the payrates to Agency public salary records to determine whether base payrates reported were accurate, pursuant to publicly available pay schedules that identify the position title, payrate and time base for each position, and duly approved by the Agency's governing body in accordance with requirements of applicable public meetings laws.
- ✓ Reviewed CalPERS reports to determine whether the payroll reporting elements were reported correctly.
- ✓ Reviewed the Agency's enrollment practices for temporary and part-time employees to determine whether individuals met CalPERS membership requirements.
- ✓ Reviewed the Agency's employment practices for retired annuitants to determine if retirees were lawfully employed and reinstated when unlawful employment occurs.
- ✓ Reviewed the Agency's independent contractors to determine whether the individuals were either eligible or correctly excluded from CalPERS membership.
- ✓ Reviewed the Agency's affiliated entity organizational structure to determine whether employees of the affiliated entity qualified for CalPERS membership and were enrolled as required.
- ✓ Reviewed the Agency's calculation and reporting of unused sick leave balances, if contracted to provide for additional service credits for unused sick leave.

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**CAMBRIA COMMUNITY SERVICES DISTRICT**

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# **APPENDIX B**

**AGENCY'S WRITTEN RESPONSE**

# CAMBRIA COMMUNITY SERVICES DISTRICT

## DIRECTORS:

GAIL ROBINETTE, President  
MURIL N. CLIFT, Vice President  
JIM BAHRINGER  
MICHAEL THOMPSON  
AMANDA RICE



## OFFICERS:

JEROME D. GRUBER, General Manager  
MONIQUE MADRID, District Clerk  
TIMOTHY J. CARMEL, District Counsel

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August 19, 2015  
CalPERS ID: 3473008001  
Job Number: P14-029

California Public Employees' Retirement System  
Office of Audit Services  
P.O. Box 942701  
Sacramento, CA 94229-2701

Young Hamilton, Acting Chief  
Office of Audit Services

Dear Mr. Hamilton,

We are in receipt of the audit findings you forwarded with your letter dated July 24, 2105. We appreciate that you had the audit conducted and have provided us with instructions for better reporting in the CalPERS system.

The following responses are provided for each discrepancy.

Item 1. Pay Schedule. CCSD concurs.

Item 2a. Uniform Allowance. CCSD concurs.

Item 2b. Uniform Allowance. CCSD concurs.

Item 2c. Providing uniforms. CCSD concurs.

Item 2d. Holiday pay. CCSD disagrees. Holiday pay should actually accrue the same as vacation time so it can be accumulated and used later at the employee's discretion. Just like vacation time, when it exceeds a certain amount, the employee can chose to be paid and, under some circumstances, the employee can be forced to take payment. Perhaps we should label it "vacation time in lieu of holiday time" to make it conform to CalPERS requirements.

Item 2e. Holiday pay. CCSD disagrees. Holiday pay for firefighters is the same as vacation pay which is not special compensation.

Item 3a & b. Fire Reservist pay. CCSD concurs.



Item 4. Incorrect pay rate. CCSD disagrees. Employee pay was properly reported.

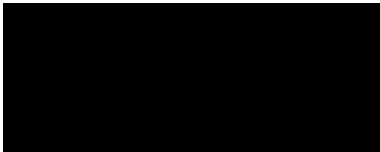
Item 5. Incorrect member contribution. CCSD disagrees. Contribution rate was accurate in accordance with employee contract.

Item 6. Eligible part-time employees not enrolled. CCSD concurs.

Item 7. Eligible employee not enrolled. CCSD disagrees. Person was not an employee.

Item 8. Member reciprocal self-certification not properly maintained. CCSD concurs.

Item 9. Incorrect unused sick leave balances. CCSD concurs.



Original signed by Patrick O'Reilly

Patrick O'Reilly ✓  
Finance Manager