

# **Office of Audit Services**



# **CalPERS**

## **Public Agency Review**

## **City of San Jacinto**

**CalPERS ID: 1099253767**  
**Job Number: P13-035**

**September 2014**



California Public Employees' Retirement System  
Office of Audit Services  
P.O. Box 942701  
Sacramento, CA 94229-2701  
TTY: (877) 249-7442  
(916) 795-0802 phone, (916) 795-7836 fax  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

September 19, 2014

CalPERS ID: 1099253767  
Job Number: P13-035

Mike Emberton, Assistant City Manager  
City of San Jacinto  
595 S San Jacinto Ave  
San Jacinto, CA 92583

Dear Mr. Emberton:

Enclosed is our final report on the results of the public agency review completed for the City of San Jacinto (Agency). Your written response, included as an appendix to the report, indicates agreement with the issues noted in the report. 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 and we appreciate the time and assistance of you and your staff during this review.

Sincerely,

Original signed by Phyllis Miller  
PHYLLIS MILLER, Acting Chief  
Office of Audit Services

Enclosure

cc: City Council, City of San Jacinto  
Crystal Yanez, Accountant, City of San Jacinto  
Carolyn Durden, Human Resources, City of San Jacinto  
Risk and Audit Committee Members, CalPERS  
Matthew G. Jacobs, General Counsel, CalPERS  
Anthony Suine, Chief, BNSD, CalPERS  
Renee Ostrander, Assistant Chief, CASD, CalPERS

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## RESULTS IN BRIEF

The primary objective of our review was to determine whether the City of San Jacinto (Agency) complied with applicable sections of the California Government Code, 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 CCR.
- Payrates were not reported correctly.
- Special compensation was not reported as required by CCR Section 571.
- Retroactive salary adjustments were incorrectly reported.
- The Agency unlawfully employed retired annuitants.
- Eligible part-time employees were not enrolled into CalPERS membership.
- The Agency did not advise Council Members of their optional membership rights.

OAS selected one employee subject to the Public Employees' Pension Reform Act of 2013 (PEPRA). However, there were no issues identified for this employee.

OAS recommends the Agency comply with applicable sections of the California Government Code, 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 31, 1970 to provide retirement benefits for local miscellaneous employees. By way of the Agency's contract with CalPERS, the Agency agreed to be bound by the terms of the contract and by 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 Board approved plan for fiscal year 2013-14, the OAS reviewed the Agency's payroll reporting and member enrollment processes as these processes relate to the Agency's retirement contract with CalPERS. The review period was limited to the examination of sampled employees, records, and pay periods from July 1, 2010 through June 30, 2013. The on-site fieldwork for this review was conducted on December 4, 2013. The review objectives and a summary of the procedures performed are listed in Appendix A.

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## OFFICE OF AUDIT SERVICES REVIEW RESULTS

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

***Condition:***

The Agency's pay schedule in effect during the 2012-13 fiscal year listed the City Manager position, but did not show a dollar amount for payrate. Instead, the payrate was listed as "Negotiated." Additionally, the pay schedule did not list the time base for each 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.
- Not reference another document in lieu of disclosing the payrate.

Pay amounts reported for positions that do not comply with the 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). There are no exceptions included in Government Code Section 20636(b)(1).

***Recommendation:***

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

The Agency should work with CalPERS Customer Account Services Division (CASD) to make any necessary adjustments to active and retired member accounts pursuant to Government Code Section 20160.

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***Criteria:***

Government Codes: § 20160, § 20636 (a), § 20636 (b)(1), § 20636 (d)  
CCR: § 570.5

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**2:** The Agency reported incorrect payrates.

***Condition:***

The Agency reported incorrect payrates for six employees. Although the Agency correctly reported earnings for these employees, it did not report correct payrates for the pay period ending June 21, 2013. The employees received approved pay increases in pay periods earlier than June 21, 2013, but the Agency did not report correct payrates when reporting payroll information to CalPERS. For instance, the Agency reported a payrate of \$21.08 in pay period ending June 21, 2013 but the employee actually received an hourly pay of \$22.86 effective May 20, 2013. Payrate is an important factor in computing a member's retirement allowance because service credit and final compensation are directly related to the payrate and earnings reported for a member.

***Recommendation:***

The Agency should work with CASD to ensure payrates are correctly reported.

The Agency should work with CASD make any necessary adjustments to active and retired member accounts pursuant to Government Code Section 20160.

***Criteria:***

Government Codes: § 20160, § 20636

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**3:** The Agency did not report special compensation as required by the CCR.

***Condition:***

- A. The Agency incorrectly calculated and reported special compensation of Certificate Pay as regular earnings. In addition, the Agency calculated Certificate Pay not only on regular earnings but on overtime earnings as well. As a result, the Agency incorrectly reported regular earnings and Certificate Pay for two employees in the pay period ending June 21, 2013. Certificate Pay should be reported separate from regular earnings as special compensation. In addition, earnings based on overtime do not qualify as reportable compensation.
  
- B. The Agency did not report the monetary value for the purchase and maintenance of uniforms as special compensation. The Agency requires Public Work employees to wear uniforms. The Agency purchases and launders the uniforms in accordance with the written labor agreement. Government Code Section 20636(c)(6) requires that the monetary value for the purchase, rental and/or maintenance of required clothing be reported as special compensation. However, the Agency did not report the uniform allowance as special compensation.

***Recommendation:***

The Agency should not report the amount of Certificate Pay calculated on overtime earnings as special compensation.

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

The Agency should work with CASD make any necessary adjustments to active and retired member accounts pursuant to Government Code Section 20160.

***Criteria:***

Government Codes: § 20160, 20630, § 20635, § 20636  
CCR: § 571



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**4:** The Agency incorrectly reported retroactive salary adjustments.

***Condition:***

The Agency incorrectly reported retroactive salary adjustments for two employees. Specifically, the Agency reported retroactive salary adjustments in pay period ending June 21, 2013 rather than in the period in which the compensation was earned. For instance, the Agency paid a retroactive salary adjustment in a lump sum payment to an employee for the period of January 30, 2013 through June 6, 2013. However, the Agency reported the retroactive earnings as a lump sum amount in the pay period ending June 21, 2013. Retroactive adjustments should be reported separately in each of the pay periods in which the compensation was earned.

***Recommendation:***

The Agency should ensure that retroactive salary adjustments are reported in the period earned.

The Agency should work with CASD make any necessary adjustments to active and retired member accounts pursuant to Government Code Section 20160.

***Criteria:***

Government Codes: § 20120, § 20121, § 20160, § 20630 (b)

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5: The Agency unlawfully employed a retired annuitant.

**Condition:**

- A. The Agency hired a retired annuitant to perform the duties of the Interim Planning Director, effective April 10, 2013. The retired annuitant's payrate as the Interim Planning Director exceeded the maximum amount shown on the pay schedule for the Planning Director. Specifically, during fiscal year 2012-13, the retired annuitant's payrate for Interim Planning Director was \$57.24 per hour or the monthly equivalent of \$9,921.60, which exceeded the maximum monthly payrate shown on the authorized pay schedule of \$9,631.00. Government Code specifies that the compensation for the appointment shall not exceed the maximum monthly base salary paid to other employees performing comparable duties as listed on a publicly available pay schedule, or its hourly equivalent.
  
- B. The Agency did not reinstate a retired annuitant who exceeded the 960-hour threshold. Specifically, the retired annuitant worked 1,144 hours in fiscal year 2012-13. In addition, the retired annuitant's payrate exceeded that paid to employees performing comparable duties. The retired annuitant was paid \$44.68 per hour but the maximum payrate for an employee performing comparable duties listed on the pay schedule was \$38.99 per hour. Government Code Section 21224 limits the number of hours a retired person works to no more than 960 hours each fiscal year. Government Code also specifies that the compensation for the appointment shall not exceed the maximum monthly base salary paid to other employees performing comparable duties as listed on a publicly available pay schedule, or its hourly equivalent.

Government Code Section 21220 addresses the conditions and consequences of unlawful employment of a person who has been retired under this system. The Government Code states that any retired member employed in violation of this article shall reimburse this system for any retirement allowance received during the period or periods of employment that are in violation of law, pay to this system an amount of money equal to the employee contributions that would otherwise have been paid during the period or periods of unlawful employment plus interest thereon and contribute toward reimbursement of this system for administrative expenses incurred in responding to this situation, to the extent the member is determined by the executive officer to be at fault.

The Government Code also states that any public employer that employs a retired member in violation of this article shall pay to this system an amount of money equal to employer contributions that would otherwise have been paid for the period or periods of time that the member is employed in violation of this article, plus

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interest thereon and contribute toward reimbursement of this system for administrative expenses incurred in responding to this situation, to the extent the employer is determined by the executive officer of this system to be at fault.

***Recommendation:***

The Agency should monitor the hours worked and payrate of retired annuitants in order to ensure the Agency complies with applicable Government Codes.

OAS recommends the Agency work with CalPERS Benefit Services Division (BNSD) to determine the appropriate course of action.

***Criteria:***

Government Codes: § 20160, § 21202, § 21220, § 21224

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**6:** The Agency did not enroll eligible employees into membership.

***Condition:***

- A. The Agency did not enroll an employee hired to work full-time for a period greater than six months. Specifically, the Agency hired an employee as a Maintenance Worker I on a full-time basis effective October 10, 2011. Because the employee was hired to work full-time for a period greater than six months, the Agency should have enrolled the employee into CalPERS membership upon hire.
- B. The Agency did not enroll an eligible employee hired through a temporary agency who met the 1,000-hour membership criteria during fiscal year 2012-13. The part-time employee completed 1,000 hours in the period ending June 2013.
- C. The Agency did not enroll a part-time employee who was compensated for more than 1,000 hours in fiscal year 2012-13. Specifically, the part-time employee was compensated for 1,618 hours in the fiscal year and met membership eligibility in the pay period ending February 15, 2013.

Government Code Section 20305 requires membership enrollment no later than the first pay period of the seventh month of employment if the appointment or employment contract does not fix a term of full-time, continuous employment in excess of six months, but full-time employment continues for longer than six months. The Government Code also requires employees who complete 1,000 hours within a fiscal year to be enrolled into membership effective not later than the first day of the first pay period of the month following the month in which 1,000 hours of service were completed.

***Recommendation:***

The Agency should monitor the hours worked by part-time employees and ensure employees are enrolled when membership eligibility requirements are met.

The Agency should work with CASD make any necessary adjustments to active and retired member accounts pursuant to Government Code Section 20160.

***Criteria:***

Government Codes: § 20044, § 20160, § 20305

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**7:** The Agency did not advise Council Members of their optional membership rights upon election.

***Condition:***

The Agency did not advise its Council Members of their optional CalPERS membership rights. Government Code Section 20322 states that an elective officer is excluded from membership in the CalPERS retirement system unless the officer files an election in writing with CalPERS to become a member. An optional member must be advised of CalPERS rights to membership when first eligible for membership. An elective officer includes persons elected to a City Council.

***Recommendation:***

The Agency should work with CASD to ensure Council Members are advised of their CalPERS optional membership rights when first elected and file the appropriate election in writing with CalPERS for those who elect to be members.

The Agency should work with CASD make any necessary adjustments to active and retired member accounts pursuant to Government Code Section 20160.

***Criteria:***

Government Codes: § 20160, § 20322

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## CONCLUSION

OAS limited this review to the areas specified in the scope section of this report and in the objectives as outlined in Appendix A. OAS limited the test of transactions to employee samples selected from the Agency's payroll records. Sample testing procedures provide reasonable, but not absolute, assurance that these transactions complied with the California Government Code 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, California Code of Regulations.

Respectfully submitted,

Original signed by Phyllis Miller  
PHYLLIS MILLER, CPA, CIA  
Acting Chief, Office of Audit Services

Staff: Cheryl Dietz, CPA, Assistant Division Chief  
Alan Feblowitz, CFE, Manager  
Jose Martinez, Auditor  
Terry Heffelfinger, Auditor

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# **APPENDIX A**

## **OBJECTIVES**

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## OBJECTIVES

The objectives of this review were limited to the determination of:

- Whether the Agency complied with applicable sections of the California Government Code (Sections 20000 et seq.) and Title 2 of the CCR.
- Whether prescribed reporting and enrollment procedures as they relate to the Agency's retirement contract with CalPERS were followed.

This review covers the period of July 1, 2010 through June 30, 2013.

## SUMMARY

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 hours worked records
  - Agency payroll information including Contribution Detail Transaction History reports
  - Other documents used to specify payrate, special compensation, and benefits for employees
  - Various other documents as necessary
- ✓ Reviewed Agency payroll records and compared the records to data reported to CalPERS to determine whether the Agency correctly reported compensation.
- ✓ 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 meeting laws.
- ✓ Reviewed CalPERS reports to determine whether the payroll reporting elements were reported correctly.



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- ✓ 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 960 hours were worked in a fiscal year.
- ✓ 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 entities to determine if the Agency shared employees with an affiliated entity and if the employees were CalPERS members and whether their earnings were reported by the Agency or by the affiliated entity.
- ✓ 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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# **APPENDIX B**

## **AGENCY RESPONSE**



July 31, 2014

Margaret Junker, Chief  
Office of Audit Services  
California Public Employees' Retirement System  
400 "Q" Street, Room 2430  
Sacramento, California 95811

Re: *Response by City of San Jacinto to June 4, 2014 Draft Compliance Report*

Dear Ms. Junker:

We submit the following in response to the Office of Audit Services' ("OAS") June 4, 2014 draft compliance report ("Draft Report") related to the City of San Jacinto's ("City") contract with the California Public Employees' Retirement System ("CalPERS"). The City appreciates the efforts of OAS in performing its compliance review and the opportunity to comment on the Draft Report. Although our written response was due June 25, 2014, the City was graciously given an extension until July 31, 2014 to provide this response. We thank you for granting us this additional time to prepare our response.

#### **FINDINGS, RECOMMENDATIONS AND THE CITY'S RESPONSE**

In order to facilitate your review of the City's position with respect to each of the findings noted in the Draft Report, we have organized our comments in chronological order based on the order of the findings.

#### ***FINDING 1: THE AGENCY'S PAY SCHEDULE DID NOT MEET ALL OF THE REQUIREMENTS OF THE CCR***

#### **Response:**

Please rest assured that City staff ensures that only compensation earnable, as defined under Government Code Section 20636 and corresponding regulations, is reported to CalPERS. Further, please note that the City has taken the steps necessary to be in compliance with the requirements of California Code of Regulations Section 570.5 ("Section 570.5"). Specifically, it will update its pay schedule to include the dollar amount of the City Manager's payrate and has included a time base for the payrate listed on the pay schedule. Please note that the City

Manager's contract was approved in a duly noticed public meeting of the City Council and the rate of pay has been displayed in a transparent manner on the City's website. In addition, the budget document will be updated to reflect it as well. Finally, the revised pay schedule will be approved by City Council at a publicly held meeting in accordance with Section 570.5.

Given that the City has taken steps to become compliant with Section 570.5, we respectfully submit that no further action is warranted with respect to Finding 1. Further, any suggestion that the requirements of Section 570.5 were applicable to the City prior to August 10, 2011, the date that Section 570.5 became effective, is not only incorrect but inappropriate and, therefore, we hope that CalPERS will not consider any detrimental action against City employees and retirees as a result of this perceived failure.

***FINDING 2: THE AGENCY REPORTED INCORRECT PAYRATES***

**Response:**

The City will work with CASD to correctly report payrates. Further, City staff has taken steps to put a process in place which allows designated staff to monitor the effective date of pay increases and, thus, ensure that the correct payrates are reported to CalPERS.

***FINDING 3: THE AGENCY DID NOT REPORT SPECIAL COMPENSATION AS REQUIRED BY THE CCR***

**Response:**

**Certificate Pay:**

The City will work with CASD to correct the reporting such that Certificate Pay is reported separately from regular earnings and the portion of such special compensation attributable to overtime is excluded from reports of compensation earnable. Further, City staff has taken steps to put a process in place to ensure that Certificate Pay is reported accurately to CalPERS.

**Uniform Pay:**

The City will work with CASD to ensure that the monetary value for the purchase or rental, and maintenance of uniforms that certain City employees are required to wear is reported to CalPERS as special compensation.

***FINDING 4: THE AGENCY INCORRECTLY REPORTED RETROACTIVE SALARY ADJUSTMENTS***

**Response:**

The City will work with CASD to correctly report retroactive salary adjustments as earned rather than as paid. Further, City staff has implemented a procedure which ensures that retroactive salary adjustments are allocated ratably over the period for which they were earned.

***FINDING 5: THE AGENCY UNLAWFULLY EMPLOYED A RETIRED ANNUITANT***

**Response:**

**Interim Planning Director:**

We have reviewed our records and have determined that the discrepancy between the hourly rate at which the retired annuitant was compensated and the maximum hourly rate shown on the City's pay schedule was due to an accounting error. That is, the hourly rate paid to the retired annuitant was inadvertently based on the maximum monthly rate for the Planning Director position (i.e., \$9,921.60) *after* a cost of living increase was applied to the previous maximum monthly rate (i.e., \$9,631).

Although the retired annuitant is no longer performing the duties of the interim Planning Director, the City now understands that the hourly rate that it pays to a retired annuitant cannot exceed the maximum hourly rate paid to other employees performing comparable duties as listed on the City's pay schedule *at the time that the retired annuitant commences his or her employment*. With respect to this retired annuitant, the errors were inadvertent and we respectfully request that no further action be taken with respect to this finding given that the retired annuitant is no longer serving as the interim Planning Director.

The City will work with BNSD to develop a protocol to ensure that the compensation paid to retired annuitants is in compliance with Government Code Sections 7522.56 and 21224.

**Retired Annuitant Referenced at Condition B:**

The City obtained the services of this retired annuitant through a temporary staffing agency on April 6, 2012 and was unaware of the individual's retired status. In addition, the City was unaware that an employee retained through a temporary agency on a temporary basis would be eligible for CalPERS membership given that they were not in a permanent position, whether full-time or part-time. As a result, the City was not aware that it needed to keep track of the hours worked by this individual. Further, since the City did not know that the retired annuitant was a CalPERS retiree at the time that he was employed, it did not know that the individual's hourly rate needed to be consistent with the hourly rate paid to City employees performing similar duties. As a result of this compliance review, the City is now aware of these limitations and has implemented measures to ensure that the hours of CalPERS retirees hired by the City,

either directly or through a temporary staffing agency, are closely monitored so as to not exceed the allowable 960-hour threshold. Further, as discussed above, the City will work with BNSD to develop a protocol to ensure that the compensation paid to retired annuitants is in compliance with Government Code Sections 7522.56 and 21224.

With respect to this retired annuitant, the errors were inadvertent and we respectfully request that no further action be taken with respect to this finding given that the retired annuitant is no longer working for the City.

***FINDING 6: THE AGENCY DID NOT ENROLL ELIGIBLE INDIVIDUALS INTO MEMBERSHIP***

**Response:**

The City will work with CASD to ensure that the proper adjustments are made with respect to CalPERS-eligible individuals that were not enrolled into membership on a timely basis. However, the City would like to provide further information on this item to clarify that these errors were not intentional but inadvertent.

While the employee hired to perform the duties of a Maintenance Worker I on October 10, 2011, was hired on a full-time basis, his employment was intended to be of limited duration and it was not the City's expectation when he was hired that he would be working in that position on a permanent basis. Rather, he was hired on a temporary basis. Further, the City was unaware of the six month rule regarding enrollment and had it been aware of such a standard, it would have evaluated this employee's enrollment in CalPERS at the time he was hired.

In addition, the City was unaware that an employee retained through a temporary agency on a temporary basis, as was the case with the individual referenced under Condition B, would be eligible for CalPERS given that they were not in a permanent position, whether full-time or part-time. As a result, the City was not aware that it needed to keep track of the hours worked by this employee.

Finally, please note that the City is now tracking all hours worked by temporary and part-time employees to ensure that they are enrolled in CalPERS membership on a timely basis. In addition, now that City is aware of the six month rule in connection with temporary employees hired on full-time basis, it has procedures in place to ensure that temporary employees retained on a full-time basis in a position that will last more than six month, are enrolled in CalPERS on a timely basis.

***FINDING 7: THE AGENCY DID NOT ADVISE ELECTED OFFICIALS OF THEIR OPTIONAL MEMBERSHIP RIGHTS UPON ELECTION***

**Response:**

Upon becoming aware of this requirement, staff obtained the necessary forms and provided them to all elected officials before the on-site compliance review concluded. Further, now that the City is aware of this requirement, it will ensure that all future elected officials are informed of their optional membership rights upon election.

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Please note that, where possible, the City has taken the necessary steps to correct the deficiencies identified in the Draft Report. Further, City staff has developed protocols to ensure that these compliance issues do not occur again. Going forward, the City is committed to taking all necessary steps to ensure the City complies with CalPERS rules. Some of the action items that we have identified and will put into place, if we haven't already, include the following:

- Attend CalPERS educational forums to enhance staff's understanding of CalPERS rules
- Seek guidance from CalPERS when preparing pay schedules
- Seek guidance from CalPERS when determining whether certain items of compensation are reportable to CalPERS as compensation earnable
- Periodically audit City employee information in MyCalPERS to confirm accuracy
- Monitor hours worked by individuals hired from temporary agencies to ensure adherence to the 1,000 hour rule and timely enroll those who exceed the 1,000 hour threshold
- Enroll retired annuitant in MyCalPERS, report hours worked and determine the hourly wage on the basis of the then existing pay schedule
- Screen prospective employees and independent contractors for previous participation in CalPERS and, where necessary, contact CalPERS to confirm their status
- Distribute CalPERS circular letters to a wider audience within the City
- Seek guidance from CalPERS on an as-needed basis.

We appreciate the work done by OAS and Mr. Martinez. We view this compliance review as a positive experience and one that offered a valuable educational opportunity to City management. We thank you for the opportunity to submit this written response and we look forward to working with OAS, CASD and BNSD to ensure that the City remains in compliance with CalPERS rules and requirements.

Respectfully submitted,

A handwritten signature in black ink that reads "Mike Emberton". The signature is written in a cursive, flowing style.

Mike Emberton  
Assistant City Manager

Cc: Cheryl Dietz, CPA, Assistant Division Chief  
Alan Feblowitz, CFE, Manager  
Jose Martinez, Auditor  
Terry Heffelfinger, Auditor