

Office of Audit Services



Public Agency Review

City of Rancho Cucamonga

Employer Code: 1172
CalPERS ID: 4095864907
Job Number: P13-002

June 2014



California Public Employees' Retirement System
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June 16, 2013

Employer Code: 1172
CalPERS ID: 4095864907
Job Number: P13-002

City of Rancho Cucamonga
Tamara Layne, Finance Director
P.O. Box 807
Rancho Cucamonga, CA 91729-0807

Dear Ms. Layne:

Enclosed is our final report on the results of the public agency review completed for the City of Rancho Cucamonga (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 Margaret Junker
MARGARET JUNKER, Chief
Office of Audit Services

Enclosure

cc: City Council, City of Rancho Cucamonga
Risk and Audit Committee Members, CalPERS
Gina M. Ratto, Interim General Counsel, CalPERS
Renee Ostrander, Assistant Chief, CASD, CalPERS
Anthony Suine, Chief, BNSD, CalPERS

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RESULTS IN BRIEF

The primary objective of our review was to determine whether the City of Rancho Cucamonga (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.

- Special compensation was not reported as required by CCR Section 571.
- Pay schedule did not meet all the requirements of the CCR.
- An employee was erroneously disenrolled from the Agency and incorrectly enrolled under an affiliated entity.
- Eligible temporary employees were not enrolled into membership.
- A retired annuitant was unlawfully employed.

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 January 28, 1978 to provide retirement benefits for 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 2013-2014, the OAS reviewed the Agency's payroll reporting and member enrollment processes related 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 from August 13, 2013 through August 15, 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 did not report special compensation as required by the CCR.

Condition:

- A. The Agency did not report Holiday Pay, a statutory item of special compensation, as required by the CCR. An Animal Caretaker who was required to work on a holiday (May 27, 2013) received additional compensation for working the holiday. However, the Agency did not report the Holiday Pay as special compensation. Holiday Pay for employees who are normally required to work on an approved holiday, in positions that require scheduled staffing without regard to the holiday, must be reported to CalPERS.
- B. The Agency did not report the monetary value of uniforms as required by the CCR. The Agency provided uniforms to employees in the Animal Control, Building Inspection/Safety, and Community Services Departments. OAS identified one employee that received uniforms but the monetary value of the uniforms was not reported as special compensation. The monetary value of uniforms is a statutory item of special compensation that is required to be reported to CalPERS. In addition, the Agency did not have written labor policies that addressed uniform requirements for all the departments within the Agency. Additionally, those departments which maintained written labor policies addressing uniforms had not been approved by the Agency's governing body and did not indicate the conditions for payment.
- C. The Agency had a resolution to pay and report the value of Employer Paid Member Contributions (EPMC) for all miscellaneous employees; however, the Agency's Memorandum of Understanding (MOU) only addressed paying EPMC and not reporting the value as special compensation. The affected MOU included the Mid-Manager, Supervisory/Professional and General Employee Labor Group, the San Bernardino Public Employees Association, and the Executive Management Employees Group. Pursuant to CCR Section 571(a)(1)(F), in order for the value of EPMC to be reported as special compensation, it must be contained in a written labor policy or agreement that pertains to the affected group or class of employment.
- D. The Agency incorrectly reported special compensation of Uniform Allowance for an employee who is a member of the San Bernardino Public Employees Association as a lump sum instead of when earned. In the pay period ending June 30, 2013, the Agency reported a Uniform Allowance of \$45.54 for an

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employee. The \$45.54 was the value for the rental and laundering of uniforms for a six month period. Pursuant to Government Code Section 20636(c)(3), the Agency shall identify the pay period(s) in which compensation was earned.

- E. The Agency incorrectly added items of special compensation to base payrate and regular earnings for an employee in pay periods ending July 4, 2010 through June 19, 2011. Specifically, the Agency included both temporary upgrade pay (Acting Pay) and the value of EPMC in the payrate and earnings. Acting Pay and the value of EPMC are considered special compensation and must be reported separate from base payrate and regular earnings.

Reportable special compensation is exclusively listed and defined in the CCR Section 571. Reportable special compensation is required to be contained in a written labor policy or agreement, available to all members in a group or class, part of normally required duties, performed during normal hours of employment, paid periodically as earned, historically consistent with prior payments for the job classification, not paid exclusively in the final compensation period, not final settlement pay, and not creating an unfunded liability over and above CalPERS actuarial assumptions.

Recommendation:

The Agency should ensure all items that meet the definition of special compensation are reported when earned and are contained in policies that have been approved by the governing body and indicate the conditions of payment.

The Agency should discontinue reporting special compensation as base payrate and regular earnings.

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.

Criteria:

Government Codes: § 20049, § 20120, § 20121, § 20160, § 20630, § 20636
CCR: § 571

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2: The Agency's pay schedule did not meet one of the requirements of the CCR Section 570.5.

Condition:

The Agency's 2012-13 pay schedule did not include the time base (hourly, daily, bi-weekly, monthly, bi-monthly, or annually) for each position as required by the CCR Section 570.5. 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.

Recommendation:

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

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

Criteria:

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

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3: An employee was erroneously disenrolled from the Agency and incorrectly enrolled under an affiliated entity.

Condition:

The Agency disenrolled the City Manager from CalPERS membership on December 9, 2007 and stopped reporting his contributions and earnings. An entity affiliated with the Agency, the Rancho Cucamonga Fire Protection District (RCFPD), enrolled the City Manager back into membership the following day. RCFPD then reported the City Manager's contributions and earnings under the RCFPD's contract for the next 3.547 years.

OAS determined the Agency disenrolled the City Manager in error. CalPERS membership for an employee of a contracting agency is compulsory per Government Code Section 20502, unless the employee's position is excluded from membership. OAS found the City Manager was an Agency employee; his position was not excluded, and therefore he should not have been disenrolled from CalPERS. This issue was previously identified in the Rancho Cucamonga Fire Protection District (RCFPD) review completed in August 2013.

It should be noted that the Agency was informed of the erroneous disenrollment by the CASD in 2011, and the Agency attempted to correct the disenrollment by submitting the City Manager's payroll information to CalPERS on August 31, 2011. However, CalPERS issued a Circular Letter dated June 14, 2011 to all public agencies to not send data to CalPERS between August 1 and September 17, 2011, and that for security purposes all payroll information received during this period would be destroyed. Because the Agency submitted the payroll information during this period, the payroll information was not processed by CalPERS and the corrections were not made.

Recommendation:

The Agency should enroll and report all employees who are employees of the Agency as defined by Government Code Section 20028.

The Agency should continue to work with CASD to determine the impact of this disenrollment error and to make the necessary adjustments to the member's account pursuant to Government Code Section 20160.

Criteria:

Government Codes: § 20022, § 20028, § 20030, § 20125, 20160, § 20502

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4: The Agency did not enroll temporary employees into membership when eligibility requirements were met.

Condition:

A. The Agency did not enroll a temporary employee who worked more than 1,000 hours in a fiscal year into membership. The employee worked 1,543 hours in fiscal year 2012-2013, but was not enrolled into CalPERS membership. The employee was hired through a temporary employment agency to perform the duties of Animal Care Attendant. OAS determined that this employee was in an employee/employer relationship with the Agency based in part on the following factors:

- The employee was trained by the Agency.
- The employee's work was directed by the Agency.
- The employee was supervised by the Agency.
- The employee's work was reviewed by Agency staff.
- The employee's hours of work were set by the Agency.

For the purposes of the PERL and for the programs administered by the Board of Administration of CalPERS (the Board), the standard used for determining whether an individual is the employee of another person or entity is the California common law employment test as set forth in the California Supreme Court case entitled *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 a precedential decision, *In the Matter of Lee Neidengard*, Precedential Dec. No. 05-01, effective April 22, 2005.

Applying the California common law, the most important factor in determining whether an individual performs services for another as employee 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.

Where there is no clear independent evidence that the principal has the right to control the manner and means of an individual's performance of the services in question, CalPERS, applying the California common law, will

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consider the following additional factors in determining whether an individual is an employee:

- (a) whether or not the one performing the services is engaged in a distinct occupation or business;
- (b) 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;
- (c) the skill required in the particular occupation;
- (d) whether the principal or the individual performing the services supplies the instrumentalities, tools, and the place of work for the person doing the work;
- (e) the length of time for which the services are to be performed;
- (f) the method of payment, whether by the time or by the job;
- (g) whether or not the work is part of the regular business of the principal; and
- (h) whether or not the parties believe they are creating the relationship of employer-employee.

Employees who work 1,000 hours within a fiscal year shall 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.

- B. The Agency did not enroll two eligible employees that had previously established CalPERS membership. One employee was hired on November 11, 2010 to perform the duties of an Assistant Planner. The Agency did not enroll the individual until July 2, 2012. Another employee was hired on July 1, 2010 to perform the duties of Public Service Technician III, but was not enrolled until September 17, 2012. The Agency initially classified these individuals as independent contractors, and later changed their classifications to employees (with no change to their duties and responsibilities). Employees who have previous CalPERS membership are required to be immediately enrolled upon the first day of rendering services to the Agency. Pursuant to Government Code Section 20305(a)(1), 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.

Recommendation:

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

The Agency should enroll upon hire temporary/part-time employees with prior CalPERS membership.

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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, § 20305(a)(1), § 20305(a)(3)(B)

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5: The Agency unlawfully employed a retired annuitant.

Condition:

The Agency unlawfully employed a retired annuitant in a permanent position as a Maintenance Coordinator. The employee retired from the position of Maintenance Supervisor and was subsequently rehired by the Agency through an independent contractor agreement. However, using the common law control test OAS found the retired annuitant was not an independent contractor and instead was an employee of the Agency. OAS determined that this individual was in an employee/employer relationship with the Agency based in part on the following factors:

- The employee's work was reviewed by Agency staff.
- The employee performed the duties of a Maintenance Coordinator, a position that was previously held by an Agency employee.
- The employee signed documents on behalf of the Agency.
- The employee was supervised by the Agency.
- The employee's work was not limited in duration, instead employment was ongoing for several years.
- The employee was required to personally perform the services.

Pursuant to Government Code Section 21220, a person who has been retired under this System may not be employed in any capacity, thereafter, by a contracting agency, unless he has first been reinstated from retirement or unless the employment without reinstatement is authorized under Article 8, "Employment After Retirement." Any retired member in violation of this shall reimburse the System for any retirement allowance received during the period or periods of employment that are in violation of the law.

Furthermore, the Agency compensated the individual at a rate that exceeded the maximum payrate for the position. According to the service agreement effective November 12, 2008, the retired annuitant's payrate was \$65 an hour. However, the July 2010 pay schedule listed the high end of the pay range for the Maintenance Coordinator position as \$5,366 per month, which is the equivalent of \$30.96 per hour. Pursuant to Government Code Section 21224, a retired person's rate of pay shall not exceed that paid by the employer to other employees performing comparable duties.

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Recommendation:

The Agency should ensure that retired annuitants who work under its direction and control are correctly classified and comply with the applicable Government Code sections and CCR.

The Agency should request CalPERS' approval to employ a retired annuitant as an independent contractor by submitting the independent contractor's employment agreement to CalPERS Benefit Services Division (BNSD) prior to the retired annuitant accepting employment.

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 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.

OAS recommends the Agency work with BNSD to determine the appropriate course of action.

Criteria:

Government Codes: § 20160, § 21202, § 21220, § 21224(a)

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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 Margaret Junker
MARGARET JUNKER, CPA, CIA, CIDA
Chief, Office of Audit Services

Staff: Cheryl Dietz, CPA, Assistant Division Chief
Diana Thomas, CIA, CIDA, Manager
Alan Feblowitz, CFE, Manager
Jodi Brunner, CGAP, Auditor
Noah Schreier, 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 Council minutes and Agency Council 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 all 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 listing 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 whether retirees were lawfully employed.
- ✓ 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.

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APPENDIX B

AGENCY'S WRITTEN RESPONSE



THE CITY OF RANCHO CUCAMONGA

June 9, 2014

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

Re: Employer Code: 1172; CalPERS ID: 4095864907; Job Number: P13-002

Dear Ms. Junker:

Please accept this letter as the City of Rancho Cucamonga's (City) written response to your May 14, 2014 draft report on your review of the City in relation to its contract with the California Public Employees' Retirement System (CalPERS). Our responses are listed below by finding number:

Finding 1: The Agency did not report special compensation as required.

City's Response – Condition A: *Agree.* Staff will correct the prior reporting for the employee associated with Condition A. Additionally, it should be noted that since this situation was brought to the City's attention during its CalPERS audit in August of 2013, staff have been proactively monitoring compensation for employees to ensure that this situation does not recur.

City's Response – Condition B: *Agree.* Staff will identify the monetary value of the uniforms provided to the employee noted in Condition B and report this amount as special compensation. Staff will continue this practice on a go forward basis in order to be in compliance with the CCR. Furthermore, the City will develop a City-wide policy that will list the position classifications that are required to wear a uniform.

City's Response – Condition C: *Agree.* Staff will seek to amend the applicable Memorandum of Understanding (MOU) to include the verbiage that the City pays and reports the value of EPMC as special compensation, subject to agreement with the City's labor groups through the collective bargaining process.

City's Response – Condition D: *Agree.* Staff will correct the prior reporting of a lump sum within one two-week pay period to a lump sum covering the six month period in which the compensation was earned. It should be noted that since this situation was brought to the City's attention during its CalPERS audit in August of 2013, staff are now reporting this compensation for the six month period during which it was earned. The most recent reporting occurred for the period July 1, 2013 through December 31, 2013.

City's Response – Condition E: *Agree.* This situation occurred prior to the implementation of MyCalPERS when ACES was the reporting mechanism. Now that the MyCalPERS reporting mechanism is available and provides refined reporting capabilities, staff will resubmit the reporting

for the employee identified to separate Acting Pay and EPMC from base payrate and regular earnings. Since the launch of MyCalPERS, the City has been reporting EPMC as special compensation. However, the City has not been reporting Acting Pay separately as a standard practice. On a go forward basis, the City will report Acting Pay as special compensation.

Finding 2: The Agency's pay schedule did not meet one of the requirements of the CCR section 570.5.

City's Response: *Agree.* The City will amend the language on the salary schedules to include the time base that is required by CCR section 570.5.

Finding 3: An employee was erroneously disenrolled from the Agency and incorrectly enrolled under an affiliated entity.

City's Response: This finding was addressed as part of the Fire District's 2013 audit by CalPERS and has been subsequently resolved between City staff and CalPERS staff. Following is the response the Fire District provided to the same finding in its report last year:

"Agree, but this matter was already identified and resolved in 2011. This finding relates to the enrollment of the City Manager of the City of Rancho Cucamonga (City) as a District employee. The Rancho Cucamonga Fire Protection District is a legally separate but subsidiary district of the City of Rancho Cucamonga. As such, many of the functions (Finance, Human Resources, Risk Management, Information Services, etc.) of the District are the responsibility of the City, and City employees. The City Manager is legally the Chief Executive Officer of the District and the City Council also sits as the Governing Board of the District.

The City obtained a legal opinion from the City Attorney that the City Manager was eligible for enrollment in PERS as a District employee and completed that enrollment in December 2007. Upon the City Manager's retirement in August 2011, the City was notified by PERS that the previous District enrollment was not permitted. We were subsequently instructed to reverse the payroll reported under the City's employer code since December 2007 and re-report it under the City's employer code.

The City attempted to comply with these instructions but was unable to do so due to the fact that the CalPERS system was unavailable for any payroll additions or deletions for a number of months. This was due to the conversion to the new MyCalPERS system. Instead, our payroll staff calculated the amount to be credited to the City's plan and the amount to be charged to the City's plan. At the direction of CalPERS staff, the City made a lump sum payment of \$241,678.61 to PERS on or about August 30, 2011. Staff then followed up with a phone call to PERS to ask how to proceed. It was at that point that PERS advised us not to do anything more. We were told that PERS would make whatever corrections that needed to be made on their end. This was presumably due to the fact that the MyCalPERS system was not yet available.

In addition, we were told that once calculations were verified, the District would receive a refund from PERS in the amount of \$276,612.76. To date, we have not received the refund. As a result, as things currently stand, CalPERS has been paid twice for this employee's contributions – once by the District and once by the City. In the meantime, we have never received any further instruction from CalPERS regarding any additional actions to be taken by the District or the City. As a result, we consider this matter closed, except for the outstanding credit to be paid to the

District by CalPERS. In order to completely close this matter the District requests that CalPERS honor its prior statement and in a timely manner credit the District a refund of the \$276,612.76 previously stipulated to.”

Since that time, the District has now received the requested refund from CalPERS related to this situation. The City is still waiting for CalPERS to provide an updated Replacement Benefit Fund request for this retiree.

Finding 4: The Agency did not enroll temporary employees into membership when eligibility requirements were met.

City’s Response – Condition A: *Agree.* The City’s Payroll Division will work with CalPERS to retroactively enroll this employee and report all retroactive earnings.

City’s Response – Condition B: *Agree.* The City’s Payroll Division will work with CalPERS to retroactively enroll these two employees and report all retroactive earnings.

Furthermore, the City will review the process of tracking the hours worked of temporary/part-time employees in order to ensure that they are enrolled in a timely manner once they have reached the eligibility requirements for membership. Additionally, the City will implement measures to identify new hires as potential CalPERS members by completing a search using the employee’s social security number.

Finding 5: The Agency unlawfully employed a retired annuitant.

City’s Response: *Agree;* however, we note that since CalPERS began renewed efforts to educate employers about this issue in 2012, the City has taken steps and implemented protocols to ensure that we no longer hire employee retired annuitants without adhering to Government Code section 21220. Furthermore, the City will adhere to Government Code section 21224; therefore, a retired annuitant’s rate of pay shall not exceed that paid by the employer to other employees performing comparable duties.

Please let me know if you have any questions regarding the City’s responses or if you need any additional information. Thank you for your assistance with this matter.

Sincerely,



Tamara L. Layne
Finance Director