

## DEPARTMENT OF FOOD AND AGRICULTURE 46<sup>TH</sup> DISTRICT AGRICULTURAL ASSOCIATION

	Area	Exception	Observation
2	Payrates	Payrate Increase	Payrate was incorrectly reported for one sampled employee in one pay period. Specifically, an employee who retired in March 2016 received a payrate increase in the middle of a monthly pay period, July 2014, and the Agency reported an average of the two payrates for the pay period. The Agency should have reported the old payrate of \$4,625 for the period July 1, 2014 through July 15, 2014 and the new payrate of \$7,060 for the period July 16, 2014 through July 31, 2014. The incorrect reporting resulted in an increase to the reported payrate that was not in compliance with Government Code section 20636. Government Code section 20630 states when compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.

### Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

**DEPARTMENT OF FOOD AND AGRICULTURE  
46<sup>TH</sup> DISTRICT AGRICULTURAL ASSOCIATION****Recommendation**

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

**Conclusion**

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

**Summarized Response**

The Agency agreed with the Observations noted in the report.

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## HOUSING AUTHORITY OF THE COUNTY OF KERN

### Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
	3P17-023	November 1, 1965	Miscellaneous

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

### Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Effective Date	The Agency did not maintain pay schedules in compliance with the Government Code and the CCR. Specifically, the Classification Charts provided for September 2015, May 2016 and September 2016 did not include effective dates as required by CCR section 570.5.



## HOUSING AUTHORITY OF THE COUNTY OF KERN

	Area	Exception	Observation
2	Payrates	Additional Compensation	The Agency reported payrates that included additional compensation for a sampled active employee and an employee who retired in October 2015. Specifically, temporary upgrade pay of \$708.20 was added to the active employee's base payrate for performing duties as the interim finance director during the pay period ended December 9, 2016. In addition, a cash-out of vacation time of \$967.63 was added to the retired employee's base payrate in the pay period ending October 2, 2015. This incorrect reporting resulted in increases to the employees' reported payrates that were not in compliance with Government Code section 20636.
3	Payrate	Incorrect Payrate	The Agency reported an incorrect payrate for an active employee in the pay period ended May 13, 2016. Specifically, the Agency reported a prior period earnings adjustment of \$62.55 as the monthly payrate; however, the monthly payrate should have been \$2,571.31. This incorrect reporting resulted in a decrease to the employee's reported payrate that was not in compliance with Government Code section 20636.

### Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

## HOUSING AUTHORITY OF THE COUNTY OF KERN

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency disagreed with Observation 2 and provided additional information. OFAS reviewed the information and concluded that the Observation will remain as stated.



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## CITY OF LONG BEACH

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-024	July 1, 1950	Miscellaneous Safety - Police Safety - Fire Safety - Other

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Approval / Revision Dates	The Agency did not maintain pay schedules in compliance with the Government Code and CCR. Specifically, the pay schedule in effect October 1, 2016 was not approved by the Agency's governing body and did not indicate revision dates as required by CCR section 570.5. Note: A similar observation was noted in a prior OFAS report issued in July 2013.



## CITY OF LONG BEACH

	Area	Exception	Observation
2	Payrates	Additional Compensation	The Agency reported payrates that included additional compensation for two sampled employees. Specifically, one active employee had certification pay and longevity pay added to base payrate in the amounts of \$0.58 to \$3.955 per hour. Another active employee had bilingual pay, education incentive pay, detective pay, longevity pay, and post pay added to base payrate and the amounts ranged from \$0.80 to \$4.203 per hour. The incorrect reporting resulted in an increase to reported payrates that were not in compliance with Government Code section 20636. Note: A similar observation was noted in a prior OFAS report issued in July 2013.
3	Payrates	Payrate Increase	Payrates were incorrectly reported for two sampled employees in five pay periods. Specifically, an active employee and an employee who retired in October 2015 received payrate increases in the middle of each of the five pay periods, and the Agency calculated the payrates by dividing earnings by total hours worked during the pay period. For example, the Agency reported an hourly payrate of \$56.02 for the pay period ended October 3, 2014. The Agency should have reported the old payrate of \$54.85 for the period September 20, 2014 through September 30, 2014 and the new payrate of \$58.75 from October 1, 2014 through October 3, 2014. The incorrect reporting resulted in an increase to three reported payrates and a decrease to two reported payrates that were not in compliance with Government Code section 20636. Note: A similar observation was noted in a prior OFAS report issued in July 2013.

## Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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



## CITY OF LONG BEACH

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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency disagreed with Observations 1 and 3 and provided additional information. OFAS reviewed the information and concluded that the Observations will remain as stated.



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## CITY OF CARSON

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
	3P17-025	May 15, 1969	Miscellaneous

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

Sampled employees' payrate increases were reviewed for compliance with Government Code sections 20636, 7522.34(a) and corresponding sections of the CCR section 570.5 and no exceptions were noted.

## Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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;



## CITY OF CARSON

- 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.

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

### Summarized Response

A response was not required because there were no Observations noted in the report.

## CITY OF PALMDALE

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
	3P17-026	March 1, 1974	Miscellaneous

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Payrates	Payrate Increase	Payrates were incorrectly reported for a sampled employee who retired in June 2017. Specifically, the employee received a monthly payrate increase from \$4,693.87 to \$4,928.56 effective April 14, 2016; however, the Agency reported the new payrate effective April 18, 2016. The Agency should have reported the new payrate with the corresponding earnings effective April 14, 2016. The incorrect reporting resulted in a reported payrate that was not in compliance with Government Code section 20636. Government Code section 20630 states when compensation is reported to the board the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.



## CITY OF PALMDALE

### Criteria

Under Government Code sections 20636, 20636.1 and/or 7522.34, payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observation noted in the report.



## PUBLIC TRANSPORTATION SERVICES CORPORATION

### Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-027	August 10, 1997	Miscellaneous

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

### Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Approval/ Time Base	The Agency did not maintain pay schedules in compliance with the requirements set forth in the Government Code and CCR. Specifically, the pay schedule in effect July 1, 2016 for non-represented employees, was not approved by the Agency's governing body and did not indicate the time base as required by CCR 570.5.



## PUBLIC TRANSPORTATION SERVICES CORPORATION

	Area	Exception	Observation
2	Payrates	Payrate Increase	Payrates were incorrectly reported for three sampled employees, one active and two who retired in December 2016. Specifically, the employees received payrate increases in the middle of the pay period ending July 4, 2015; however, the Agency reported the new payrates for the entire period. In the first instance, the employee received a monthly payrate increase from \$7,879.73 to \$8,115.47. In the second instance, the employee received a monthly payrate increase from \$10,377.47 to \$10,689.47. In the third instance, the employee received a monthly payrate increase from \$12,251.20 to \$12,618.67. The Agency should have reported both the old and new payrate with the corresponding earnings for the period earned. The incorrect reporting resulted in increases to reported payrates that were not in compliance with Government Code section 20636. Government Code section 20630 states when compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.

### Criteria

Under Government Code sections 20636, 20636.1 and/or 7522.34, payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

## PUBLIC TRANSPORTATION SERVICES CORPORATION

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observations noted in the report.



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**COUNTY OF MADERA****Objective and Scope**

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-028	December 1, 1949	Miscellaneous Safety – County Peace Officer

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

**Results in Brief**

	Area	Exception	Observation
1	Payrates	Additional Compensation	The Agency reported a payrate that included additional compensation for a sampled active employee. Specifically, the employee's reported payrate included longevity pay in the amount of \$1,149.85. The incorrect reporting resulted in an increase to the employee's reported payrate that was not in compliance with Government Code section 20636.



## COUNTY OF MADERA

	Area	Exception	Observation
2	Payrates	Full-time Payrate	The Agency reported incorrect payrates for a part-time employee who retired in December 2015. Specifically, the Agency reported monthly payrates in the amount of \$1,455.13 and \$1,527.88 in pay periods ended January 31, 2014 and December 31, 2014, respectively, rather than reporting the full-time payrates listed in the pay schedules of \$2,910.25 and \$3,055.77. The Agency should have reported the full-time payrates along with 40 hours as the scheduled workweek to ensure the employee received the correct amount of service credit. The incorrect reporting resulted in an increase to service credit and decreases to the employee's reported payrates that were not in compliance with Government Code section 20636.

### Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

## COUNTY OF MADERA

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observations noted in the report and provided additional information for the Other Matter noted in the report. OFAS reviewed the information and removed the Other Matter from the report.



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## CITY OF MILL VALLEY

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-029	July 8, 1972	Miscellaneous Safety – Police Safety – Fire

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Time Base	The Agency did not maintain pay schedules in compliance with the Government Code and CCR. Specifically, the pay schedules in effect in effect July 1, 2014 and July 1, 2016 for Non-Represented Employees including Management, Confidential, and Technical Staff did not include the time base as required by CCR section 570.5.



## CITY OF MILL VALLEY

### Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

## CITY OF MILL VALLEY

### Summarized Response

The Agency agreed with the Observation noted in the report.



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## CITY OF SEASIDE

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-030	January 1, 1957	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Time Base	The Agency did not maintain pay schedules in compliance with the Government Code and CCR. Specifically, the pay schedule for part-time salary employees in effect June 21, 2014 did not indicate the time base, such as hourly, weekly, biweekly, monthly, or annually as required by CCR section 570.5.



## CITY OF SEASIDE

	Area	Exception	Observation
2	Payrates	Reduced Payrates	The Agency under-reported the monthly payrate for a sampled, part-time employee who retired July 2015. Specifically, the Agency reported reduced monthly payrates in four pay periods. The Agency reported monthly payrates of \$979.55 for the pay period ended July 19, 2013, \$653.03 for the pay period ended October 25, 2013, \$816.29 for the pay period ended November 22, 2013, and \$1,959.10 for the pay period ended March 14, 2014. The Agency should have reported a monthly payrate of \$2,612.13 for each pay period. The payrates were incorrectly converted from an hourly payrate. The incorrect conversion resulted in reported payrates that were understated and not in compliance with Government Code section 20636.

## Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

## Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

## CITY OF SEASIDE

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observations noted in the report and provided additional information. OFAS reviewed the information and concluded that the Observations will remain as stated.



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## CITY OF PACIFIC GROVE

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-031	February 1, 1957	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Effective Date Revision Date	The Agency did not maintain pay schedules in compliance with the Government Code and CCR. Specifically, the pay schedule approved by the City Council on November 19, 2014 did not indicate an effective date or date of any revision as required by CCR section 570.5.



## CITY OF PACIFIC GROVE

	Area	Exception	Observation
2	Payrates	Additional Compensation	The Agency reported a payrate that included additional compensation for a sampled employee who retired in April 2015. Specifically, the employee had temporary upgrade pay of \$1,037.01 added to base payrate in the pay period ended April 26, 2014. The incorrect reporting resulted in an increase to the employee's reported payrate that was not in compliance with Government Code section 20636.

## Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

## Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

## CITY OF PACIFIC GROVE

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency did not provide a response to the report.



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## CITY OF SOLEDAD

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-032	October 1, 1987	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Payrates	Reduced Payrates	The Agency reported incorrect payrates for two sampled employees, one active employee and one employee who retired in January 2017. Specifically, the Agency reported payrates that were less than the normal monthly rate of pay. Per the Agency, this was due to a staff error on the Agency's payroll spreadsheet that was not corrected before submitting payroll data to CalPERS. The reporting error resulted in reported payrates that were understated and not in compliance with Government Code section 20636.



## CITY OF SOLEDAD

### Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observation noted in the report.



## HOUSING AUTHORITY OF THE CITY OF ALAMEDA

### Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-033	April 22, 2012	Miscellaneous

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

### Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Position Title	The Agency did not maintain pay schedules in compliance with the Government Code and CCR. Specifically, the pay schedule in effect July 1, 2015 did not identify position titles as required by CCR section 570.5.



## HOUSING AUTHORITY OF THE CITY OF ALAMEDA

### Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency did not indicate agreement or disagreement with the Observation noted in the in the report; however, they provided additional information. OFAS reviewed the additional information and concluded that the Observation will remain as stated.



## CITY OF OROVILLE

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-034	January 1, 1961	Miscellaneous Safety-Police Safety-Fire

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Approval / Position Title	The Agency did not maintain pay schedules in compliance with the Government Code and CCR. Specifically, council member positions were not identified in a pay schedule and the pay schedule entitled "Classifications and Compensation for OMCA Members Exhibit A" was not approved by the Agency's governing body as required by CCR 570.5.



## CITY OF OROVILLE

	Area	Exception	Observation
2	Payrates	Additional Compensation	The Agency reported a payrate that included additional compensation for a sampled employee who retired in December 2016. Specifically, the retiree had out-of-class pay added to base payrate in the amount of \$277.13 per month. The incorrect reporting resulted in an increase to the employee's reported payrate that was not in compliance with Government Code section 20636.
3	Payrates	Payrate Increase	The Agency reported an incorrect payrate for the same sampled employee noted in Observation 2. Specifically, the Agency reported a payrate increase in the pay period December 21, 2015 through January 3, 2016 prior to the payrate increase going into effect. The Agency should have reported the new payrate of \$7,667.97 for the period earned, January 5, 2016 through January 18, 2016. The incorrect reporting resulted in a reported payrate that was not in compliance with Government Code section 20636. Government Code section 20630 states when compensation is reported to the board the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.
4	Payrates	Reduced Payrate	The Agency reported an incorrect monthly payrate for an active employee. The employee received a monthly payrate increase from \$300 to \$400 effective July 6, 2015. However CalPERS data shows that in subsequent earned periods the reported monthly payrate fluctuated between \$300 and \$400. The incorrect reporting resulted in a decrease to the employee's reported payrate that was not in compliance with Government Code section 20636.

## Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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;

## CITY OF OROVILLE

- 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observations noted in the report.



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## COUNTY OF COLUSA

### Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-035	January 1, 1950	Miscellaneous Safety – County Peace Officer

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

### Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Position Title/ Effective Date	The Agency did not maintain pay schedules in compliance with the requirements set forth in the Government Code and CCR. Specifically, the pay schedule effective January 1, 2015 for miscellaneous employees and the pay schedule, effective October 1, 2016 for management employees did not include position titles and did not identify the effective dates as required by CCR section 570.5.



## COUNTY OF COLUSA

	Area	Exception	Observation
2	Payrates	Reduced Payrate	The Agency reported incorrect payrates for a sampled employee who retired in May 2015. Specifically, the Agency reduced the authorized payrate of \$4,088.00 by the State's Disability Insurance (SDI) payment and reported incorrect payrates of \$2,275.43 in the pay period ending May 31, 2013 and \$2,624.00 in the pay period ending June 30, 2013. The Agency stated the incorrect reporting was due to a clerical error. The incorrect reporting resulted in a reduction to the employee's reported payrates in the amounts of \$1,812.57 and \$1,464, respectively and were not in compliance with Government Code section 20636.

### Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

## COUNTY OF COLUSA

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observations and provided additional information. OFAS reviewed the information and revised Observation 2.



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## COUNTY OF GLENN

### Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-036	June 1, 1948	Miscellaneous Safety – County Peace Officer

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

### Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Position Title	The Agency did not maintain pay schedules in compliance with the Government Code and CCR. Specifically, the pay schedule in effect November 8, 2015 did not include the employees' position title as required by CCR section 570.5.
2	Payrates	Additional Compensation	The Agency reported payrates that included additional compensation. Specifically, the Agency added advanced certificate pay to base payrate in the amount of \$1.01 per hour for an active employee, and longevity pay to base payrate in amounts of \$.85 to \$1.21 per hour for an employee who retired in December 2016. The incorrect reporting resulted in an increase to reported payrates that were not in compliance with Government Code section 20636.



## COUNTY OF GLENN

Area	Exception	Observation
3	Payrates  Payrate Increase	The Agency reported incorrect payrates for two sampled employees, one active and one who retired in December 2016. Specifically, the Agency reported incorrect payrates in four pay periods when the employees received pay increases in the middle of a pay period. For example, the Agency reported the active employee's old monthly payrate \$4,406.13 for the entire pay period and should have reported the old payrate and new payrate of \$5,375.07 with the corresponding earnings for the period earned. In another example the Agency reported the active employee's new monthly payrate \$6,864 for the entire pay period and should have reported both the new payrate and old payrate of \$5,482.53 with the corresponding earnings for the period earned. The incorrect reporting resulted in an increase to reported payrates that were not in compliance with Government Code section 20636. Government Code section 20630 states when compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.

### Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

**COUNTY OF GLENN****Recommendation**

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

**Conclusion**

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

**Summarized Response**

The Agency did not indicate agreement or disagreement with the Observations noted in the report; however, they provided additional information. OFAS reviewed the information and concluded that the Observations will remain as stated.



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**HOUSING AUTHORITY OF THE CITY OF EUREKA****Objective and Scope**

CalPERS ID	Job Number	Contract Date	Classification
	3P17-037	March 1, 2003	Miscellaneous

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

**Results in Brief**

	Area	Exception	Observation
1	Pay Schedule	Time Base	The Agency did not maintain a pay schedule in compliance with the Government Code and CCR. Specifically, the pay schedule in effect July 1, 2016 did not include the time base for the monthly payrates as required by CCR section 570.5.
2	Payrates	Additional Compensation	The Agency reported payrates that included additional compensation. Specifically, one sampled employee who retired in January 2016, had compensation for additional hours added to base payrate. The variances ranged from \$294.80 to \$1,709.12 per month. The incorrect reporting resulted in increases to the employee's reported payrates that were not in compliance with Government Code section 20636.



## HOUSING AUTHORITY OF THE CITY OF EUREKA

### Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Other Matters

1	Unused Sick Leave	Agency records showed that the employee discussed in Observation 2 cashed out 955.40 hours of unused sick leave at retirement. Agency records also indicated the hours of unused sick leave were reported for additional service credit.
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## HOUSING AUTHORITY OF THE CITY OF EUREKA

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observations noted in the report.



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## MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
[REDACTED]	3P17-038	July 1, 1972	Miscellaneous

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code (GC) sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

Results in Brief			
	Area	Exception	Observation
1	Pay Schedule	Effective Date	The Agency did not maintain pay schedules in compliance with the requirements set forth in the Government Code and the CCR. Specifically, the September 2014 pay schedule did not include a specified effective date as required by CCR section 570.5.
2	Payrates	Additional Compensation	The Agency reported payrates that included additional compensation. Specifically, for one sampled employee who retired in July 2016, longevity pay was added to the base payrate in amounts that varied from \$124.54 to \$314.39 per month. The incorrect reporting resulted in an increase to the employee's reported payrates that were not in compliance with Government Code section 20636.



## MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

### Criteria

Under Government Code sections 20636, 20636.1 and/or 7522.34, payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observations noted in the report.



## CITY OF NEVADA CITY

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-039	September 1, 1965	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Payrates	Payrate Increase	The Agency reported an incorrect payrate for an employee who retired in November 2016. Specifically, the employee received a monthly payrate increase from \$6,598.80 to \$6,796.40 in the middle of pay period ended July 3, 2015; however, the Agency reported \$6,658.08, an average of the two payrates. The Agency should have reported both the old and the new payrate with the corresponding earnings for the period earned. The incorrect reporting resulted in an increase to the employee's reported payrate for the period June 20, 2015 through June 30, 2015, and a decrease to the employee's payrate for the period July 1, 2015 through July 3, 2015. The payrates were not reported in compliance with Government Code section 20636. Government Code



## CITY OF NEVADA CITY

	Area	Exception	Observation
			section 20630 states that when compensation is reported to the board the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.
2	Payrate	Excessive Payrate	The Agency reported a payrate that exceeded the maximum amount listed on the pay schedule for the same employee discussed in Observation 1. Specifically, the Agency reported a payrate of \$9,189.09 in the pay period ended October 21, 2016 and should have reported a monthly payrate of \$7,068. The incorrect payrate included earnings for three days worked in the following pay period when the employee retired. The Agency should have reported payrate and earnings separately for the three days worked. The incorrect reporting resulted in an increase to the employee's reported payrate that was not in compliance with Government Code section 20636. Government Code section 20630 states when compensation is reported to the board the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.
3	Payrate	Payrate Adjustment	The Agency used an incorrect payrate while reporting a retroactive salary adjustment for the same employee discussed in Observations 1 and 2. Specifically, the employee received an increase to their monthly payrate from \$6,796.40 to \$7,068 effective July 1, 2016. However, the Agency reported the increase in September 2016 retroactive to July 30, 2016. The Agency should have reported the new payrate effective July 1, 2016. The incorrect reporting resulted in a reduced payrate for the period July 1 through July 30, 2016 that was not in compliance with Government Code section 20636. Government Code section 20630 states that when compensation is reported to the board the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.



## CITY OF NEVADA CITY

### Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observations noted in the report.



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## CITY OF ANAHEIM

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-040	September 1, 1950	Miscellaneous Safety – Police Safety – Fire

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Revision Date / Time Base	The Agency did not maintain pay schedules in compliance with the Government Code and the CCR. Specifically, the pay schedule for the Anaheim Municipal Employees Association Clerical Employees did not include a revision date and the pay schedule entitled "Management Classifications and Salary Ranges" did not include a time base for the payrates as required by CCR section 570.5.



## CITY OF ANAHEIM

	Area	Exception	Observation
2	Payrates	Payrate Adjustments	The Agency used an incorrect payrate while reporting a prior period adjustment for a sampled active employee. Specifically, the Agency reported an hourly payrate of \$15.58 that was less than the employee's normal hourly payrate \$28.89. The Agency indicated that a payroll system error caused the Agency to report the incorrect payrate. The incorrect reporting resulted in a decrease to the employee's reported payrate that was not in compliance with Government Code section 20636.

## Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

## Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

## CITY OF ANAHEIM

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency disagreed in part with Observation 1 and provided additional information. OFAS reviewed the information and concluded that the Observation will remain as stated.



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## CITY OF NEWPORT BEACH

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-041	July 1, 1945	Miscellaneous Safety – Police Safety – Fire Safety – Other Safety

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Approval	The Agency did not maintain a pay schedule in compliance with the Government Code and CCR. Specifically, the pay schedule effective December 31, 2011 for Miscellaneous and Safety employees was not approved by the Agency's governing body as required by CCR section 570.5.



## CITY OF NEWPORT BEACH

	Area	Exception	Observation
2	Payrate	Reduced Payrates	The Agency did not report the full monthly payrate for an employee who retired December 2016. Specifically, the Agency under-reported the monthly payrate for the employee by \$533.72 during period ended September 4, 2015. The Agency should have reported the authorized payrate of \$1,808.28 during this period. The incorrect reporting resulted in a decrease to the employee's reported payrate that was not in compliance with Government Code section 20636.

### Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

## CITY OF NEWPORT BEACH

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observations noted in the report and has started to resolve the Observations.



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## CITY OF ROCKLIN

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-042	July 1, 1972	Miscellaneous Safety - Fire Safety - Police

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

Sampled employees' payrate increases were reviewed for compliance with Government Code sections 20636, 7522.34(a) and corresponding sections of the CCR section 570.5 and no exceptions were noted.

## Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to a publicly available pay schedule.



## CITY OF ROCKLIN

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.

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

### Summarized Response

A response was not required because there were no Observations noted in the report.

## CITY OF LAKE ELSINORE

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-043	July 1, 1965	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Effective Date / Time Base	The Agency did not maintain pay schedules in compliance with the Government Code and CCR. Specifically, the pay schedule entitled "City of Lake Elsinore MOU 2015 – 2016 Salary Range/Step Schedule" did not indicate an effective date and did not include the time base for the payrates as required by CCR section 570.5.



## CITY OF LAKE ELSINORE

	Area	Exception	Observation
2	Payrates	Additional Compensation	The Agency reported payrates that included additional compensation for a sampled employee who retired in December 2015. Specifically, the retiree had longevity pay and compensation related to cash-outs of leave time added to base payrate. The amounts ranged from \$1.38 to \$12.72 per hour. The incorrect reporting resulted in an increase to the employee's reported payrates that were not in compliance with Government Code section 20636.
3	Payrates	Reduced Payrate	The Agency reported earnings as base payrate for the same sampled employee discussed above in Observation 2. Specifically, the Agency reported the retiree's earnings, which included additional compensation, as the monthly payrate for the pay period ended December 29, 2015. The incorrect reporting resulted in a decrease to the employee's reported payrate that was not in compliance with Government Code section 20636.
4	Payrates	Payrate Adjustments	The Agency used an incorrect payrate while reporting a prior period adjustment for the same sampled employee discussed above in Observation 2. Specifically, the Agency reported the adjustment in August 2014 for the pay period ended January 24, 2014. However, the Agency reported the payrate that was in effect on August 25, 2014, instead of reporting the payrate that was in effect during the earned period ended January 24, 2014. The incorrect reporting resulted in an increase to the employee's reported payrate that was not in compliance with Government Code section 20636. Government Code section 20630 states when compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.

## Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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 annual.



## CITY OF LAKE ELSINORE

- 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observations noted in the report.



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## WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

### Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-044	September 26, 1991	Miscellaneous

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

### Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Time Base / Approval	The Agency did not maintain pay schedules in compliance with the Government Code and CCR. Specifically, Western Riverside Council of Governments Staff Salary Schedule, effective July 1, 2015, did not include the time base for annual payrates and was not approved by the Agency's governing body as required by CCR section 570.5.



**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS**

	Area	Exception	Observation
2	Payrates	Payrate Increase	The Agency reported an incorrect payrate for a sampled employee who retired in November 2015. Specifically, the employee received a payrate increase in the middle of a pay period and the Agency reported a monthly payrate of \$6,601.29 based on the sampled employee's earnings for the pay period. The Agency should have reported the old payrate \$6,345.73 and new payrate \$6,929.87 with the corresponding earnings for the period earned. The reported payrate was not in compliance with Government Code section 20636. Government Code section 20630 states when compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.
3	Payrates	Payrate Adjustment	The Agency used an incorrect payrate when reporting retroactive salary earnings for the same sampled employee discussed above in Observation 2. Specifically, the Agency included the employee's retroactive earnings from July 1, 2015 through July 5, 2015 in the payrate reported for the pay period ended July 19, 2015. The Agency should have reported the earnings and increased payrate as a retroactive salary adjustment for the period that it was earned. The incorrect reporting resulted in an increase of \$112.67 to the employee's reported payrate from \$7,276.53 to \$7,389.20 that was not in compliance with Government Code section 20636. Government Code section 20630 states when compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.
4	Payrates	Excessive Payrate	The Agency reported an incorrect payrate for the same sampled employee discussed above in Observation 2. Specifically, the Agency added the sampled employee's earnings from the pay period ended October 29, 2015 with the sampled employee's earnings from the pay period ended October 25, 2015 and reported a monthly payrate based on the earnings. The incorrect reporting resulted in an increase to the employee's reported payrate from \$7,276.53 to \$10,550.97 that was not in compliance with Government Code section 20636.

**Criteria**

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to a publicly available pay schedule.



## WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency did not provide a response to the report.



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**UNIVERSITY ENTERPRISES, INC****Objective and Scope**

CalPERS ID	Job Number	Contract Date	Classification
	3P17-045	July 1, 1961	Miscellaneous

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

**Results in Brief**

	Area	Exception	Observation
1	Pay Schedule	Approval	The Agency did not maintain pay schedules in compliance with the Government Code and CCR. Specifically, the pay schedules effective July 1, 2015 were not approved and adopted by the Agency's governing body in accordance with the requirements of applicable public meeting laws required by CCR section 570.5.
2	Payrates	Additional Compensation	The Agency reported payrates that included additional compensation for two sampled employees, one active and one who retired on March 2016. Specifically, the employees had a pay differential for performing additional duties added to their base payrate and the amounts ranged from \$331.88 to \$1,000 per month. The incorrect reporting resulted in an increase to the employees reported payrates that were not in compliance with Government Code Section 20636.



**UNIVERSITY ENTERPRISES, INC**

	Area	Exception	Observation
3	Payrates	Payrate Increase	The Agency reported an incorrect payrate for a sampled active employee. Specifically, the employee received a monthly payrate increase from \$6,357 to \$8,542 in the middle of the work period August 16, 2015 through August 31, 2015; however, the Agency reported a monthly payrate of \$7,949 for the pay period August 1, 2015 through August 31, 2015. The Agency should have reported the old and new payrate with the corresponding earnings for the period earned. The incorrect reporting resulted in a reported payrate that was not in compliance with Government Code section 20636. Government Code section 20630 states when compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.

**Criteria**

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

**Recommendation**

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

## UNIVERSITY ENTERPRISES, INC

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency disagreed with Observation 2 and disagreed with part of Observation 3. OFAS reviewed the disagreements and concluded that the Observations will remain as stated.



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**OMNITRANS****Objective and Scope**

CalPERS ID	Job Number	Contract Date	Classification
	3P17-046	September 2, 1974	Miscellaneous

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

**Results in Brief**

	Area	Exception	Observation
1	Pay Schedule	Time Base	The Agency did not maintain pay schedules in compliance with the Government Code and CCR. Specifically, the Management Confidential Classifications pay schedule effective July 1, 2015 and March 1, 2017 did not include a time base for monthly amounts shown as required by CCR section 570.5
2	Payrates	Additional Compensation	The Agency reported payrates that included additional compensation for an active employee. Specifically, the employee had compensation for performing additional duties added to base payrate in amounts that ranged from \$506.32 to \$531.65 per month. The incorrect reporting resulted in increases to reported payrates that were not in compliance with Government Code section 20636.



**OMNITRANS**

	Area	Exception	Observation
3	Payrates	Payrate Increase	Payrates were incorrectly reported for two sampled employees, one active and one who retired in January 2016. Specifically, the sampled employees received payrate increases in the middle of pay periods and the Agency incorrectly reported the payrates and effective dates for the increases. The active employee received a monthly payrate increase from \$8,666.67 to \$9,464 to effective May 4, 2016; however, the Agency reported the new payrate effective April 27, 2016. In another instance, the active employee received a monthly payrate increase from \$9,644.27 to \$10,126.48 effective June 23, 2016; however, the Agency reported the new payrate effective June 22, 2016. The retired employee received a monthly payrate increase from \$4,532.85 to \$4,759.49 effective August 19, 2014; however, the Agency reported the new payrate effective August 6, 2014. The incorrect reporting resulted in increases to reported payrates that were not in compliance with Government Code section 20636.
4	Payrates	Payrate Adjustments	The Agency used incorrect payrates while reporting retroactive salary adjustments for a sampled active employee. In one instance, the Agency reported a payrate of \$5,031.76 for the period January 17, 2015 through August 4, 2015. The Agency should have reported a payrate of \$5,131.76. In another instance, the Agency reported a payrate of \$2,463.24 for the period January 6, 2016 through March 1, 2016. The Agency should have reported a payrate of \$5,337.03. The incorrect reporting resulted in decreases to reported payrates that were not in compliance with Government Code section 20636.

**Criteria**

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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



## OMNITRANS

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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency disagreed with Observation 3 and provided additional information. OFAS reviewed the information and concluded that the Observation will remain as stated.



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## CITY OF SAN BERNARDINO

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-047	March 1, 1945	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Time Base / Payrates	The Agency did not maintain pay schedules in compliance with the requirements set forth in the Government Code and the CCR. Specifically, the pay schedules entitled "Resolution No. 2016-242" and "Resolution No. 2011-218" did not include the time base and the pay schedule entitled "Resolution No. 2011-218" did not include the payrates for the Administrative Claims Specialist and Regulatory Claims Analyst positions as required by CCR section 570.5.



## CITY OF SAN BERNARDINO

	Area	Exception	Observation
2	Payrates	Payrate Increase	Payrates were incorrectly reported for three sampled employees, two active and one who retired in March 2017. Specifically, the sampled employees received payrate increases in the middle of pay periods and the Agency incorrectly reported the payrates and effective dates for the increases. In the first instance, the retired employee received a monthly payrate increase from \$3,967 to \$6,215 effective March 17, 2015; however, the Agency reported the payrate increase effective April 1, 2015. In the other two instances, one active employee received a monthly payrate increase from \$10,792.82 to \$13,296.51 effective January 9, 2017 and the other active employee received a monthly payrate increase from \$7,101 to \$12,396 effective January 31, 2017; however, the Agency reported the payrate increases as retroactive adjustments for the entire pay period instead of reporting the old and new payrates during the correct periods earned. The incorrect reporting resulted in reported payrates that were not in compliance with Government Code sections 20636 and 7522.34(a). Government Code section 20630 states when compensation is reported to the board the employer shall identify the pay period in which the compensation was earned regardless of when it is reported or paid.

## Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

## CITY OF SAN BERNARDINO

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency agreed with the Observations noted in the report.



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**BIG BEAR MUNICIPAL WATER DISTRICT****Objective and Scope**

CalPERS ID	Job Number	Contract Date	Classification
	3P17-048	August 28, 1986	Miscellaneous

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

**Results in Brief**

	Area	Exception	Observation
1	Pay Schedule	Effective Date	The Agency did not maintain pay schedules in compliance with the requirements set forth in the Government Code and the CCR. Specifically, the Agency's pay schedule for Fiscal Year 2015-16 did not indicate the effective date as required by CCR section 570.5.



**BIG BEAR MUNICIPAL WATER DISTRICT**

	Area	Exception	Observation
2	Payrates	Excessive Payrate	The Agency reported payrates that exceeded the maximum amount listed on the pay schedule for a sampled employee who retired in November 2015. Specifically, in the pay period ended November 13, 2013, the Agency reported an hourly payrate of \$31.79; however, the maximum amount listed in the publicly available pay schedule for the employee's position was \$4,997 per month (\$28.83 per hour equivalent). In addition, in the pay period ended July 9, 2014, the Agency reported an hourly payrate of \$36.05 for the same employee; however, the maximum amount listed in the publicly available pay schedule was \$5,077 per month (\$29.29 per hour equivalent). The incorrect reporting resulted in an increase to the employee's reported payrates that were not in compliance with Government Code section 20636 and CCR 570.5.
3	Payrates	Additional Compensation	The Agency reported a payrate that included additional compensation for the same sampled retiree discussed in Observation 2. Specifically, in the pay period ended July 9, 2014, the retiree had temporary upgrade pay added to base payrate in the amount of \$3.75 per hour. The incorrect reporting resulted in an increase to reported payrates that were not in compliance with Government Code section 20636.

**Criteria**

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

## BIG BEAR MUNICIPAL WATER DISTRICT

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20120, § 20121, § 20122, § 20160

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency disagreed with Observation 1 and provided additional information. OFAS reviewed the information and concluded that the Observation will remain as stated.



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**WEST VALLEY WATER DISTRICT****Objective and Scope**

CalPERS ID	Job Number	Contract Date	Classification
[REDACTED]	3P17-049	May 5, 1974	Miscellaneous

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

**Results in Brief**

	Area	Exception	Observation
1	Pay Schedule	Position Titles	The Agency did not maintain pay schedules in compliance with the Government Code and the CCR. Specifically, the Agency's pay schedule did not include a payrate for board members as required by CCR section 570.5.



## WEST VALLEY WATER DISTRICT

### Criteria

Under Government Code sections 20636, 20636.1 and 7522.34(a), payrate is deemed as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal work hours, pursuant to 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.

### Recommendation

The Agency should ensure reported payrates are granted and reported to CalPERS in compliance with the PERL. The Agency should work with the 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.

Government Codes: § 20120, § 20121, § 20122, § 20160.

### Other Matters

1	Payrates	The Agency paid a meeting stipend to board members pursuant to an approved ordinance for regular meetings, special and emergency meetings and outside meetings; however, the stipends were reported as payrate each month.
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## WEST VALLEY WATER DISTRICT

### Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results 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 with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

### Summarized Response

The Agency did not indicate agreement or disagreement with the Observation noted in the report; however, they provided additional information. OFAS reviewed the information and concluded that the Observation will remain as stated.



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## CITY OF ADELANTO

## Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
██████████	3P17-050	March 24, 2001	Miscellaneous Safety - Police

The objective of our review was to determine whether increases to member payrates were granted to members and reported to CalPERS in compliance with the Public Employees' Retirement Law (PERL). Reporting active member payrates correctly is a necessary precursor to correctly calculating member benefits at retirement. Specifically, incorrect reporting could cause the following: miscalculation of a member's service credit, miscalculation of a member's retirement allowance, delays in processing a member's retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits.

Payrates must be reported to CalPERS in accordance with Government Code sections 20636, 20636.1, 7522.34(a) and corresponding sections of the California Code of Regulations (CCR) section 570.5. Specifically, payrate is deemed as the normal monthly rate of pay or base pay of the member paid pursuant to a publicly available pay schedule for services rendered on a full-time basis during normal working hours. The publicly available pay schedules must meet criteria listed in CCR section 570.5. Payrates cannot include additional compensation such as special compensation, must be correctly calculated, must be accurately reported for the period earned, and cannot be granted or awarded to a member in connection with or anticipation of separation from employment.

The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2012 to June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, reported earnings, special compensation, payroll information, member contributions, membership enrollment, or employment after retirement.

## Results in Brief

	Area	Exception	Observation
1	Pay Schedule	Effective Date / Time Base	The Agency did not maintain pay schedules in compliance with the requirements set forth in the Government Code and the CCR. Specifically, the Agency pay schedule reviewed did not indicate the effective date and did not include the time base for hourly, monthly and annual payrates as required by CCR section 570.5.