

Office of Audit Services



CalPERS

Public Agency Review

City of Lincoln

CalPERS ID: 1225322578
Job Number: P14-085

February 2016



California Public Employees' Retirement System
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February 26, 2016

CalPERS ID: 1225322578
Job Number: P14-085

Astrida Trupovnieks, Human Resources Manager
City of Lincoln
600 Sixth Street
Lincoln, CA 95648

Dear Ms. Trupovnieks:

Enclosed is our final report on the results of the public agency review completed for the City of Lincoln (Agency). Your written response, included as an appendix to the report, indicates agreement with the issues noted in the report except for Finding 2B, Finding 2C, and Finding 2D. We appreciate the additional information that you provided in your response. However, after consideration of this information, our recommendations remain as stated in the report.

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

Sincerely,

Original signed by Beliz Chappuie

BELIZ CHAPPUIE, Chief
Office of Audit Services

Enclosure

cc: City Council, City of Lincoln
Risk and Audit Committee Members, CalPERS
Matthew G. Jacobs, General Counsel, CalPERS
Anthony Suine, Chief, BNSD, CalPERS
Renee Ostrander, Chief, EAMD, CalPERS
Carene Carolan, Chief, MAMD, CalPERS

CITY OF LINCOLN

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CITY OF LINCOLN

RESULTS IN BRIEF

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

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

- Pay schedule did not meet all of the requirements of the Government Code and CCR.
- Special compensation was not reported in accordance with Government Code and CCR requirements.
- Fair Labor Standard Act (FLSA) premium pay was incorrectly reported.
- Retroactive salary adjustment was incorrectly reported.
- Optional member was not properly enrolled.
- Retired annuitant was unlawfully employed.
- Member reciprocal self-certification was not maintained.
- Observation: Census data reporting discrepancy.

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

SCOPE

The Agency contracted with CalPERS effective December 1, 1964 to provide retirement benefits for local miscellaneous and safety (fire and police) employees. By way of the Agency's contract with CalPERS, the Agency agreed to be bound by the terms of the contract and by the Public Employees' Retirement Law (PERL). The Agency also agreed to make its employees members of CalPERS subject to all provisions of the PERL.

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

CITY OF LINCOLN

OFFICE OF AUDIT SERVICES REVIEW RESULTS

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

Condition:

The Agency's pay schedule provided for Fiscal Year 2013-2014 did not meet all of the Government Code and CCR requirements. Specifically, the pay schedule was not approved by the Agency's governing body, did not list the payrate for the Elected Officer/Mayor position, and did not indicate the effective date and date of revisions.

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

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

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

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Recommendation:

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

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

Criteria:

Government Codes: § 20160, § 20636

CCR: § 570.5

CITY OF LINCOLN

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

Condition:

- A. The Agency incorrectly reported Uniform Allowance as a lump sum amount for classic safety mid-management and police employees. Specifically, the Agency reported Uniform Allowance in a lump sum amount for safety mid-management and police employees in the pay periods ended December 28, 2013 and February 8, 2014, respectively. Government Code Section 20636 requires Agencies to identify and report special compensation in the pay period it was earned.
- B. The Agency incorrectly reported Uniform Allowance for a classic employee who worked under an individual employment agreement. Specifically, the Chief of Police's employment agreement provided \$150.00 per month, or \$1,800.00 annually, for the purchase and maintenance of uniforms. The labor policy for the police and fire/mid-management supervisory employees, the next closest related group or class of employees, received \$1,767.00 annually, a difference of \$33.00 per year. Government Code Section 20636 requires that special compensation be limited to similarly situated members in the closest related group or class. Therefore, the Uniform Allowance reported to CalPERS should have been limited to the amounts reported for safety mid-management employees.
- C. The Agency did not report the monetary value for the purchase and maintenance of uniforms as special compensation for classic employees. Specifically, the Agency provided and maintained uniforms for Code Enforcement, Fleet, Wastewater/Water, Solid Waste, and Transit employees, but did not report the monetary value for the purchase and maintenance of required clothing. CCR Section 571 requires compensation paid for the monetary value for the purchase, rental, and/or maintenance of required clothing be reported as special compensation.
- D. The Agency's labor policy for classified and professional/administrative employees in Code Enforcement, Fleet, Wastewater/Water, Solid Waste, and Transit did not meet all the requirements of CCR Section 571(b)(1)(B). Specifically, the policies did not include the conditions for payment of the uniforms, including, but not limited to, eligibility for, and the amount of the special compensation.

CITY OF LINCOLN

- E. The Agency incorrectly reported Holiday Pay for safety mid-management and police employees. Specifically, the Agency reported Holiday Pay as a lump sum amount in the pay period ended November 30, 2013. Government Code Section 20636 requires the Agency to identify the pay period(s) in which special compensation was earned.
- F. The Agency incorrectly reported special compensation in base payrate and earnings. Specifically, the Agency reported Field Training Officer Pay, a reportable item of special compensation, in base payrate and earnings in the pay period ended May 31, 2014 for a police employee. The Agency should report special compensation separately from base payrate and earnings.
- G. The Agency incorrectly reported Corporal Pay, a non-reportable item, as special compensation. Specifically, a police employee received Corporal Pay in pay period ended May 31, 2014. Corporal Pay does not meet the definition of special compensation under Section 20636 or CCR Section 571. Therefore, it should not have been reported to CalPERS and has resulted in an over reporting of special compensation.
- H. The Agency incorrectly reported Acting Pay in base payrate and earnings for the Fire Chief in the pay period ended May 31, 2014. Although Acting Pay meets the definition as listed in CCR Section 571(a), the special compensation is not included in a written labor agreement or policy as required. CCR Section 571(b) requires that special compensation listed in CCR Section 571(a) conform with all the requirements listed in CCR Section 571(b). Therefore, Acting Pay is not reportable.
- I. The Agency incorrectly reported Citizens on Patrol Program (COP) pay, a non-reportable item, in base payrate and earnings. Specifically, a police employee received COP pay in the pay period ended May 31, 2014. COP pay does not meet the definition of special compensation under Government Code Section 20636 or CCR Section 571. Therefore, it should not have been reported to CalPERS and has resulted in an over reporting of payrate and earnings.
- J. The Agency incorrectly reported Boot Allowance in regular earnings for a maintenance worker in the pay period ended May 31, 2014. Boot Allowance does not meet the definition of special compensation under Government Code Section 20636 or CCR Section 571. Therefore, Boot Allowance is not reportable compensation and should not be included in regular earnings.

Reportable special compensation is defined in CCR Section 571 (a) and must be reported if it conforms with all of the requirements listed in CCR Section 571 (b). Specifically, special compensation is required to be contained in a written labor policy or agreement indicating the eligibility and amount of special compensation. Also,

CITY OF LINCOLN

special compensation must be available to all members in the group or class, part of normally required duties, performed during normal hours of employment, paid periodically as earned, and historically consistent with prior payments for the job classification.

Recommendation:

The Agency should ensure special compensation is reported in the pay periods earned.

The Agency should ensure Uniform Allowance for classic employees hired under an individual employment agreement is reported as required by Government Code and CCR.

The Agency should report the monetary value of uniforms for employees who are required to wear uniforms.

The Agency should ensure the conditions for payment are contained in the written labor policies.

The Agency should report special compensation separate from base payrate and earnings.

The Agency should ensure compensation meets the Government Code and CCR requirements.

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

Criteria:

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

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3: The Agency incorrectly reported FLSA Premium pay, payrate, regular earnings, and payroll information.

Condition:

- A. The Agency did not report FLSA premium pay for eligible dispatchers. Specifically, dispatchers were required to work a regular bi-weekly work schedule of 84 hours. Hours worked over 80 in the bi-weekly pay period, up to the regularly scheduled hours of 84, qualify for FLSA premium pay at the half-time rate of pay. However, the Agency did not report the FLSA premium pay for the four hours worked up to the 84 regularly scheduled hours. FLSA premium pay is a statutory item reportable to CalPERS as special compensation pursuant to Government Code Sections 20636(c)(6). FLSA is defined under CCR 571(a)(5) as compensation paid for normal full-time work schedule including premium pay required by FLSA.
- B. The Agency incorrectly reported payrate and regular earnings based on 80 hours bi-weekly pay period for police and dispatcher employees who were regularly scheduled to work an average of 84 hours bi-weekly. Pursuant to Government Code Section 20630, all earnings worked under a normal schedule should be reported as regular earnings. Therefore, the Agency should have reported a payrate and regular earnings based on the employees regularly scheduled 84 hours bi-weekly.
- C. In addition, the Agency incorrectly reported the number of work week hours for police employees and dispatchers. Specifically, the employees worked a regular bi-weekly schedule of 84 hours, or the equivalent of 42 hours per week. The Agency incorrectly reported work week hours of 40, instead of the regular scheduled of 42 hours per week.
- D. The Agency's written labor policies did not indicate all conditions for the payment of FLSA premium pay for dispatchers, such as the amount and the number of hours paid each month as required by CCR Section 571.

Recommendation:

The Agency should report the correct amount of FLSA premium pay as special compensation and earnings for all compensated hours to CalPERS.

The Agency should ensure the correct payrates and earnings are reported to CalPERS.

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The Agency should ensure regularly scheduled work hours are correctly reported to CalPERS.

The Agency should ensure that conditions for payment of FLSA premium pay for dispatchers are contained in its written labor policies.

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

Criteria:

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

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4: The Agency incorrectly reported retroactive adjustments.

Condition:

- A. The Agency incorrectly reported a retroactive special compensation adjustment as a lump sum amount. Specifically, an Office Supervisor received Temporary Upgrade Pay for working in an upgraded position as an Administrative/Management Analyst II from July 1, 2012 through November 15, 2012. However, the Agency incorrectly reported a retroactive salary adjustment in the pay period ended December 1, 2012 as a lump sum payment of \$985.80.
- B. The Agency incorrectly reported a retroactive salary adjustment as a lump sum amount. Specifically, a police officer received a retroactive salary increase from June 17, 2013 through December 28, 2013. However, the Agency incorrectly reported the retroactive salary adjustment in the pay period ended January 11, 2014 as a lump sum payment of \$2,195.28.

Government Code Section 20630 requires that the Agency identify the pay period in which the compensation was earned, regardless of when paid.

Recommendation:

The Agency should ensure that retroactive adjustments are reported in the pay periods earned.

The Agency should work with EAMD to assess the impact of this incorrect reporting and make any adjustments, if necessary, to any impacted retired member accounts pursuant to Government Code Section 20160.

Criteria:

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

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5: The Agency incorrectly enrolled an elected official.

Condition:

The Agency did not properly enroll an elected official as an optional CalPERS member. Government Code Section 20322 states that an elective officer is excluded from membership in the CalPERS retirement system unless the officer files an election in writing with CalPERS to become a member. The Agency provided a completed Optional Membership Form (AESD-59) indicating the elected official opted to become a CalPERS member. However, the Agency enrolled the elected official as a regular member instead of an optional member.

Recommendation:

The Agency should ensure CalPERS optional member enrollments are correctly reported.

The Agency should work with EAMD to assess the impact of this incorrect reporting and make any adjustments, if necessary, to any impacted retired member accounts pursuant to Government Code Section 20160.

Criteria:

Government Codes: § 20160, § 20322

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6: Retired annuitants' employment did not comply with all Government Code and CCR requirements.

Condition:

- A. The Agency employed a retiree who did not attain normal retirement age or meet the bona fide separation requirements of CCR Section 586.2. Specifically, the employee retired and returned to work on the same day, June 1, 2012, at the age of 54. The employee's retirement formula provided a normal retirement age of 55. Furthermore, the Agency issued a hiring letter to the employee dated May 14, 2012, prior to the effective retirement date, establishing a predetermined agreement to return to work after retirement. CCR Section 586.2 requires that a member who has not attained normal retirement age to have a bona fide separation in service of at least 60 calendar days between the dates of the member's retirement and the first day of work for the employer as a retired person. It also states that there can be no predetermined agreement with the employer to return to work after retirement.

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

The Government Code also states that any public employer that employs a retired member in violation of this article shall pay to this system an amount of money equal to employer contributions that would otherwise have been paid for the period or periods of time that the member is employed in violation of this article, plus interest thereon and contribute toward reimbursement of this system for administrative expenses incurred in responding to this situation, to the extent the employer is determined by the executive officer of this system to be at fault.

- B. The Agency did not report the hours worked and earnings paid to retired annuitants in my|CalPERS to allow for monitoring of the 960 hour limit. Although the retired annuitants did not exceed 960 hours in a fiscal year, the

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Agency did not report the hours and compensation of the retired annuitants in my|CalPERS as required.

Recommendation:

The Agency should not employ CalPERS retirees who have not yet attained normal retirement age or met the bona fide separation requirements.

The Agency should report retired annuitant information in my|CalPERS as required.

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

Criteria:

Government Codes: § 20120, § 20121, § 20160, § 20221.5, § 21220
CCR: § 586.1, § 586.2

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

Condition:

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

Recommendation:

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

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

Criteria:

Government Codes: § 20160, § 7522.02, § 7522.04
CCR: § 579.3

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Observation: The Agency's records did not agree with my|CalPERS information.

OAS reviewed active member census data used to calculate pension liability for the financial reporting purpose pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 67: *Financial Reporting for Pension Plans*. The significant census data elements include, but are not limited to, date of birth, date of hire or years of service, marital status, gender, employment status (active, inactive, or retired), class of employee, and eligible compensation.

OAS identified one employee who had a hire date that was different from the hire date in my|CalPERS. The hire date in my|CalPERS was based on the contract effective date instead of the employee's actual date of hire which Agency records identified as February 26, 2001. OAS recommends the Agency work with the appropriate CalPERS division to make any corrections, if necessary.

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CONCLUSION

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

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

Respectfully submitted,

Original signed by Beliz Chappuie

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

Staff: Cheryl Dietz, CPA, Assistant Division Chief
Diana Thomas, CIA, Senior Manager
Michael Obad, Lead Auditor
Patrick McCasland, CPA, Auditor
Janice Ng, Auditor

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APPENDIX A

OBJECTIVES

CITY OF LINCOLN

OBJECTIVES

The objectives of this review were limited to determine whether member information was accurate and the Agency complied with:

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

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

METHODOLOGY

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

- ✓ Reviewed:
 - Provisions of the contract and contract amendments between the Agency and CalPERS
 - Correspondence files maintained at CalPERS
 - Agency Board minutes and Agency Board resolutions
 - Agency written labor policies and agreements
 - Agency salary, wage, and benefit agreements including applicable resolutions
 - Agency personnel records and employee time records
 - Agency payroll information including Contribution Detail Transaction History reports
 - Documents related to employee payrate, special compensation, and benefits
 - Various other relevant documents
- ✓ Reviewed Agency payroll records and compared the records to data reported to CalPERS to determine whether the Agency correctly reported compensation.
- ✓ Reviewed payrates reported to CalPERS and reconciled the payrates to Agency public salary records to determine whether base payrates reported were accurate, pursuant to publicly available pay schedules that identify the position title, payrate and time base for each position, and duly approved by the Agency's governing body in accordance with requirements of applicable public meetings laws.

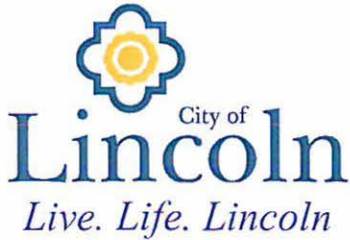
CITY OF LINCOLN

- ✓ Reviewed CalPERS reports to determine whether the payroll reporting elements were reported correctly.
- ✓ Reviewed the Agency's enrollment practices for temporary and part-time employees to determine whether individuals met CalPERS membership requirements.
- ✓ Reviewed the Agency's employment practices for retired annuitants to determine if retirees were lawfully employed and reinstated when unlawful employment occurs.
- ✓ Reviewed the Agency's independent contractors to determine whether the individuals were either eligible or correctly excluded from CalPERS membership.
- ✓ Reviewed the Agency's affiliated entity organizational structure to determine whether employees of the affiliated entity qualified for CalPERS membership and were enrolled as required.
- ✓ Reviewed the Agency's calculation and reporting of unused sick leave balances, if contracted to provide additional service credits for unused sick leave.
- ✓ Reviewed the Agency's records to determine whether member census data agreed with my|CalPERS information.

CITY OF LINCOLN

APPENDIX B

AGENCY'S WRITTEN RESPONSE



February 12, 2016

CalPERS
Office of Audit Services
Attention: Beliz Chappuie, Chief
P.O. Box 942701
Sacramento, CA 94229-2701

Re: Response to Draft Report Dated January 21, 2016

Dear Beliz Chappuie:

Please find the City's responses to the findings brought forward in the Draft Report dated January 21, 2016 for the City of Lincoln, CalPERS ID# 1225322578, below. The Job Number for the City of Lincoln's audit is P14-085.

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

City's Response:

- Agree, the City plans to submit its salary schedule to the City Council within the next two months for approval. This step will be followed each time the salary schedule is adjusted. The approved salary schedule will then replace the schedule currently available on the City's website.
- The City will amend the salary schedule to include the appointed roles with compensation such as the City Council, Mayor, Treasurer, and Planning Commissioner.
- Effective 7/1/15, effective dates are noted on the salary schedule.

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

City's Response:

- A. Agree. The City intends to no longer report lump sum amounts for uniform allowance. The special compensation of uniform allowance will be reported in the pay period it was earned. According the existing bargaining agreement, the uniform allowance shall be paid each year in the pay period that includes February. For administrative purposes, the practice of reporting the uniform allowance to coincide with the lump sum payment was adopted.

- B. Without additional guidance, the City preliminarily, disagrees. The Chief of Police is not a member of the bargaining agreement. His employment and compensation are governed by a negotiated contract and approved by the local governing body. Consequently, the requirement to limit his uniform allowance to the uniform allowance of a similarly situated member in the closest related group or class contract may be misplaced. The City respectfully requests additional guidance on this issue.
- C. Disagree, the means by which the City provides for uniforms and uniform maintenance is not specifically addressed in Section 571. The City decided to provide uniforms and the maintenance thereof in its operating budget; the uniforms remain the property of the City. Upon termination, employees are required to return the uniform. The City decided the provision of uniforms and the maintenance thereof are means by which the City's services are to be provided, but they are not required.
- D. Disagree, the uniforms are not purchased or rented by the employee. The uniforms are acquired through a purchase order between a vendor and the City. The written labor policy does not contain a uniform allowance.
- E. Agree, the City will identify the pay period(s) in which the holiday pay is earned rather than in a lump sum.
- F. Agree, the City incorrectly reported special compensation in base pay rate for the employee earning Field Training Officer Pay. The City will work with the EAMD to ensure this item is corrected.
- G. Agree, with additional clarification provided. The City incorrectly labelled this employee's compensation. The activity was inadvertently called "Corporal Pay", a non-reportable item. The City should have labelled this compensation as Lead Worker/Supervisor Premium, a special compensation.
- H. Agree, with additional clarification provided. The City incorrectly labelled this employee's compensation, and incorrectly reported the item in the base pay rate and earnings. The compensation was inadvertently called "Acting Pay." The City should have called the compensation "Premium Pay" which is noted in the labor contract under section 5.10, and should have reported it separately.
- I. Agree, the City incorrectly labelled this compensation "Citizens on Patrol Program (COP) pay, a non-reportable item, in base rate pay. The City should have labelled this as "Police Liaison Premium," a special compensation.
- J. Agree. The City plans to correct this finding.

Finding 3: The Agency incorrectly reported FLSA Premium pay, pay rate, regular earnings, and payroll information.

City's Response:

- A. Agree, the City incorrectly did not report FLSA premium pay as special compensation. The City operated under information that the dispatchers were exempt.

600 Sixth Street
Lincoln, CA 95648
(916) 434-2400

Administrative Services - City Manager's Office - Community Development
Fire - Library - Recreation - Police - Public Works

- B. Agree, the City will work with the EAMD to ensure the system is properly reporting the 84-hour regular work schedule for police officers.
- C. Agree, the City incorrectly reported the number of work week hours as 40 hours per week instead of 42 hours.
- D. Agree, the City's written labor policy does not indicate all conditions for payment of FLSA premium pay for dispatchers. The bargaining agreement expires September 30, 2016. The new bargaining agreement will be in compliance with CCR 571. The City respectfully requests additional guidance to come into compliance.

Finding 4: The Agency incorrectly reported retroactive adjustments.

City's Response:

- A. Agree, the retroactive salary adjustments for two employees should have been reported in the pay periods earned. The City will work with EAMD to ensure no unforeseen impact occurs in conducting these adjustments.
- B. Agree, the retroactive salary adjustments for two employees should have been reported in the pay periods earned. The City will work with EAMD to ensure no unforeseen impact occurs in conducting these adjustments.

Finding 5: The Agency incorrectly enrolled an elected official.

City's Response:

- Agree, the City will work with the EAMD to ensure the system is properly updated.

Finding 6: Retired annuitants' employment did not comply with all Government Code and CCR requirements.

City's Response:

- A. Agree, the City did not adhere to the bona fide separation in service. The City has paid an amount of money equal to employer contributions that would otherwise have been paid for the period of time the member was employed in violation of government code.
- B. Agree, the City did not report the hours worked and earnings paid to the retired annuitant to allow for monitoring of the 960 hour limit. This omission has been corrected.

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

City's Response:

- Agree, while the City has maintained the proper member reciprocal self-certification

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forms for all regular employees; forms were not completed and kept for seasonal and part-time staff. The City has corrected this omission and provides all persons the reciprocal self-certification forms in orientation packets whether the person is a full-time, part-time, temporary, or seasonal staff member. An HR staff person collects the reciprocal self-certification form and maintains a checklist of required forms.

Observation: The Agency's records did not agree with my CalPERS information.

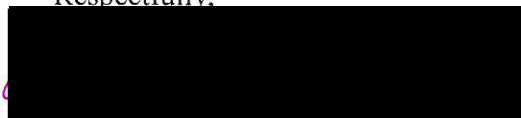
City's Response:

- Agree, for the person noted under this observation, the hire date in the personnel records was recorded as 2/26/2001, but the date in the myCalPERS system shows 3/1/2001. In researching our records, the date in the myCalPERS system should have a different date and it has been corrected. Presently, both the personnel and my CalPERS systems show 2/26/2001 as the member's eligibility/start date.

If you should have any questions regarding this letter or wish to discuss this information with me further, please do not hesitate to contact either Astrida Trupovnieks at 916-434-2491, or Anastasia Efstathiou at 916-434-2432.

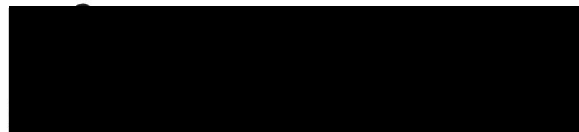
Please provide us with contact information for the EAMD.

Respectfully,



Astrida Trupovnieks, MA MBA
Human Resources Manager

Original signed by Astrida Trupovnieks



Anastasia Efstathiou
Finance Manager

Original signed by Anastasia Efstathiou

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Administrative Services - City Manager's Office - Community Development
Fire - Library - Recreation - Police - Public Works