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June 26, 2012

Employer Code: 1811  
CalPERS ID: 5237693890  
Job Number: P11-026

Placer Mosquito and Vector Control District  
Joel Buettner, General Manager  
2021 Opportunity Drive  
Roseville, CA 95678

Dear Mr. Buettner:

Enclosed is our final report on the results of the public agency review completed for the Placer Mosquito and Vector Control District. Your agency's written response, included as an appendix to the report, indicates agreement with Finding 2 and disagreement with Finding 1 in regard to uniform allowance. Based on the information contained in your agency's response pertaining to uniform allowance, 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 and we appreciate the time and assistance of you and your staff during this review.

Sincerely,

Original Signed by Margaret Junker  
MARGARET JUNKER, Chief  
Office of Audit Services

Enclosure

cc: Risk and Audit Committee Members, CalPERS  
Peter Mixon, General Counsel, CalPERS  
Karen DeFrank, Chief, CASD, CalPERS  
Mary Lynn Fisher, Chief, BNSD, CalPERS  
Honorable Board Members, Placer Mosquito and Vector Control District

# **Office of Audit Services**



## **Public Agency Review**

### **Placer Mosquito and Vector Control District**

**Employer Code: 1811**  
**Job Number: P11-026**

**June 2012**

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# Placer Mosquito and Vector Control District

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## RESULTS IN BRIEF

The Office of Audit Services (OAS) reviewed the Placer Mosquito and Vector Control District's (District) enrolled individuals, member compensation, required health and retirement documentation and other documentation for individuals included in test samples. A detail of the findings is noted in the Results section beginning on page three of this report. Specifically, the following findings were noted during the review:

- The value of the uniforms and uniform maintenance was not reported and not contained in a written policy or agreement that had been duly approved and adopted by the District's governing body.
- The General Manager's payrate was not in a publicly available pay schedule until July 2, 2011.

## DISTRICT BACKGROUND

The Placer Mosquito and Vector Control District's objective is to control mosquitoes in the western portion of Placer County. The District is governed by a seven member Board of Trustees. Memoranda of Understanding (MOU), employment agreements and the District's Policy Manual outline all District employees' salaries and benefits and state the terms of employment agreed upon between the District and its employees.

The District contracted with CalPERS effective December 24, 2001, to provide retirement benefits for miscellaneous employees. The District's current contract amendment identifies the length of the final compensation period as three years. The District contracted with CalPERS effective January 1, 2011, to provide health benefits to all eligible employees.

All contracting public agencies, including the District, are responsible for the following:

- Determining CalPERS membership eligibility for its employees.
- Enrolling employees into CalPERS upon meeting membership eligibility criteria.
- Enrolling employees in the appropriate membership category.
- Establishing the payrates for its employees.
- Approving and adopting all compensation through its governing body in accordance with requirements of applicable public meeting laws.
- Publishing all employees' payrates in a publicly available pay schedule.
- Identifying and reporting compensation during the period it was earned.

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# Placer Mosquito and Vector Control District

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- Ensuring special compensation is properly identified and reported.
- Reporting payroll accurately.
- Notifying CalPERS when employees meet Internal Revenue Code annual compensation limits.
- Ensuring the employment of a retired annuitant is lawful and reinstating retired annuitants that work more than 960 hours in a fiscal year.
- Ensuring only eligible members and their dependents are enrolled for health coverage.
- Keeping accurate and up to date records of all health enrollment related information such as enrollment forms, parent-child relationship affidavits, divorce decrees, and other documentation.

## **SCOPE**

As part of the Board approved plan for fiscal year 2011/2012, the OAS reviewed the District's payroll reporting and member enrollment processes as these processes relate to the District's retirement and health contracts with CalPERS. The review period was limited to the examination of sampled records and processes from January 1, 2009, through December 31, 2011. The on-site fieldwork for this review was conducted on February 28, 2012, through March 1, 2012. The review objectives and a summary of the procedures performed are listed in Appendix B.

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# Placer Mosquito and Vector Control District

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## OFFICE OF AUDIT SERVICES REVIEW RESULTS

**Finding 1:** The District did not report the value of uniforms and uniform maintenance for employees required to wear uniforms. In addition, the uniform provision was not contained in a written policy or agreement that was duly approved and adopted by the District's governing body.

### ***Recommendations:***

The District should ensure the value of uniforms, including maintenance, is reported for all employees required to wear a uniform. In addition, the uniform provision must be contained in a written policy or agreement that has been duly approved and adopted by the District's governing body.

OAS recommends CalPERS Customer Account Services Division (CASD) work with the District to assess the impact of and correct this non-reporting issue. CASD should make the necessary adjustments, if any, to members' accounts pursuant to Government Code Section 20160.

### ***Conditions:***

The District employees that worked outdoors were required to wear uniforms. The District provided uniforms, including maintenance, through a uniform service. However, the District did not report the value of the uniforms or uniform maintenance to CalPERS. In addition, the uniform provision was not contained in a written labor policy or agreement that was duly approved and adopted by the District's governing body.

### ***Criteria:***

Government Code: §20160, § 20049, § 20636(c)(6)

California Code of Regulations: § 571(a)(5), § 571(b)

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## Placer Mosquito and Vector Control District

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**Finding 2:** The District did not list the General Manager's payrate on a publicly available pay schedule.

***Recommendation:***

OAS recommends CASD work with the District ensure that all positions and payrates are listed on publicly available pay schedules, which are duly approved and adopted by the District's governing body.

***Condition:***

OAS reviewed the General Manager's available payrate information and was unable to determine the reportable payrate prior to September 19, 2011 as the General Manager's payrate was not listed on a publicly available pay schedule. Specifically, the General Manager's initial employment contract, effective January 1, 2009 provided an annual payrate of \$84,000.00 (\$40.38/hour). Subsequently, the District reported a 7.63 percent payrate increase (\$43.46/hour), effective June 22, 2009, and a five percent payrate increase (\$45.63/hour), effective February 26, 2011. However, on September 19, 2011, the District's board retroactively approved publicly available pay schedules, with an effective date of July 2, 2011, which properly listed the General Manager's position and payrate.

***Criteria:***

Government Code: §20160, § 20636(b)(1), § 20636(d)

California Code of Regulations: § 570.5

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# Placer Mosquito and Vector Control District

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## CONCLUSION

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

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

Respectfully submitted,

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

Date: June 2012

Staff: Michael Dutil, CIA, Senior Manager  
Diana Thomas, CIA, CIDA, Manager  
Karen Harlan, CIA  
Terry Heffelfinger  
Noah Schreier



# APPENDIX A

## BACKGROUND

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# Placer Mosquito and Vector Control District

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## BACKGROUND

### California Public Employees' Retirement System

The California Public Employees' Retirement System (CalPERS) provides a variety of programs serving members employed by more than 2,500 local public agencies as well as state agencies and state universities. The agencies contract with CalPERS for retirement benefits, with CalPERS providing actuarial services necessary for the agencies to fund their benefit structure. In addition, CalPERS provides services which facilitate the retirement process.

CalPERS Customer Account Services Division (CASD) manages contract coverage for public agencies and receives, processes, and posts payroll information. In addition, CASD provides eligibility and enrollment services to the members and employers that participate in the CalPERS Health Benefits Program, including state agencies, public agencies, and school districts. CalPERS Benefit Services Division (BNSD) sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits.

Retirement allowances are computed using three factors: years of service, age at retirement and final compensation. Final compensation is defined as the highest average annual compensation earnable by a member during the last one or three consecutive years of employment, unless the member elects a different period with a higher average. State and school members use the one-year period. Local public agency members' final compensation period is three years unless the agency contracts with CalPERS for a one-year period.

The employer's knowledge of the laws relating to membership and payroll reporting facilitates the employer in providing CalPERS with appropriate employee information. Appropriately enrolling eligible employees and correctly reporting payroll information is necessary to accurately compute a member's retirement allowance.

# APPENDIX B

## OBJECTIVES

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# Placer Mosquito and Vector Control District

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## OBJECTIVES

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

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

This review covers the period of January 1, 2009, through December 31, 2011.

## SUMMARY

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

- ✓ Reviewed:
  - Provisions of the contract and contract amendments between the District and CalPERS
  - Correspondence files maintained at CalPERS
  - District Board minutes and District Board resolutions
  - District written labor policies and agreements
  - District salary, wage and benefit agreements including applicable resolutions
  - District personnel records and employee hours worked records
  - District payroll information including Summary Reports and CalPERS listings
  - Other documents used to specify payrate, special compensation and benefits for all employees
  - Health Benefits Program enrollment records and supporting documentation
  - Various other documents as necessary
- ✓ Reviewed District payroll records and compared the records to data reported to CalPERS to determine whether the District correctly reported compensation.

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## Placer Mosquito and Vector Control District

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- ✓ Reviewed payrates reported to CalPERS and reconciled the payrates to District's 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 District's governing body in accordance with requirements of applicable public meeting laws.
- ✓ Reviewed CalPERS listing reports to determine whether the following payroll reporting elements were reported correctly.
- ✓ Reviewed the District's enrollment practices for temporary and part-time employees to determine whether individuals met CalPERS membership requirements.
- ✓ Reviewed the District's enrollment practices for retired annuitants to determine if retirees were lawfully employed and reinstated when 960 hours were worked in a fiscal year.
- ✓ Reviewed the District's independent contractors to determine whether the individuals were either eligible or correctly excluded from CalPERS membership.
- ✓ Reviewed the District's affiliated entities to determine if the District shared employees with an affiliated entity and if the employees were CalPERS members and whether their earnings were reported by the District or by the affiliated entity.
- ✓ Reviewed the District's calculation and reporting of unused sick leave balances, if contracted to provide for additional service credits for unused sick.
- ✓ Reviewed health records to determine whether the District properly enrolled eligible individuals into CalPERS Health Benefits Program, if contracted for Health Benefits.

# APPENDIX C

## DISTRICT'S WRITTEN RESPONSE



**PLACER  
MOSQUITO  
& VECTOR  
CONTROL  
DISTRICT**

**Protecting Public Health since 2001**

2021 Opportunity Drive  
Roseville, CA 95678  
main office (916) 380-5444  
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fax (916) 380-5455

**[www.placermosquito.org](http://www.placermosquito.org)**

June 21, 2012

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

BY FAX and USPS

Dear Ms. Junker,

This letter is in response to the draft report on the review of the Placer Mosquito and Vector Control District (District) conducted by Cal PERS staff and dated June 6, 2012.

**Finding 1**

*The District did not report the value of uniforms and uniform maintenance for employees required to wear uniforms. In addition, the uniform provision was not contained in a written policy or agreement that was duly approved and adopted by the District's governing board.*

**Response to Finding 1**

The District considers uniforms provided to field staff as personal protective equipment (PPE) when applying vector control pesticides in accordance with Pesticide Worker Safety Regulations (CCR Sec 6738). Pesticide label regulations for commonly used vector control products require at minimum PPE consisting of long sleeve shirts, pants, gloves, protective eyewear and shoes. The District is required to provide appropriate PPE for staff, and considers the uniform pants and shirt as part of these PPE. The District also considers the uniform as PPE for non-pesticide activities under Cal OSHA regulations such as field work in areas where hazardous plant and animals may be present (e.g. poison oak and ticks), during animal handling tasks (e.g. handling and bleeding sentinel chickens and picking up dead birds), and to protect against cuts, scrapes, and other minor injuries that can occur due to outdoor field conditions. To prevent the spread of any potential hazardous substances that may be on a uniform because of these work activities, District policy requires that staff don and doff uniforms at work, and may not take uniforms home. This is a common work safety practice among vector control districts. As such, we feel that uniforms serve primarily as safety equipment, and should not be considered as compensation for the purposes of calculating Cal PERS contributions.

**BOARD OF TRUSTEES**

**John Cunningham** City of Roseville • **Steve Harvey** City of Colfax • **Merry Holliday-Hanson, Ph.D.** Placer County  
**Russ Kelley** Town of Loomis • **Harlin Smith** City of Rocklin • **Bob Snyder** City of Auburn • **Linda Stackpoole** City of Lincoln

We do not agree that the uniform provision was not contained in a written policy. In fact, the current District Policy Manual, which was approved by the Board of Trustees and district counsel in May 2002, states: "All employees whose job requires them to work outdoors will wear a District-supplied uniform while performing their job. This uniform will be provided and laundered by the District." (Section 9.02 a)

We respectfully request that Finding 1 be removed from the report.

**Finding 2**

*The District did not list the General Manager's pay rate on a publicly available pay schedule.*

**Response to Finding 2**

The General Manager's starting pay rate was negotiated prior to his start date of January 1, 2009. At that time, the District had not previously included the General Manager's pay rate on a document other than as reported in the Board meeting minutes. During 2009 and 2010, the District conducted a comprehensive internal review and updated administrative practices. During this process, the District's pay scale reporting process was reviewed, and the absence of the General Manager's pay rate on an approved pay scale was identified and corrected. As stated in the draft report, on February 2011, the District Board of Trustees approved a compliant pay schedule, and has incorporated an annual review and approval process of this pay schedule as part of its standard administrative procedures.

We respectfully request that clarification on the circumstances surrounding Finding 2 be added to the final report.

Thank you for the opportunity to comment on the draft report. If you have any questions, please contact me at (916) 380-5444 or by email at joelb@placermosquito.org.

Sincerely,



Joel Buettner  
General Manager

Cc: Eugenie Guadron, Administrative Office Manager, District