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March 21, 2011

Employer Code: 0235-021
Job Number: P09-035

Tahoe/Truckee Unified School District
Steve Dickinson, Assistant Superintendent - Business
11839 Donner Pass Road
Truckee, CA 96161

Dear Mr. Dickinson:

Enclosed is our final report on the results of the public agency review completed for the Tahoe/Truckee Unified School District. Your agency's written response indicates agreement with the majority of the issues noted in the report; however, the District disagreed with one issue concerning reportable compensation. The written response is included as an appendix to the report. As part of our resolution process, 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: Finance Committee Members, CalPERS
Peter Mixon, General Counsel, CalPERS
Lori McGartland, Chief, ERSD, CalPERS
Mary Lynn Fisher, Chief, BNSD, CalPERS
Don Martinez, Interim Chief, EMHS, CalPERS
Honorable Board Members, Tahoe/Truckee Unified School District
Cindy Davis, Accounting Technician, Placer County Office of Education

Office of Audit Services



Public Agency Review

Tahoe Truckee Unified School District

Employer Code: 0235-021
Job Number: P09-035

March 2011

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT

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RESULTS IN BRIEF

We reviewed the Tahoe Truckee Unified School District's (District) enrolled individuals, retirement contributions, member earnings, and required retirement documentation for employees included in our test sample. A detail of the exceptions is noted in the Risk and Mitigation Table. Specifically, the following exceptions were noted during the review:

- Regular earnings were over-reported.
- Reportable compensation was not reported.
- Overtime earnings were incorrectly reported.
- Retroactive salary adjustments were incorrectly reported.
- Special compensation was included in base payrate and regular earnings.
- Incorrect full-time payrates were reported.
- Regular earnings were not reported when earned.
- Longevity pay was not reported as earned.
- Part-time employees were not enrolled timely.
- Unused sick leave was incorrectly reported.

BACKGROUND

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 Employer Services Division (ERSD) manages contract coverage for public agencies and receives, processes, and posts payroll information. CalPERS Benefit Services Division (BNSD) provides services for eligible members who apply for service or disability retirement. BNSD sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits. The Office of Employer and Member Health Services (EMHS), as part of the Health Benefits Branch (HBB), 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.

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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 employers' 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.

Tahoe Truckee Unified School District was established in 1949 and is comprised of an area of approximately 700 square miles located in Placer, Nevada, and El Dorado counties. The District is currently operating five elementary schools, two middle schools, two high schools, one continuation high school, and an adult education program.

The Placer County Schools, which includes the District, contracted with CalPERS, effective July 1, 1949, to provide participation in CalPERS for local miscellaneous employees. The District's certificated employees (i.e., school teachers) participate in the State Teachers' Retirement System. Memoranda of Understanding (MOU) and employment agreements outline all District employees' salaries and benefits and state the terms of employment agreed upon between the District and its employees.

Individual school districts within Placer County Schools input members' payroll into the Placer County School payroll system. The County Office of Education (COE) reports the monthly payroll for the school districts through CalPERS' Automated Communications Exchange System (ACES). The individual school districts are responsible for making the necessary changes during the school year to the employee's position, assignment, salary rate, and the addition or deletion of employees to the payroll system. The COE audits the information provided by the Districts for any errors/discrepancies prior to entering the transactions into ACES.

The members reported on the payroll listing are grouped by unit codes. The unit code is a unique number assigned to the COE and each of the school districts that are reporting to CalPERS under the same employer code. The Placer

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County Schools, employer code 0235, is comprised of the County Office of Education and 17 school districts. We reviewed the COE and six school districts.

For the purpose of reporting the results of our review, we used Employer Code 0235 in our review reports and the corresponding unit codes for the school districts reporting under this employer code. Following are the unit codes of the COE, and the school districts we reviewed:

Placer County Office of Education – Unit Code 050

Sierra Joint Community College District – Unit Code 042

Rocklin Academy – Unit Code 062

Tahoe-Truckee Unified School District – Unit Code 021

Alta-Dutch Flat Union Elementary School District – Unit Code 002

Newcastle Elementary School District – Unit Code 012

Roseville Joint Union High School District – Unit Code 032

SCOPE

As part of the Board approved plan for fiscal year 2009/2010, we reviewed the District's payroll reporting and enrollment processes as these processes relate to the District's retirement contracts with CalPERS. The objective of this review was limited to the determination that the District complied with applicable sections of the California Government Code (Sections 20000 et seq.) and Title 2 of the California Code of Regulations and that prescribed reporting and enrollment procedures were followed. The on-site fieldwork for this review was conducted on January 4, 2010 through January 8, 2010, and January 25, 2010 through January 27, 2010.

The review period was limited to the examination of sampled records and processes from July 1, 2006 through June 30, 2009. To accomplish the review objectives, we performed the following:

- ✓ Reviewed the contract and subsequent amendments the Placer County Schools had with CalPERS, correspondence files maintained at CalPERS, and employment agreements the District had with its employees.

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- ✓ Interviewed key staff members to obtain an understanding of the District's personnel and payroll procedures.
- ✓ Reviewed the payroll transactions and compared the District's payroll register with the data reported to CalPERS to determine whether the District correctly reported employees' compensation.
- ✓ Reviewed the District's payroll information reported to CalPERS for the sampled employees to determine whether employees' payrates were reported pursuant to public salary information.
- ✓ Reviewed the District's process for reporting payroll to CalPERS to determine whether the payroll reporting elements were reported correctly.
- ✓ Reviewed the District's enrollment practices pertaining to temporary/part-time employees, retired annuitants, and independent contractors to determine whether the individuals met CalPERS membership requirements.
- ✓ Reviewed the District's classification of employees to determine whether the District reported employees in the appropriate coverage groups.
- ✓ Reviewed the District's calculation and reporting of unused sick leave balances for retiring members.

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RISK AND MITIGATION TABLE

In developing our opinions, we considered the following risks and mitigations. We also include our observations and recommendations.

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>1. The District may not accurately report compensation to CalPERS.</p>	<p>We reviewed payroll records and compensation reported to CalPERS for a sample of eight classified employees, including 10-month, 11-month, and 12-month employees, over fiscal year 2008/2009.</p> <p>The earnings reported to CalPERS were reconciled to the District's payroll records. The District accurately reported compensation to CalPERS for the sampled employees, except for:</p> <p><u>Regular Earnings Were Over-Reported</u></p> <p>One sampled employee's earnings exceeded the reported payrate. Specifically, in the 12/08-0 service period the employee's earnings exceeded the payrate by \$415.97. The employee received the compensation for working days that were in addition to what was originally contracted for in fiscal year 2008/2009. The employee's contract stipulated 129.5 days would be worked between December 1, 2008 and June 30, 2008; however, the employee was compensated for an additional 4.5 days. The District incorrectly reported the additional</p>	<p>The District should ensure earnings do not exceed the reported payrate.</p> <p>The District should work with CalPERS ERSD to assess the impact of this incorrect reporting and determine what adjustments, if any, are needed.</p>

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RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>1. The District may not accurately report compensation to CalPERS. (continued)</p>	<p>compensation as regular earnings in the 12/08-0 pay period. All services rendered up to 40 hours per week should be reported for non-certificated school members. All earnings for services rendered in excess of 40 hours per week are considered overtime and should not be reported to CalPERS.</p> <p>Government Code § 20630(a), states, in pertinent part, "Compensation means the remuneration paid out of funds controlled by the employer in payment for the member's services performed during normal working hours or for time during which the member is excused from work."</p> <p>Government Code § 20636.1(a), states, "Notwithstanding Section 20636, and Section 45102 of the Education Code, 'compensation earnable' by a school member means the payrate and special compensation of the member, as defined by subdivisions (b) and (c), and as limited by Section 21752.5."</p> <p>Government Code § 20636.1(b)(1), states, in pertinent part, "Payrate means 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 working hours. For purposes of this part, for classified</p>	<p>A confidential list identifying the employee mentioned in this report has been sent to the District and CalPERS ERSD as an appendix to the draft report.</p>

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RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>1. The District may not accurately report compensation to CalPERS. (continued)</p>	<p>members, full time employment is 40 hours per week, and payments for services rendered, not to exceed 40 hours per week, shall be reported as compensation earnable for all months of the year in which work is performed."</p> <p><u>Reportable Compensation Was Not Reported</u></p> <p>The District did not report regular earnings up to the full-time equivalent for three employees who worked less than full-time in fiscal year 2008/2009. Specifically,</p> <ul style="list-style-type: none"> • One employee was contracted to work August 27, 2008 through June 2009; however, the employee worked 88.12 additional hours during summer school in July 2008. The additional compensation of \$1,960.64 was not reported to CalPERS. The additional hours did not exceed 40 hours per week; therefore, the compensation should have been reported to CalPERS. • A second employee worked in a second position as a director during summer school in July 2008. The earnings in the amount of \$3,240.00 were not reported to CalPERS. The employee did not work in his primary position in the month of July; therefore, the additional earnings in July 2008 should have been reported. • A third employee worked less than 40 hours per week and received a \$1,000.00 lump sum coaching stipend in 	<p>The District should report all regular earnings up to a maximum of 40 hours in a week (as a total for all positions).</p> <p>The District should work with CalPERS ERSD to assess the impact of this incorrect reporting and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the employees mentioned in this report has been sent to the District and CalPERS ERSD as an appendix to the draft report.</p>

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RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>1. The District may not accurately report compensation to CalPERS. (continued)</p>	<p>the June 2009 pay period. The coaching position was for additional hours worked and did not exceed 40 hours per week; therefore, the additional earnings should have been reported to CalPERS, as earned, throughout the contracted period.</p> <p>All services rendered up to 40 hours per week must be reported for non-certificated school members. In order to comply with Government Code, § 20636.1, schools must report earnings for the hours worked up to 40 hours per week.</p> <p>Government Code § 20630(a), states, in pertinent part, "Compensation means the remuneration paid out of funds controlled by the employer in payment for the member's services performed during normal working hours or for time during which the member is excused from work."</p> <p>Government Code § 20630(b), states, in pertinent part, "When compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when reported or paid."</p> <p>Government Code § 20636.1(b)(1), states, in part, "For classified members, full-time employment is 40 hours per</p>	

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RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>1. The District may not accurately report compensation to CalPERS. (continued)</p>	<p>week, and payment for services rendered, not to exceed 40 hours per week, shall be reported as compensation earnable for all months of the year in which work is performed."</p> <p><u>Overtime Earnings Incorrectly Reported</u></p> <p>The District incorrectly reported overtime for one sampled employee who exceeded 40 hours in a work week. Specifically, the employee was regularly scheduled to work 35 hours per week. However, during the week of May 11, 2009 through May 17, 2009, the employee worked a total of 41.25 hours (35 regular hours plus 6.25 extra hours) The District should only report earnings for services rendered up to 40 hours per week.</p> <p>Schools commonly have employees who have a regular work week that is less than 40 hours per week; these employees may or may not be paid at a straight-time, hourly rate for those hours. For any services rendered in excess of their regular work week, they receive an overtime rate of pay. Schools must report these employees to CalPERS for the hours worked over their normal work week, up to 40 hours per week. All earnings for services rendered in excess of 40 hours per week should not be reported to CalPERS.</p>	<p>The District should ensure overtime is not reported if the total hours worked exceeds 40 hours in a workweek.</p> <p>The District should work with CalPERS ERSD to assess the impact of this incorrect reporting and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the employee mentioned in this report has been sent to the District and CalPERS ERSD as an appendix to the draft report.</p>

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RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>1. The District may not accurately report compensation to CalPERS. (continued)</p>	<p>Government Code § 20630(a), states, in pertinent part, "Compensation means the remuneration paid out of funds controlled by the employer in payment for the member's services performed during normal working hours or for time during which the member is excused from work."</p> <p>Government Code § 20636.1(a), states, "Notwithstanding Section 20636, and Section 45102 of the Education Code, 'compensation earnable' by a school member means the payrate and special compensation of the member, as defined by subdivisions (b) and (c), and as limited by Section 21752.5."</p> <p>Government Code § 20636.1(b)(1), states, in pertinent part, "Payrate means 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 working hours. For non-certificated members, where the normal work schedule is less than 40 hours per week, payments for additional services rendered, not to exceed 40 hours per week, shall be reported as compensation earnable for all months of the year in which work is performed."</p>	

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>1. The District may not accurately report compensation to CalPERS. (continued)</p>	<p><u>Retroactive Salary Adjustments Incorrectly Reported</u></p> <p>We found the District incorrectly reported retroactive salary adjustments in fiscal years 2007/2008 and 2008/2009 for the sampled 10 and 11 month employees. Specifically,</p> <ul style="list-style-type: none"> • Three sampled employees did not work in July 2007 or July 2008; however, the District incorrectly reported retroactive salary adjustments using service periods July 2007 and July 2008 rather than when work was performed starting in August 2007 and August 2008. • Another employee received a retroactive salary adjustment beginning in July 2008; however, the District incorrectly reported the salary adjustment one year early using service period July 2007. • Another employee worked in August 2007 and August 2008; however, the retroactive salary adjustments were reported a month late for both service periods, September 2007 and September 2008. <p>Government Code § 20630(b) states, in pertinent part, “When compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when reported or paid.”</p>	<p>The District should ensure retroactive salary adjustments are reported using the earliest service period involved in the adjustment.</p> <p>The District should work with CalPERS ERSD to assess the impact of this incorrect reporting and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the employees mentioned in this report has been sent to the District and CalPERS ERSD as an appendix to the draft report.</p>

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RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>2. The District may not report payrates in accordance with publicly available salary schedules.</p>	<p>We reviewed payrates reported to CalPERS and reconciled the payrates to the District's public salary information to determine whether payrates for the sampled employees were properly authorized and reported to CalPERS. Our sample testing for fiscal year 2008/2009 revealed the District correctly reported payrates for the sampled employees except as noted in Risk 3.</p>	<p>None.</p>
<p>3. The District may not accurately report payroll information to CalPERS.</p>	<p>We reviewed the payroll information reported to CalPERS for the 2008/2009 fiscal year to determine if payroll information was correctly reported to CalPERS. Payroll information reviewed included work schedule codes, pay codes, contribution codes and service period types. Our sample testing revealed that the District correctly reported the payroll information to CalPERS except for the following instances.</p> <p><u>Special Compensation Included in Base Payrate</u></p> <p>The District incorrectly included shift differential pay in base payrate and regular earnings for one sampled employee. Shift differential pay should be reported to CalPERS separately as special compensation.</p> <p>Government Code § 20636.1(a), states, in part, "Compensation earnable by a school member means the payrate and special compensation of the member."</p>	<p>The District should immediately begin reporting items of special compensation separately from regular earnings.</p> <p>The District should work with CalPERS ERSD to assess the impact of this incorrect reporting</p>

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>3. The District may not accurately report payroll information to CalPERS. (continued)</p>	<p>Government Code § 20636.1(b)(1), states, in part, "Payrate means 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 working hours."</p> <p>Government Code § 20636.1(c)(1), states, in part, "Special compensation of a school member includes any payment received for special skills, knowledge, abilities, work assignment, workday or hours, or other work conditions."</p> <p>CalPERS Procedures Manual, page 71, states, "All special compensation is required to be reported separately as special compensation, as it is earned."</p> <p><u>Incorrect Full-Time Payrates Reported</u></p> <p>The District reported incorrect payrates for the sampled 10 and 11 month employees by converting the hourly payrates to monthly payrates. The District should report employees' payrates to CalPERS at the actual rate of pay at which they were hired.</p> <p>Government Code § 20636.1(b)(1), defines payrate as "The normal monthly rate of pay or base pay of the</p>	<p>and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the employee mentioned in this report has been sent to the District and CalPERS ERSD as an appendix to the draft report.</p> <p>The District should report employees' payrates to CalPERS at the actual rate of pay at which they were hired rather than converting hourly payrates to monthly payrates.</p>

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RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>3. The District may not accurately report payroll information to CalPERS. (continued)</p>	<p>member for services rendered on a full-time basis during normal working hours.”</p> <p>CalPERS’ Procedure Manual, page 131, states, "Report school members to CalPERS using the actual rate of pay at which they were hired (i.e. hourly, daily, or monthly). Do not convert an hourly or daily pay rate to a monthly equivalent, as this could result in incorrect final benefits for the member.”</p> <p><u>Earnings Not Reported When Earned</u></p> <p>Four sampled employees were contracted to work for the District for ten months, from September 2008 through June 2009. However, the sampled employees’ “start dates” were the first day of school in August 2008. The employees’ total annual salary was divided over 10 months (September 2008 through June 2009) and the employee received equal payments over those months. As a result, earnings were not reported in August 2008 for the four sampled employees. The District should have reported compensation in the period it was earned.</p> <p>Government Code § 20630(b), states, in part, “When compensation is reported to the board, the employer shall identify the pay period in which the compensation was</p>	<p>The District should work with CalPERS ERSD to determine the impact of this incorrect reporting and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the employees mentioned in this report has been sent to the District and CalPERS ERSD as an appendix to the draft report.</p> <p>The District should immediately begin reporting earnings for all months in which compensation is earned.</p> <p>The District should work with CalPERS ERSD to assess the impact of this incorrect reporting and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the employees mentioned in this report has been sent to the</p>

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RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>3. The District may not accurately report payroll information to CalPERS. (continued)</p>	<p>earned regardless of when reported or paid.”</p> <p>During our review period, CalPERS allowed an equal payment reporting method when earnings were reported equally during all months in which the member actually worked. However, the CalPERS Procedures Manual (revised January 4, 2010), page 131, states, in pertinent part, "In accordance with Government Code Section 20633 and 20630 employers shall identify the pay period in which the compensation was earned by the employee regardless of when it is reported or paid. Some employers make equal payments to their employees throughout the year. Employers may report equal payments during the member's appointment period provided the member works the entire month. However, if a member works only a partial month during their appointment, then the member's earnings should only reflect the actual time worked rather than a full month. Salary withheld during the year to pay members during the time they are off should be reported as earned. In order to comply with Government Code Section 20630, equal payments cannot be reported outside the appointment period during a time when the member does not render service."</p>	<p>District and CalPERS ERSD as an appendix to the draft report.</p>

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>3. The District may not accurately report payroll information to CalPERS. (continued)</p>	<p><u>Longevity Pay Not Reported When Earned</u></p> <p>The District incorrectly reported a lump sum longevity payment in a month when the employee did not work for the District. Specifically, an employee had a lump sum longevity payment paid and reported in the July 2008 pay period. This ten month employee did not work in July 2008; therefore, the employee would not have been able to earn longevity pay in July 2008. Longevity pay should have been reported to CalPERS on behalf of this employee at the start of the contracted hours in the September 2008 pay period.</p> <p>Government Code § 20630 states, in part, “When compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when reported or paid.”</p>	<p>The District should only report compensation to CalPERS in months when the employee worked for the District.</p> <p>The District should work with CalPERS ERSD to assess the impact of this incorrect reporting and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the employee mentioned in this report has been sent to the District and CalPERS ERSD as an appendix to our draft report.</p>
<p>4. The District may not enroll all eligible employees into CalPERS membership.</p> <p>4. The District may not</p>	<p><u>Optional Membership</u></p> <p>Elected officers of a county superintendent of schools, school district, or community college district who serve on a public commission, board, council, or similar legislative or administrative body are eligible for optional rights if they continuously served in the office held on June 30, 1994. The District did not have any board members that were elected prior to July 1, 1994. As a result, the District’s</p>	<p>None.</p>

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>enroll all eligible employees into CalPERS membership. (continued)</p>	<p>board members did not have membership rights and were properly excluded from CalPERS membership.</p> <p><u>Temporary/Part-time Employees</u></p> <p>The District properly enrolled or excluded temporary/part-time employees except in the following instances:</p> <ul style="list-style-type: none"> • In fiscal year 2007/2008 one employee met the eligibility requirement by exceeding 1,000 hours worked in March 2008; however, the District did not enroll the employee into membership until September 1, 2008. • In fiscal year 2008/2009 another employee met eligibility requirements by exceeding 1,000 hours worked in March 2009; however, the District did not enroll this employee into CalPERS membership. <p>Government Code § 20305 (a), states, in part, “An employee serving on a less than full-time basis is excluded from this system unless... (3) (B) The person works more than...1,000 hours within the fiscal year, in which case, membership shall be effective not later than the first day of the first pay period of the month following the month in which...1,000 hours of service were completed.”</p>	<p>The District should review all hours worked in a fiscal year by all temporary/part-time employees and enroll those that meet membership eligibility requirements. In addition, the District should implement procedures to monitor the hours worked for part-time employees in order to enroll the employee once membership eligibility requirements are met.</p> <p>A confidential list identifying the employees mentioned in this report has been sent to the District and CalPERS ERSD as an appendix to the draft report.</p>

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RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>4. The District may not enroll all eligible employees into CalPERS membership. (continued)</p>	<p><u>Independent Contractor</u></p> <p>We reviewed the District's IRS 1099 Miscellaneous Income forms for calendar years 2007 and 2008 in order to identify employees that may be misclassified as independent contractors. The seven sampled individuals did not meet membership eligibility requirements or they were properly classified as independent contractors and were correctly excluded from CalPERS membership.</p>	<p>None.</p>
<p>5. The District may unlawfully employ retired annuitants.</p>	<p>We selected a sample of four retired annuitants who were employed by the District during the review period. Our sample testing revealed that the retired annuitants did not exceed the 960-hour threshold.</p>	<p>None.</p>
<p>6. The District may not appropriately report members under the proper coverage group code.</p>	<p>Our sample testing revealed that the District reported members under the appropriate coverage group code.</p>	<p>None.</p>
<p>7. The District may not accurately report unused sick leave balances for retiring CalPERS members.</p>	<p>The Placer County Office of Education contracted for the provision of Government Code § 20965, credit for unused sick leave, for its miscellaneous employees. Our sample testing revealed that the District accurately reported unused sick leave balances for retiring members except for one sampled member. The District over reported</p>	<p>The District should ensure that retiring members' unused sick leave balance is properly reported to CalPERS.</p> <p>The District should work with</p>

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>7. The District may not accurately report unused sick leave balances for retiring CalPERS members. (continued)</p>	<p>unused sick leave by 7.21 hours for one sampled member.</p> <p>Government Code § 20965, states, "A local miscellaneous member and local safety member of a contracting agency who has contracted for this provision, and whose effective date of retirement is within four months of separation... shall be credited at the time of retirement with 0.004 years of service credit for each unused day of sick leave certified to the board by his employer. The certification shall report only those days of unused sick leave that were accrued by the member during the normal course of his or her employment and shall not include any additional days of sick leave reported for the purpose of increasing the member's retirement benefit. Reports of unused days of sick leave shall be subject to audit and retirement benefits may be adjusted where improper reporting is found."</p>	<p>CalPERS BNSD to determine the impact of this incorrect reporting and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the retiree mentioned in this report has been sent to the District and CalPERS BNSD as an appendix to our draft report.</p>

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT

CONCLUSION

We limited this review to the areas specified in the scope section of this report. We limited our test of transactions to samples of the District's payroll reports and personnel records. The sample testing procedures provide reasonable, but not absolute, assurance that these transactions complied with the California Government Code, except as noted above.

Respectfully submitted,

Original signed by Margaret Junker

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

Date: March 2011

Staff: Michael Dutil, CIA, Senior Manager
Diana Thomas, CIDA, Manager
Karen Harlan
Chris Wall

APPENDIX

DISTRICT'S WRITTEN RESPONSE



TAHOE TRUCKEE
UNIFIED SCHOOL DISTRICT

"Every Student Learning Every Day"

Stephen A. Jennings, Superintendent

March 9, 2011

CalPERS Office of Audit Services
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Chief, Office of Audit Services
PO Box 942701
Sacramento, Ca 94229-2701

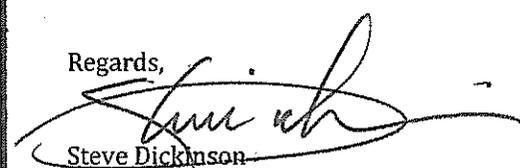
Dear Ms. Junker:

This is a written response in reference to your draft report on the review of Tahoe Truckee Unified School District.

Tahoe Truckee Unified School District is in agreement with a majority of your findings, but disagrees on specific findings. Attached is a summary of what our District found we do not agree with.

We look forward to working with CalPERS to conclude this review and correct any issues.

Regards,



Steve Dickinson
Assistant Superintendent-Business
Tahoe Truckee Unified School District

District Office

11603 Donner Pass Rd.
Truckee, CA 96161-4953
(530) 582-2500
Fax: (530) 582-7606

Elementary Schools

Donner Trail Elementary
52755 Donner Pass Rd.
Kingvale, CA 95728
426-3639

Glenshire Elementary
10990 Dorchester Drive
Truckee, CA 96161
582-7675

Kings Beach Elementary
8125 Steelhead Ave.
Kings Beach, CA 96143
546-2605

Tahoe Lake Elementary
375 Grove St.
Tahoe City, CA
583-3010

Truckee Elementary
11911 Donner Pass Rd.
Truckee, CA 96161
582-2650

Intermediate Schools

Alder Creek Middle
10931 Alder Drive
Truckee, CA 96161
582-2750

North Tahoe 4-8
2945 Polaris Rd.
Tahoe City, CA 96145
581-7050

High Schools

Cold Stream Alternative
11661 Donner Pass Rd.
Truckee, CA 96161
582-0157

North Tahoe High
2945 Polaris Rd.
Tahoe City, CA 96145
581-7000

Sierra High
11661 Donner Pass Rd.
Truckee, CA 96161
582-2640

Tahoe Truckee High
11725 Donner Pass Rd.
Truckee, CA 96161
582-2600

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