



## AGENDA

### RETIREMENT BOARD MEETING

REGULAR MEETING  
October 10, 2018  
9:00 a.m.

Retirement Board Conference Room  
The Willows Office Park  
1355 Willow Way, Suite 221  
Concord, California

#### THE RETIREMENT BOARD MAY DISCUSS AND TAKE ACTION ON THE FOLLOWING:

1. Pledge of Allegiance.
2. Accept comments from the public.
3. Approve minutes from the August 22 and September 12, 2018 meetings.
4. Routine items for October 10, 2018.
  - a. Approve certifications of membership.
  - b. Approve service and disability allowances.
  - c. Accept disability applications and authorize subpoenas as required.
  - d. Approve death benefits.
  - e. Accept Asset Allocation Report.
  - f. Accept Liquidity Report.

#### ***CLOSED SESSION***

5. The Board will go into closed session pursuant to Govt. Code Section 54957 to consider recommendations from the Medical Advisor and/or staff regarding the following disability retirement applications:

| <u>Member</u>     | <u>Type Sought</u> | <u>Recommendation</u> |
|-------------------|--------------------|-----------------------|
| a. Scott Anderson | Service Connected  | Service Connected     |
| b. Angela Parga   | Service Connected  | Service Connected     |

#### ***OPEN SESSION***

6. Presentation of the Housing Authority of Contra Costa County Final Audit Report.
7. Presentation of the Contra Costa County Office of the Public Defender Final Audit Report.
8. Presentation of the Rodeo-Hercules Fire Protection District Final Audit Report.
9. Update from staff regarding the lease at the Willows Office Park.

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

10. Consider and take possible action to cancel the October 24, 2018 meeting.
11. Miscellaneous
  - a. Staff Report
  - b. Outside Professionals' Report
  - c. Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.



Meeting Date  
**10/10/18**  
Agenda Item  
**#3**

## MINUTES

### RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY MEETING  
August 22, 2018  
9:00 a.m.

Retirement Board Conference Room  
The Willows Office Park  
1355 Willow Way, Suite 221  
Concord, California

Present: Candace Andersen, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey and Russell Watts

Absent: Jerry Telles

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; Anne Sommers, Administrative/HR Manager; Tim Hoppe, Retirement Services Manager; and Colin Bishop, Member Services Manager

|                               |                                |
|-------------------------------|--------------------------------|
| Outside Professional Support: | Representing:                  |
| Susan Hastings                | Laughlin, Falbo, Levy & Moresi |
| Ed Hoffman                    | Verus Investments              |
| Paul Angelo                   | Segal Consulting               |
| John Monroe                   | Segal Consulting               |
| Harvey Leiderman              | Reed Smith LLP                 |

#### 1. Pledge of Allegiance

The Board, staff and audience joined in the *Pledge of Allegiance*.

#### 2. Accept comments from the public

No member of the public offered comment.

#### 3. Approval of Minutes

It was **M/S/C** to approve the minutes from the July 25 and August 8, 2018 meetings. (Yes: Andersen, Holcombe, Kroll, Kwon, MacDonald, Phillips, Rodrigues, Smithey and Watts)

Gordon was present for subsequent discussion and voting.

### **CLOSED SESSION**

The Board moved into closed session pursuant to Govt. Code Section 54957 and 54956.9(d)(1).

The Board moved into open session.

4. It was **M/S/C** to continue the item to September 26, 2018. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)

Pigeon was present for subsequent discussion and voting.

5. MacDonald recused himself from Item 5a. and was not present for any discussion related to the item.
  - a. There was no reportable action related to Contra Costa County Deputy Sheriffs Association, et al., v. Board of Retirement of CCCERA, et al., Supreme Court of the State of California, Case No. S247095;
  - b. There was no reportable action related to Wilmot v. CCCERA, et al., Court of Appeal, Case No. A15200;
  - c. There was no reportable action related to Nowicki v. CCCERA, et al., Contra Costa County Superior Court, Case No. C17-01266;
  - d. There was no reportable action related to Batis v. CCCERA, et al., Contra Costa County Superior Court, Case No. N18-0553.

Pigeon was no longer present for subsequent discussion and voting.

6. **Consider and take possible action regarding non-service connected disability retirement allowance of deceased member James Ozment**

Hoppe reported James Ozment was an active Tier 3 member who passed away with a Member Election Form for Non-Service Connected Disability Retirement in the Event of Death During Active Membership on file. Based on that election, CCCERA filed a non-service connected disability on his behalf. The Board's Medical Advisor analyzed Mr. Ozment's medical records and concluded Ozment met the Tier 3 eligibility requirements for a non-service connected disability. Hoppe recommended a non-service connected disability retirement be granted and the member's beneficiary be granted Optional Settlement 2 allowance benefits pursuant to Government Code Section 31762.

It was **M/S/C** to 1) Find that the member was permanently unable to engage in any substantial gainful employment and grant a non-service connected disability retirement, effective February 16, 2018; and 2) Grant the member's beneficiary (member's spouse) benefits pursuant to Government Code Section 31762 (Optional Settlement 2 allowance for the life of the named beneficiary). (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)

7. **Review of total portfolio performance for the period ending June 30, 2018**

- a. Presentation from Verus

Hoffman reviewed the second quarter summary highlighting the changes that have taken place since March 31, 2018. He also reviewed what drove the market including the impact of tariffs on global trade.

Pigeon was present for subsequent discussion and voting.

He reviewed the labor market, consumer spending and personal savings, GDP growth expectations, and emerging markets growth. He also reviewed domestic and international equities, emerging market equities, currency, and index returns.

He reviewed CCCERA's investment fund performance for the period ending June 30, 2018 noting the ending market value of the total fund portfolio is \$8,404,526,351. He reviewed the total fund executive summary net of fees and the total fund performance summary gross of fees. He also reviewed investment fund fees and noted fees have been trending down.

b. Presentation from staff

Price reviewed the functional aspects of the plan and noted that if the three functional sub-portfolios are working as expected then the total fund is working as expected. He stated the metrics we focus on are unique for each program.

He reported the Liquidity program is meeting its expectations. The Growth sub-portfolio, which is the largest and most complex, is also meeting its expectations. However, the Growth sub-portfolio performance versus the benchmark ACWI is below expectations over the trailing five year period. Private credit is still being built out and risk parity still needs to be funded. The Risk Diversifying portfolio is meeting most expectations, however trailing real returns are falling below target.

Price reported CCCERA's Total Fund in aggregate is performing in line with expectations, having a higher return and a lower level of volatility compared to the Simple Target Index. He reported the value investing style pursued by Pyrford has been deeply out of favor relative to the growth index and Allianz High Yield Fixed Income and Private Equity had a difficult past year.

**8. Review of portfolio rebalancing report**

Price reported \$292 million was received in employer pre-payments in late July and \$370 million was taken out of U.S. Equities and used for rebalancing purposes. He noted \$500 million of the proceeds were used to refresh the liquidity program for the new 4<sup>th</sup> year of benefit payments and the remainder was used to fund Parametric Defensive Equity. He stated the Growth allocation is under target because the risk parity managers have not yet been funded.

**9. Presentation from staff and Invesco regarding a potential commitment to Invesco Real Estate**

Price reported staff is recommending that the Board make a capital commitment of \$75 million to Invesco U.S. Value-Add Real Estate Fund V. He stated there is a 5% target allocation (approx. \$500 million) available to commit to the value-add real estate segment of our portfolio. Price reported that overall we have been satisfied with the Invesco Real Estate team and the results of Funds I-IV.

Invesco Real Estate – Max Swango, Jay Hurley, Greg Kraus

Swango introduced the team and provided a brief biography for himself, Hurley and Kraus. He gave an overview of the firm and performance noting they are one of the most active real estate investors. He also gave a brief history of their relationship with.

Kraus reviewed the strategies of the Fund and the investments held and allocated in the portfolio. He noted they are confident in being able to deploy the capital for the investments outlined in Fund V.

Hurley reviewed their investment philosophy, valuation creation, and risk mitigation used in designing a cyclically-durable approach for value-added investments. He also reviewed the terms and timeline for Fund V.

Swango reviewed the fees and noted CCCERA's investment staff successfully negotiated a lower fee break. He also reviewed the commitments in progress for the Fund noting the final close is in December 2018.

Hurley reported they have made 7 commitments to Fund V and they anticipate making a total of 20 individual investments at full deployment. He reviewed the sector allocation percentages for multi-family housing, office, industrial, and retail properties.

**10. Consider and take possible action regarding a commitment to Invesco Real Estate**

It was M/S/C to commit \$75 million to Invesco U.S. Value-Add Real Estate Fund V subject to satisfactory due diligence and legal review and authorize the CEO to execute the necessary contracts. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Pigeon, Smithey, and Watts)

It was the consensus of the Board to move to Item 12.

**12. Consider and take possible action to revise Attachment B of the Board of Retirement Resolution 2018-1 providing health plan monthly premium subsidies for unrepresented employees of CCCERA effective January 1, 2019**

It was M/S/C to revise Attachment B of the Board of Retirement Resolution 2018-1 providing health plan monthly premium subsidies for unrepresented employees of CCCERA effective January 1, 2019. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Pigeon, Smithey and Watts)

It was the consensus of the Board to move to Item 11.

**11. Presentation from Segal regarding the December 31, 2017 Valuation Report - Paul Angelo and John Monroe**

Angelo presented the 2017 actuarial valuation report and the rates effective 7/1/19. He reported the ratio of the valuation value of assets to the actuarial accrued liability increased from 86.5% to 88.5% while the ratio of the market value of assets to the actuarial accrued liability increased from 84.6% to 90.8%. The unfunded actuarial accrued liability (UAAL) decreased from \$1.2 billion to \$1.1 billion.

He reported the average employer contribution rate decreased from 38.08% of payroll to 36.07% of payroll and the average member contribution rate decreased from 12.08% of payroll to 12.03% of payroll.

Andersen was no longer present for subsequent discussion and voting.

It was the consensus of the Board to move to Item 13.

**13. Consider authorizing the attendance of Board:**

- a. It was M/S/C to authorize the attendance of all appropriate Board members at the SACRS Fall Conference, November 13-16, 2018, Indian Wells, CA. (Yes: Gordon, Holcombe, Kroll, Kwon, MacDonald, Phillips, Pigeon, Smithey and Watts)

**14. Miscellaneous**

(a) Staff Report –

Strohl reported the annual benefit statements will be mailed to members on Thursday, August 23, 2018; and, staff is meeting with the property manager to see if the construction will impact future Board meetings and if so she will schedule the meetings offsite.

Dunn gave an update on the Subledger Decommissioning Project.

(b) Outside Professionals' Report -

Leiderman recognized the Board and staff as being very fortunate for having someone of the caliber and capability of Karen Levy as General Counsel for the past 10 years. Levy thanked him/everyone and stated it has been an honor and a privilege working with everyone.

(c) Trustees' comments –

None

It was **M/S/C** to adjourn the meeting. (Yes: Gordon, Holcombe, Kroll, Kwon, MacDonald, Phillips, Pigeon, Smithey and Watts)

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Todd Smithey, Chairman

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David MacDonald, Secretary



Meeting Date  
**10/10/18**  
Agenda Item  
**#3**

MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING  
September 12, 2018  
9:00 a.m.

Retirement Board Conference Room  
The Willows Office Park  
1355 Willow Way, Suite 221  
Concord, California

Present: Candace Andersen, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: None

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; Anne Sommers, Administrative/HR Manager; Henry Gudino, Accounting Manager; Tim Hoppe, Retirement Services Manager; and Colin Bishop, Member Services Manager

Outside Professional Support:  
John Monroe  
Eva Yum

Representing:  
Segal Consulting  
Segal Consulting

**1. Pledge of Allegiance**

The Board, staff and audience joined in the *Pledge of Allegiance*.

**2. Accept comments from the public**

No member of the public offered comment.

**3. Routine Items**

It was **M/S/C** to approve the routine items of the September 12, 2018 meeting. (Yes: Andersen, Gordon, Holcombe, Kwon, MacDonald, Rodrigues, Smithey, Telles and Watts)

**CLOSED SESSION**

The Board moved into closed session pursuant to Govt. Code Section 54957.

The Board moved into open session.

**4. It was **M/S/C** to accept the Medical Advisor's recommendation and grant the following disability benefits:**

- a. Thomas Andersen – Service Connected (Yes: Andersen, Gordon, Holcombe, Kwon, MacDonald, Pigeon, Smithey, Telles and Watts)

Phillips was present for subsequent discussion and voting.

- b. Michael Murphy – Service Connected (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

5. There was no reportable action related to Govt. Code Section 54957.

Gordon was no longer present for subsequent discussion and voting.

**6. Consider and take possible action to adopt the December 31, 2017 Valuation Report and contribution rates for the period July 1, 2019 – June 30, 2020**

Strohl reported the contribution rate packet is typically sent to employers after the Valuation Report has been presented and noted that next year the contribution rate packet will be included with the Valuation Report.

Monroe introduced Eva Yum. He reported that in the past the Board adopted the contribution rates at the time of the valuation report presentation but the document that contains the contribution rates was not included in the valuation report. He noted the contribution rate packet was provided to the Board of Supervisors for adoption after the Board of Retirement adopted the valuation report and the contribution rates.

It was **M/S/C** to adopt the December 31, 2017 Valuation Report and contribution rates for the period July 1, 2019 – June 30, 2020. (Yes: Andersen, Holcombe, Kwon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

Gordon was present for subsequent discussion and voting.

**7. Consider and take possible action regarding non-service connected disability retirement allowance of deceased member Robert Richardson**

Hoppe reported that Robert Richardson was an active member who passed away on April 9, 2018 and had a Death During Active Membership Form on file with CCCERA. Based on that election, CCCERA filed a non-service connected disability on his behalf, noting that Mr. Richardson met the medical requirements of permanent disability for a Tier 3 member.

It was **M/S/C** that 1) The member was permanently unable to engage in any substantial gainful employment and to grant a non-service connected disability retirement, effective April 9, 2018; and 2) Grant the member's beneficiary (member's spouse) benefits pursuant to Government Code Section 31762 (Optional Settlement 2 allowance for the life of the named beneficiary). (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

**8. Consider and take possible action regarding non-service connected disability retirement allowance of deceased member Andrea Sosa**

Hoppe reported that Andrea Sosa was an active member who passed away on December 26, 2017 and had a Death During Active Membership Form on file with CCCERA. Based on that election, CCCERA filed a non-service connected disability on her behalf, noting that Ms. Sosa met the medical requirements of permanent disability for a Safety Tier member.

It was **M/S/C** that 1) The member was permanently unable to engage in her usual and customary employment and to grant a non-service connected disability retirement, effective December 26, 2017 and 2) Grant the member's beneficiary (member's sibling) benefits pursuant to Government Code Section 31762 (Optional Settlement 2 allowance for the life of the named beneficiary). (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

**9. Presentation from staff and DLJ regarding a potential commitment to DLJ Real Estate**

Price provided a brief background on staff's recommendation to commit \$50 million to DLJ RECP Fund VI and noted CCCERA has committed to DLJ in Funds I through V. He reported Fund VI will maintain CCCERA's opportunistic real estate exposure to unique properties located in Boston, New York City, and Los Angeles.

DLJ Real Estate – Andy Rifkin and Carmine Fanelle

Rifkin gave an overview of the firm and of the performance of Fund V noting it has done well. He reported they are targeting properties in emerging neighborhoods in Boston, New York City, and Los Angeles and are focusing on where the growth will be for Fund VI.

Fanelle reviewed the funds strategies and noted they do not necessarily look at the stock prices of companies but they look at where the companies are growing. He reviewed growth rates, interest rates and cap rates.

Pigeon was no longer present for subsequent discussion and voting.

Fanelle and Rifkin reviewed New York and Boston pipeline opportunities including their asset types, investment strategy, and description of the properties.

**10. Consider and take possible action regarding a commitment to DLJ Real Estate**

It was M/S/C to commit \$50 million to DLJ RECP Fund VI subject to satisfactory due diligence and legal review and authorize the CEO to execute the necessary contracts. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)

**11. Presentation of Semi-Annual Disability Retirement Report**

Hoppe reported there were 14 disability retirement applications (12 Safety members and 2 Tier 3 members) accepted during the first 6 months of 2018 and noted they are all service connected applications. He reported 4 applications have already been granted by the Board, 3 are not being recommended based on medical records, 5 are being reviewed by the medical advisor, and we are waiting for records from the other 3 applications.

He reported we have received 6 disability retirement applications since June 30. He noted we accept approximately 25 disability retirement applications per year.

**12. Presentation of the San Ramon Valley Fire Protection District Final Audit Report**

Dutkiewicz presented the final audit report for the San Ramon Valley Fire Protection District.

The follow-up items include: Item 1, Pensionable Compensation and Contribution Reporting – The District agrees to create separate pay codes for reporting vacations and vacation buy backs. The District also agrees to meet with CCCERA's Member Service Department to review the items that need to be reported to CCCERA and the required format; Item 2. Inclusion of Standby Pay in Pensionable Compensation – The Districts reported stand-by duties are now included in the position responsibilities; Item 3. Safety Status – The District clarified those positions that are designated as Safety positions and noted there is language in the MOU that relates to this; Item 4. IRC Compensation Limits – The District provided the tracking procedures used for retirees and active employees.

Dutkiewicz thanked Natalie Korthamar and her staff at the San Ramon Valley Fire Protection District for their cooperation. He also thanked Dohrn for her work.

Telles was impressed with the report.

Gordon asked that an executive summary be included in the front of future audit reports.

**13. Consider and take possible action to authorize the CEO to renew a maintenance and support agreement with CPAS**

It was **M/S/C** to authorize the CEO to renew a maintenance and support agreement with CPAS. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)

**14. Consider authorizing the attendance of Board:**

- a. It was **M/S/C** to authorize the attendance of 4 Board members at the 6<sup>th</sup> Annual California Institutional Forum, Markets Group, December 5, 2018, Sonoma, CA. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)
- b. It was **M/S/C** to authorize the attendance of 2 Board members at the 2019 Aether Annual Meeting, Aether Investment Partners, LLC., January 23-24, 2019, Denver, CO. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)

**15. Miscellaneous**

- (a) Staff Report –

Strohl reported she attended the Public Funds Forum and it was really good. She also reported the September 26 board meeting will have the GASB 68 report, fiduciary items, and investment items; and reminded the Board that the CCCERA picnic will be held on September 22, 2018.

Dunn gave an update on the Retiree Information Verification project noting there are 12 members that have not responded to date. She reported the final deadline to respond is September 20, 2018.

Price introduced Rishi Garbharran as the new Investment Officer.

- (b) Outside Professionals' Report -

None

- (c) Trustees' comments –

Watts thanked and complemented Brianne Wilkins for presenting an Introduction to Pension Plans training for his staff.

Rodrigues reported on the SACRS Trustee Training and indicated it is a good training for new Trustees.

It was **M/S/C** to adjourn the meeting. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

**Meeting Date**  
**10/10/18**  
**Agenda Item**  
**#4**

Items requiring Board Action

**A. Certifications of Membership – see list and classification forms.**

**B. Service and Disability Retirement Allowances:**

| <u>Name</u>           | <u>Number</u> | <u>Effective Date</u> | <u>Option Type</u> | <u>Tier</u>           | <u>Selected</u> |
|-----------------------|---------------|-----------------------|--------------------|-----------------------|-----------------|
| Allen, Barbara        | 53760         | 07/01/18              | SR                 | Tier II and III       | Unmodified      |
| Budge, Bruce          | D7274         | 07/07/18              | SR                 | Safety A              | Unmodified      |
| Burk, Howard          | 69762         | 06/30/18              | SR                 | Tier I                | Unmodified      |
| Byers, Corazon        | 75519         | 07/15/18              | SR                 | Tier II               | Unmodified      |
| Calbert, Arthur       | 52842         | 07/11/18              | SR                 | Safety                | Unmodified      |
| De Jesus, Laura       | 52054         | 08/01/18              | SR                 | Tier III              | Unmodified      |
| Del Fiorentino, Peter | 49641         | 06/09/18              | SR                 | Tier II and III       | Unmodified      |
| Falconer, Robert      | 55430         | 07/04/18              | SR                 | Tier II and III       | Unmodified      |
| Gaedtke, Doreen       | 71172         | 07/07/18              | SR                 | Tier III              | Unmodified      |
| Gause, Stephen        | D9500         | 03/29/18              | SR                 | Tier II and III       | Unmodified      |
| Godsey, Brian         | D3406         | 07/07/18              | SR                 | Tier I                | Unmodified      |
| Gonzales, Edward      | 46223         | 06/29/18              | SR                 | Safety A              | Unmodified      |
| Harris, Estella       | 51247         | 06/30/18              | SR                 | Tier II               | Unmodified      |
| Houdashell, Robin     | 38038         | 07/16/18              | SR                 | Tier II and Pepra 5.2 | Unmodified      |
| Knepper, Donald       | 35409         | 07/26/18              | SR                 | Tier II and III       | Unmodified      |
| Libert, Helene        | 62744         | 08/27/18              | SR                 | Tier II and III       | Unmodified      |
| Linam, Kimberly       | 42711         | 07/23/18              | SR                 | Tier II and III       | Unmodified      |
| MacCallister, Pamela  | 67688         | 06/28/18              | SR                 | Tier II and III       | Unmodified      |
| McGee, Sean           | D7274         | 07/01/18              | SR                 | Safety                | Unmodified      |
| McGuire, Eleanor      | 60905         | 06/29/18              | SR                 | Tier II and III       | Unmodified      |
| Mondloch, Kathleen    | 36883         | 07/14/18              | SR                 | Tier II and III       | Unmodified      |
| Nash, Stephen         | D9500         | 06/19/18              | SR                 | Tier III              | Unmodified      |
| Quiroz, Pamela        | 60099         | 07/01/18              | SR                 | Tier II and III       | Option 2        |
| Ray, Linda            | 63968         | 06/30/18              | SR                 | Tier III              | Unmodified      |
| Ruiz, Bertha          | 60232         | 06/30/18              | SR                 | Tier III              | Unmodified      |
| Tinsley, Kevin        | 48186         | 03/18/17              | SR                 | Tier II               | Unmodified      |
| Watkins, Karen        | 48487         | 06/17/18              | SR                 | Tier II and III       | Unmodified      |

**Option Type**

NSP = Non-Specified  
 SCD = Service Connected Disability  
 SR = Service Retirement  
 NSCD = Non-Service Connected Disability  
 \* = County Advance  
 Selected w/option

**Tier**

I = Tier I  
 II = Tier II  
 III = Tier III  
 S/A = Safety Tier A  
 S/C = Safety Tier C

Pepra 4.2 = Fepra Tier 4 (2% COLA)  
 Pepra 4.3 = Fepra Tier 4 (3% COLA)  
 Fepra 5.2 = Pepra Tier 5 (2% COLA)  
 Pepra 5.3 = Pepra Tier 5 (3% COLA)  
 S/D = Fepra Safety Tier D  
 S/E = Fepra Safety Tier E

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

**C.**

***Disability Retirement Applications: The Board's Hearing Officer is hereby authorized to issue subpoenas in the following cases involving disability applications:***

| <u>Name</u>      | <u>Number</u> | <u>Filed</u> | <u>Type</u> |
|------------------|---------------|--------------|-------------|
| Aguilera, Miguel | 70667         | 08/06/18     | SCD         |
| Engelstad, Wayne | 64889         | 09/07/18     | SCD         |
| Libert, Helene   | 62744         | 09/10/18     | NSCD        |
| Wojack, Michelle | 69469         | 09/05/18     | SCD         |

**D.**

***Deaths:***

| <u>Name</u>          | <u>Date of Death</u> | <u>Employer as of Date of Death</u> |
|----------------------|----------------------|-------------------------------------|
| Abston, Majel        | 09/05/18             | Contra Costa County                 |
| Adkins, James        | 09/15/18             | Contra Costa County                 |
| Bartolini, Doanld    | 08/31/18             | Contra Costa County                 |
| Campbell, Merlin     | 08/25/18             | Contra Costa County                 |
| Folsom, Tim          | 09/03/18             | Contra Costa County                 |
| Gallagher, Margaret  | 09/06/18             | Beneficiary                         |
| Newbry, Carmelita    | 08/31/18             | Contra Costa County                 |
| Olsen, Richard       | 09/04/18             | Contra Costa County                 |
| Pistochini, Harriett | 08/10/18             | Contra Costa County                 |
| Shoemaker, George    | 09/16/18             | Consolidated Fire                   |
| Silva, Victoria      | 09/23/18             | Contra Costa County                 |
| Soper, Ethel         | 09/11/18             | Beneficiary                         |
| Taraskewich, Edward  | 09/22/18             | Contra Costa County                 |

**Option Type**

NSP = Non-Specified  
 SCD = Service Connected Disability  
 SR = Service Retirement  
 NSCD = Non-Service Connected Disability  
 \* = County Advance  
 Selected w/option

**Tier**

I = Tier I  
 II = Tier II  
 III = Tier III  
 S/A = Safety Tier A  
 S/C = Safety Tier C  
 Pepra 4.2 = Pepra Tier 4 (2% COLA)  
 Pepra 4.3 = Pepra Tier 4 (3% COLA)  
 Pepra 5.2 = Pepra Tier 5 (2% COLA)  
 Pepra 5.3 = Pepra Tier 5 (3% COLA)  
 S/D = Pepra Safety Tier D  
 S/E = Pepra Safety Tier E

**CERTIFICATION OF MEMBERSHIPS**

| <b>Name</b>             | <b>Employee Number</b> | <b>Tier</b> | <b>Membership Date</b> | <b>Employer</b>                           |
|-------------------------|------------------------|-------------|------------------------|---|
| Abramov, Dmitry         | D3406                  | P4.3        | 08/01/18               | Central Contra Costa Sanitary District    |
| Acosta, Zully           | 86301                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Allison, Elise          | 87140                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Aquino, Mary Grace      | 87077                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Augusto, Lisa           | D7830                  | P4.3        | 08/01/18               | San Ramon Valley Fire Protection District |
| Azhar, Mehwish          | 87197                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Bik Boeck, Diana        | 87109                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Brega, Matthew          | 87069                  | III         | 08/01/18               | Contra Costa County                       |
| Bright, Paul            | 87116                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Brown, Porschea         | 87164                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Campbell, Mary          | 83775                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Castillo, Mike          | 87199                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Clark, Lela             | 87152                  | P5.2        | 08/01/18               | Contra Costa County                       |
| De Baca, Sonya          | D9500                  | III         | 08/01/18               | Contra Costa County Superior Courts       |
| DePalm, Audrey          | 76795                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Flores Munoz, Alma      | 84797                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Ford, Cheryl            | 87111                  | III         | 08/01/18               | Contra Costa County                       |
| Fortune, Katherine      | 78088                  | III         | 08/01/18               | Contra Costa County                       |
| Francois, Carmen        | 87188                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Gallosa, Sara           | 87191                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Givens, Erica           | 87078                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Gonzalez, Gabriela      | 87115                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Guevara Figueroa, Laura | 87228                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Hall, Kyle              | 82310                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Harmon, Lynnette        | 83245                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Harper, Sheila          | 87074                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Hill, Rachael           | 87126                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Hopkins, Jennifer       | 87121                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Jacobs, Tamina          | 86280                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Johnson, Cavine         | 87194                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Johnston, Sarah         | 87139                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Jule-Frost, Virginia    | 87099                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Kaprielian, Youn Ja     | 87088                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Karungi, Zaharra        | 87006                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Kasozi, Mary            | 84725                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Lee, Kevin              | 87156                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Maddox, Tressa          | 83605                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Mekuria, Sefanit        | 83824                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Milhov, Momchil         | 87229                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Mladinich, Leslie       | 87150                  | P5.2        | 08/01/18               | Contra Costa County                       |

**Key:**

|                       |                                     |                            |
|-----------------------|-------------------------------------|----------------------------|
| <b>I = Tier I</b>     | <b>P4.2 = PEPR Tier 4 (2% COLA)</b> | <b>S/A = Safety Tier A</b> |
| <b>II = Tier II</b>   | <b>P4.3 = PEPR Tier 4 (3% COLA)</b> | <b>S/C = Safety Tier C</b> |
| <b>III = Tier III</b> | <b>P5.2 = PEPR Tier 5 (2% COLA)</b> | <b>S/D = Safety Tier D</b> |
|                       | <b>P5.3 = PEPR Tier 5 (3% COLA)</b> | <b>S/E = Safety Tier E</b> |

### CERTIFICATION OF MEMBERSHIPS

| <b>Name</b>         | <b>Employee Number</b> | <b>Tier</b> | <b>Membership Date</b> | <b>Employer</b>                           |
|---------------------|------------------------|-------------|------------------------|---|
| Muller, Jennifer    | 87073                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Ngaruiya, Emmah     | 87049                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Obad, Amy           | 87047                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Okorie, Ogechi      | 87056                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Oppenheimer, Sergio | 87045                  | III         | 08/01/18               | Contra Costa County                       |
| Ortiz, Aleyda       | 87161                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Osman, Golghotai    | 87114                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Pavlatos, Benny     | 87138                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Pedreño II, Juan    | D7830                  | P4.3        | 08/01/18               | San Ramon Valley Fire Protection District |
| Powell, Inez        | 87122                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Quibilan, Khristine | 87137                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Reyes, Jonathan     | 84935                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Reyes, Paul         | 87061                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Rodriguez, Iris     | 87080                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Rogge, Joel         | D3406                  | P4.3        | 08/01/18               | Central Contra Costa Sanitary District    |
| Sanford, David      | 87119                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Shaghasi, Zareen    | 87060                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Shah, Syed          | 87151                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Siddiqui, Shahid    | 87184                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Silveira, Sean      | 87101                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Silver, Shira       | 87021                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Swan, Andrea        | 87072                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Swofford, Patricia  | 87136                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Tang, Xiuwei        | 87195                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Taylor, Julia       | 87120                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Thompson, Gover     | 87075                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Thorpe, Lamar       | 87196                  | P4.3        | 08/01/18               | Children & Family Commision               |
| Tygett, Robert      | 87105                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Urrutia, Shannon    | 68614                  | III         | 08/01/18               | Contra Costa County                       |
| Velasquez, Lori     | 87065                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Wallace Jr., Thomas | 87190                  | P5.2        | 08/01/18               | Contra Costa County                       |
| White, Jeffrie      | 87149                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Wilder, Luana       | 78773                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Williams, James     | 87108                  | P5.2        | 08/01/18               | Contra Costa County                       |
| Wright, Nola        | 87187                  | P5.2        | 08/01/18               | Contra Costa County                       |

**Key:**

|                       |                                      |                            |
|-----------------------|--------------------------------------|----------------------------|
| <b>I = Tier I</b>     | <b>P4.2 = PEPRA Tier 4 (2% COLA)</b> | <b>S/A = Safety Tier A</b> |
| <b>II = Tier II</b>   | <b>P4.3 = PEPRA Tier 4 (3% COLA)</b> | <b>S/C = Safety Tier C</b> |
| <b>III = Tier III</b> | <b>P5.2 = PEPRA Tier 5 (2% COLA)</b> | <b>S/D = Safety Tier D</b> |
|                       | <b>P5.3 = PEPRA Tier 5 (3% COLA)</b> | <b>S/E = Safety Tier E</b> |

### TIER CHANGES

| <i>Name</i>        | <i>Employee Number</i> | <i>Old Tier</i> | <i>New Tier</i> | <i>Effective Date</i> | <i>Employer</i>                              | <i>Reason for Change</i>   |
|--------------------|------------------------|-----------------|-----------------|-----------------------|--|----------------------------|
| Aguiniga, Jeanette | 86938                  | P5.2            | III             | 06/01/18              | Contra Costa County                          | Recip In Age Change Only   |
| Ewen, Joshua       | 86397                  | P5.2            | III             | 12/01/17              | Contra Costa County                          | Recip In Age & Tier Change |
| Trieu, Holly       | 81499                  | III             | I               | 08/01/18              | Contra Costa County Fire Protection District | Transferred Employer       |
| Young, Katherine   | D3406                  | P4.3            | I               | 03/01/18              | Central Contra Costa Sanitary District       | Recip In Age & Tier Change |

**Key:**

|                       |                                     |                            |
|-----------------------|-------------------------------------|----------------------------|
| <b>I = Tier I</b>     | <b>P4.2 = PEPR Tier 4 (2% COLA)</b> | <b>S/A = Safety Tier A</b> |
| <b>II = Tier II</b>   | <b>P4.3 = PEPR Tier 4 (3% COLA)</b> | <b>S/C = Safety Tier C</b> |
| <b>III = Tier III</b> | <b>P5.2 = PEPR Tier 5 (2% COLA)</b> | <b>S/D = Safety Tier D</b> |
|                       | <b>P5.3 = PEPR Tier 5 (3% COLA)</b> | <b>S/E = Safety Tier E</b> |

**Contra Costa County Employees' Retirement Association**  
Asset Allocation as of July 31, 2018

**Meeting Date**  
**10/10/18**  
**Agenda Item**  
**#4e.**

|                           | Market Value         | Percentage of Total Fund | Phase 3 Target Percentage | Phase 3 Over/(Under) | Long Term Target | Long Term Over/(Under) |
|---------------------------|----------------------|--------------------------|---------------------------|----------------------|------------------|------------------------|
| Insight                   | 963,743,359          | 11.1%                    | 12.0%                     | -0.9%                |                  |                        |
| Sit                       | 524,210,435          | 6.1%                     | 5.5%                      | 0.6%                 |                  |                        |
| Dimensional Fund Advisors | 456,274,281          | 5.3%                     | 5.5%                      | -0.2%                |                  |                        |
| <b>Total Liquidity</b>    | <b>1,944,228,075</b> | <b>22.5%</b>             | <b>23.0%</b>              | <b>-0.5%</b>         | <b>23.0%</b>     | <b>-0.5%</b>           |

**Range**  
**16% - 28%**

**Growth**

**Domestic Equity**

|                              |                      |              |              |             |             |             |
|------------------------------|----------------------|--------------|--------------|-------------|-------------|-------------|
| Boston Partners              | 307,387,605          | 3.6%         | 3.0%         | 0.6%        |             |             |
| Jackson Square               | 341,178,770          | 3.9%         | 3.0%         | 0.9%        |             |             |
| BlackRock Index Fund         | 132,052,199          | 1.5%         | 1.0%         | 0.5%        |             |             |
| Emerald Advisors             | 256,861,602          | 3.0%         | 2.0%         | 1.0%        |             |             |
| Ceredex                      | 216,032,900          | 2.5%         | 2.0%         | 0.5%        |             |             |
| <b>Total Domestic Equity</b> | <b>1,253,513,076</b> | <b>14.5%</b> | <b>11.0%</b> | <b>3.5%</b> | <b>5.0%</b> | <b>9.5%</b> |

**Global & International Equity**

|  |                      |              |              |             |              |             |
|--|----------------------|--------------|--------------|-------------|--------------|-------------|
| Pyrford (BMO)                                  | 455,673,259          | 5.3%         | 5.5%         | -0.2%       |              |             |
| William Blair                                  | 494,284,014          | 5.7%         | 5.5%         | 0.2%        |              |             |
| First Eagle                                    | 363,161,425          | 4.2%         | 4.0%         | 0.2%        |              |             |
| Artisan Global Opportunities                   | 413,298,846          | 4.8%         | 4.0%         | 0.8%        |              |             |
| PIMCO/RAE Emerging Markets                     | 344,096,837          | 4.0%         | 4.0%         | -0.0%       |              |             |
| TT Emerging Markets                            | 314,113,234          | 3.6%         | 4.0%         | -0.4%       |              |             |
| <b>Total Global &amp; International Equity</b> | <b>2,384,627,615</b> | <b>27.6%</b> | <b>27.0%</b> | <b>0.6%</b> | <b>24.0%</b> | <b>3.6%</b> |

**Private Equity**

|  |                      |              |              |              |              |               |
|--|----------------------|--------------|--------------|--------------|--------------|---------------|
| Private Credit                           | 858,548,000          | 9.9%         | 10.0%        | -0.1%        | 11.0%        | -1.1%         |
| Real Estate - Value Add                  | 213,820,000          | 2.5%         | 4.0%         | -1.5%        | 12.0%        | -9.5%         |
| Real Estate - Opportunistic & Distressed | 163,914,000          | 1.9%         | 5.0%         | -3.1%        | 5.0%         | -3.1%         |
| Real Estate - REIT (Adelante)            | 409,477,000          | 4.7%         | 4.0%         | 0.7%         | 4.0%         | 0.7%          |
| High Yield (Allianz)                     | 69,184,397           | 0.8%         | 1.0%         | -0.2%        | 1.0%         | -0.2%         |
| Risk Parity                              | 349,288,028          | 4.0%         | 2.0%         | 2.0%         | 0.0%         | 4.0%          |
|  | 0                    | 0.0%         | 5.0%         | -5.0%        | 5.0%         | -5.0%         |
| <b>Total Other Growth Assets</b>         | <b>2,064,231,425</b> | <b>23.9%</b> | <b>31.0%</b> | <b>-7.1%</b> | <b>38.0%</b> | <b>-14.1%</b> |

|                            |                      |              |              |              |              |              |
|----------------------------|----------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total Growth Assets</b> | <b>5,702,372,116</b> | <b>65.9%</b> | <b>69.0%</b> | <b>-3.1%</b> | <b>67.0%</b> | <b>-1.1%</b> |
|----------------------------|----------------------|--------------|--------------|--------------|--------------|--------------|

**Range**  
**60% - 80%**

**Risk Diversifying**

|                                |                    |             |             |             |              |              |
|--------------------------------|--------------------|-------------|-------------|-------------|--------------|--------------|
| AFL-CIO                        | 317,083,725        | 3.7%        | 3.5%        | 0.2%        | 3.0%         | 0.7%         |
| Parametric Defensive Equity    | 200,802,009        | 2.3%        | 2.5%        | -0.2%       | 3.5%         | -1.2%        |
| Wellington Real Total Return   | 186,155,251        | 2.2%        | 2.0%        | 0.2%        | 3.5%         | -1.3%        |
| <b>Total Risk Diversifying</b> | <b>704,040,985</b> | <b>8.1%</b> | <b>8.0%</b> | <b>0.1%</b> | <b>10.0%</b> | <b>-1.9%</b> |

**Range**  
**0% - 10%**

**Cash and Overlay**

|                               |                    |             |             |             |             |             |
|-------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|
| Overlay (Parametric)          | 48,445,919         | 0.6%        |             | 0.6%        |             |             |
| Cash                          | 249,112,666        | 2.9%        |             | 2.9%        |             |             |
| <b>Total Cash and Overlay</b> | <b>297,558,585</b> | <b>3.4%</b> | <b>0.0%</b> | <b>3.4%</b> | <b>0.0%</b> | <b>3.4%</b> |

|                   |                         |             |             |           |             |           |
|-------------------|-------------------------|-------------|-------------|-----------|-------------|-----------|
| <b>Total Fund</b> | <b>8,648,199,761.00</b> | <b>100%</b> | <b>100%</b> | <b>0%</b> | <b>100%</b> | <b>0%</b> |
|-------------------|-------------------------|-------------|-------------|-----------|-------------|-----------|

\*Phase 3 targets and ranges reflect Phase 3 asset allocation targets accepted by the Board on June 27, 2018 (BOR Resolution 2018-2)

**Private Market Investments  
As of July 31, 2018**

**REAL ESTATE - Value Add**

|                                  | Inception Date | Target Termination | # of Extension | Discretion by GP/LP | New Target Termination | Funding Commitment | Market Value       | % of Total Asset | Outstanding Commitment |
|----------------------------------|----------------|--------------------|----------------|---------------------|------------------------|--------------------|--------------------|------------------|------------------------|
| Invesco IREF II                  | 05/30/07       | 12/31/15           | in full liq.   |                     |                        | 85,000,000         | 444,000            | 0.01%            |                        |
| Invesco IREF III                 | 08/01/13       | 08/01/20           |                |                     |                        | 35,000,000         | 13,282,000         | 0.15%            |                        |
| Invesco IREF IV                  | 12/01/14       | 12/01/21           |                |                     |                        | 35,000,000         | 20,544,000         | 0.24%            | 1,203,000              |
| Long Wharf FREG IV               | 08/14/13       | 09/30/21           |                |                     |                        | 25,000,000         | 11,367,000         | 0.13%            |                        |
| Long Wharf FREG V                | 10/31/16       | 09/30/24           |                |                     |                        | 50,000,000         | 39,614,000         | 0.46%            | 5,662,000              |
| LaSalle Income & Growth Fund VI  | 01/31/12       | 01/31/19           |                |                     |                        | 75,000,000         | 31,047,000         | 0.36%            | 3,946,000              |
| LaSalle Income & Growth Fund VII | 10/31/16       | 09/30/24           |                |                     |                        | 75,000,000         | 47,616,000         | 0.55%            | 27,449,000             |
|                                  |                |                    |                |                     |                        | <b>505,000,000</b> | <b>163,914,000</b> | <b>1.90%</b>     | <b>38,260,000</b>      |
| <b>Outstanding Commitments</b>   |                |                    |                |                     |                        |                    | <b>38,260,000</b>  |                  |                        |
| <b>Total</b>                     |                |                    |                |                     |                        |                    | <b>202,174,000</b> |                  |                        |

**REAL ESTATE -Opportunistic & Distressed**

|  | Inception Date | Target Termination | # of Extension | Discretion by GP/LP | New Target Termination | Funding Commitment | Market Value       | % of Total Asset | Outstanding Commitment |
|--|----------------|--------------------|----------------|---------------------|------------------------|--------------------|--------------------|------------------|------------------------|
| DLJ Real Estate Capital Partners, L.P. III         | 06/30/05       | 06/30/14           | in full liq.   |                     |                        | 75,000,000         | 23,249,000         | 0.27%            |                        |
| DLJ Real Estate Capital Partners, L.P. IV          | 12/31/07       | 09/30/18           |                |                     |                        | 100,000,000        | 92,208,000         | 1.07%            |                        |
| DLJ Real Estate Capital Partners, L.P. V           | 07/31/13       | 12/31/22           |                |                     |                        | 75,000,000         | 23,433,000         | 0.27%            |                        |
| Oaktree Real Estate Opportunities Fund V           | 02/01/11       | 02/01/21           |                |                     |                        | 50,000,000         | 6,520,000          | 0.08%            |                        |
| Oaktree Real Estate Opportunities Fund VI          | 09/30/13       | 09/30/20           |                |                     |                        | 80,000,000         | 40,955,000         | 0.47%            |                        |
| Oaktree Real Estate Opportunities Fund VII         | 02/28/15       | 02/28/23           |                |                     |                        | 65,000,000         | 20,360,000         | 0.24%            | 40,755,000             |
| Siguler Guff Distressed Real Estate Opp. Fund      | 07/30/11       | 07/30/22           |                |                     |                        | 75,000,000         | 45,337,000         | 0.52%            | 7,362,000              |
| Siguler Guff Distressed Real Estate Opp. Fund II   | 08/31/13       | 08/31/25           |                |                     |                        | 70,000,000         | 50,000,000         | 0.58%            | 21,002,000             |
| Siguler Guff Distressed Real Estate Opp. II Co-Inv | 01/31/16       | 10/31/25           |                |                     |                        | 25,000,000         | 20,496,000         | 0.24%            | 5,217,000              |
| Paulson Real Estate Fund II                        | 11/10/13       | 11/10/20           |                |                     |                        | 20,000,000         | 22,424,000         | 0.26%            |                        |
| Angelo Gordon Realty Fund VIII                     | 12/31/11       | 12/31/18           |                |                     |                        | 80,000,000         | 23,745,000         | 0.27%            |                        |
| Angelo Gordon Realty Fund IX                       | 10/10/14       | 10/10/22           |                |                     |                        | 65,000,000         | 40,750,000         | 0.47%            | 31,091,000             |
|  |                |                    |                |                     |                        | <b>780,000,000</b> | <b>409,477,000</b> | <b>4.73%</b>     | <b>105,427,000</b>     |
| <b>Outstanding Commitments</b>                     |                |                    |                |                     |                        |                    | <b>105,427,000</b> |                  |                        |
| <b>Total</b>                                       |                |                    |                |                     |                        |                    | <b>514,904,000</b> |                  |                        |

**PRIVATE CREDIT**

|   | Inception Date | Target Termination | # of Extension | Discretion by GP/LP | New Target Termination | Funding Commitment | Market Value       | % of Total Asset | Outstanding Commitment |
|---|----------------|--------------------|----------------|---------------------|------------------------|--------------------|--------------------|------------------|------------------------|
| Torchlight Debt Opportunity Fund II       | 09/28/06       | 09/30/16           | in full liq.   |                     |                        | 128,000,000        | 16,820,000         | 0.19%            |                        |
| Torchlight Debt Opportunity Fund III      | 09/30/08       | 06/30/16           |                | LP                  | 06/30/18               | 75,000,000         | 1,273,000          | 0.01%            |                        |
| Torchlight Debt Opportunity Fund IV       | 08/01/12       | 08/30/20           | 2nd 1 YR       |                     |                        | 60,000,000         | 25,100,000         | 0.29%            |                        |
| Torchlight Debt Opportunity Fund V        | 12/31/14       | 09/17/22           |                |                     |                        | 75,000,000         | 48,318,000         | 0.56%            | 36,037,000             |
| Angelo Gordon Energy Credit Opportunities | 09/10/15       | 09/10/20           |                |                     |                        | 16,500,000         | 8,410,000          | 0.10%            |                        |
| CCCEA StepStone                           | 12/01/17       | 11/30/27           |                |                     |                        | 400,000,000        | 113,899,000        | 1.32%            | 275,656,000            |
|   |                |                    |                |                     |                        | <b>754,500,000</b> | <b>213,820,000</b> | <b>2.47%</b>     | <b>311,693,000</b>     |
| <b>Outstanding Commitments</b>            |                |                    |                |                     |                        |                    | <b>311,693,000</b> |                  |                        |
| <b>Total</b>                              |                |                    |                |                     |                        |                    | <b>525,513,000</b> |                  |                        |

**Private Market Investments  
As of July 31, 2018**

| <b>PRIVATE EQUITY</b>                   | <b>Inception Date</b> | <b>Target Termination</b> | <b># of Extension</b> | <b>Discretion by GP/LP</b> | <b>New Target Termination</b> | <b>Funding Commitment</b> | <b>Market Value</b>  | <b>% of Total Asset</b> | <b>Outstanding Commitment</b> |
|---|-----------------------|---------------------------|-----------------------|----------------------------|-------------------------------|---------------------------|----------------------|-------------------------|-------------------------------|
| Adams Street Partners                   | 12/22/95              | 12/22/25                  |                       |                            |                               | 180,000,000               | 117,155,000          | 1.35%                   | 71,080,000                    |
| Adams Street Secondary II               | 12/31/08              | 12/31/20                  |                       |                            |                               | 30,000,000                | 8,205,000            | 0.09%                   | 12,637,000                    |
| Adams Street Secondary V                | 10/31/12              | 10/31/22                  |                       |                            |                               | 40,000,000                | 20,518,000           | 0.24%                   | 15,740,000                    |
| Adams Street Venture Innovation Fund    | 03/09/16              | 03/09/28                  |                       |                            |                               | 75,000,000                | 19,913,000           | 0.23%                   | 55,088,000                    |
| Bay Area Equity Fund                    | 06/14/04              | 12/31/14                  | 2nd 2 YR              | LP                         | 12/31/2017                    | 10,000,000                | 2,965,000            | 0.03%                   |                               |
| Bay Area Equity Fund II                 | 2/29/09               | 12/31/19                  |                       |                            |                               | 10,000,000                | 8,615,000            | 0.10%                   |                               |
| Carpenter Community BancFund            | 10/31/09              | 10/31/19                  |                       |                            |                               | 30,000,000                | 4,399,000            | 0.05%                   |                               |
| EIF USPF I                              | 11/08/02              | 11/08/15                  | in full liq.          | LP                         | 11/08/15                      | 30,000,000                | 755,000              | 0.01%                   |                               |
| EIF USPF II                             | 06/15/05              | 06/15/15                  | 3rd 1 YR              | LP                         | 06/15/18                      | 50,000,000                | 24,074,000           | 0.28%                   |                               |
| EIF USPF III                            | 02/28/07              | 02/28/17                  | 1st 1 YR              | LP                         | 02/28/18                      | 65,000,000                | 29,923,000           | 0.35%                   |                               |
| EIF USPF IV                             | 06/28/10              | 06/28/20                  |                       |                            |                               | 50,000,000                | 47,131,000           | 0.54%                   |                               |
| Oaktree Private Investment Fund 2009    | 02/28/10              | 12/15/19                  |                       |                            |                               | 40,000,000                | 8,633,000            | 0.24%                   |                               |
| Ocean Avenue Fund II                    | 05/07/14              | 05/07/24                  |                       |                            |                               | 30,000,000                | 22,313,000           | 0.26%                   | 4,584,000                     |
| Ocean Avenue Fund III                   | 12/09/15              | 12/09/25                  |                       |                            |                               | 50,000,000                | 17,579,000           | 0.07%                   | 29,500,000                    |
| Paladin III                             | 08/15/08              | 08/15/18                  |                       |                            |                               | 25,000,000                | 18,413,000           | 0.21%                   |                               |
| Pathway                                 | 11/09/98              | 05/31/21                  |                       |                            |                               | 125,000,000               | 19,333,000           | 0.22%                   | 14,246,000                    |
| Pathway 2008                            | 12/26/08              | 12/26/23                  |                       |                            |                               | 30,000,000                | 18,494,000           | 0.21%                   | 5,738,000                     |
| Pathway 6                               | 05/24/11              | 05/24/26                  |                       |                            |                               | 40,000,000                | 30,637,000           | 0.35%                   | 10,094,000                    |
| Pathway 7                               | 02/07/13              | 02/07/23                  |                       |                            |                               | 70,000,000                | 52,077,000           | 0.60%                   | 17,271,000                    |
| Pathway 8                               | 11/23/15              | 11/23/25                  |                       |                            |                               | 50,000,000                | 25,801,000           | 0.30%                   | 26,940,000                    |
| Siguler Guff CCCERA Opportunities       | 06/03/14              | 05/31/25                  |                       |                            |                               | 200,000,000               | 145,839,000          | 1.69%                   | 66,400,000                    |
| Siguler Guff Secondary Opportunities    | 12/31/16              | 12/31/26                  |                       |                            |                               | 50,000,000                | 34,824,000           | 0.40%                   | 16,069,000                    |
| <b>Real Assets</b>                      |                       |                           |                       |                            |                               |                           |                      |                         |                               |
| Aether III & III Surplus                | 11/30/13              | 11/30/20                  |                       |                            |                               | 75,000,000                | 81,457,000           | 0.94%                   | 12,378,000                    |
| Aether IV                               | 01/01/16              | 01/01/28                  |                       |                            |                               | 50,000,000                | 19,023,000           | 0.22%                   | 30,656,000                    |
| ARES EIF V                              | 09/09/15              | 11/19/25                  |                       |                            |                               | 50,000,000                | 29,545,000           | 0.34%                   | 18,371,000                    |
| Commonfund Capital Natural Resources IX | 06/30/13              | 06/30/20                  |                       |                            |                               | 50,000,000                | 42,318,000           | 0.49%                   | 10,930,000                    |
| Wastewater Opportunity Fund             | 12/31/15              | 11/30/22                  |                       |                            |                               | 25,000,000                | 8,609,000            | 0.10%                   | 16,209,000                    |
|   |                       |                           |                       |                            |                               | <b>1,545,000,000</b>      | <b>858,548,000</b>   | <b>9.93%</b>            | <b>433,931,000</b>            |
| <b>Outstanding Commitments</b>          |                       |                           |                       |                            |                               |                           | <b>433,931,000</b>   |                         |                               |
| <b>Total</b>                            |                       |                           |                       |                            |                               |                           | <b>1,292,479,000</b> |                         |                               |

Market value column is the latest ending quarter plus any additional capital calls after the ending quarter.

The Target Termination column is the beginning of liquidation of the fund, however, some funds may be extended for an additional two or three years.



Meeting Date  
**10/10/18**  
Agenda Item  
**#4f.**

**Contra Costa County Employees' Retirement Association  
Liquidity Report – August 2018**

**August 2018 Performance**

|   | <b>Cash Flow</b>    | <b>Coverage Ratio</b> |
|---|---------------------|-----------------------|
| Benefit Cash Flow Projected by Model          | \$38,250,000        |                       |
| Liquidity Sub-Portfolio Cash Flow             | \$38,250,000        | <b>100%</b>           |
| Actual Benefits Paid                          | \$38,193,380        | <b>100%</b>           |
| <i>Next Month's Projected Benefit Payment</i> | <i>\$38,250,000</i> |                       |

**Monthly Manager Positioning – August 2018**

|                         | <b>Beginning Market Value</b> | <b>Liquidity Program Cash Flow</b> | <b>Market Value Change/Other Activity</b> | <b>Ending Market Value</b> |
|-------------------------|-------------------------------|------------------------------------|---|----------------------------|
| Sit                     | \$521,004,160                 | (\$1,250,000)                      | \$4,456,275                               | \$524,210,435              |
| DFA                     | \$466,789,708                 | (\$13,000,000)                     | \$2,484,573                               | \$456,274,281              |
| Insight                 | \$674,999,346                 | (\$24,000,000)                     | \$312,744,013                             | \$963,743,359              |
| <b>Liquidity</b>        | <b>\$1,662,793,214</b>        | <b>(\$38,250,000)</b>              | <b>\$319,684,861</b>                      | <b>\$1,944,228,075</b>     |
| Cash                    | \$545,776,119                 | (\$706,190)                        | (\$295,957,263)                           | \$249,112,666              |
| <b>Liquidity + Cash</b> | <b>\$2,208,569,333</b>        | <b>(\$38,956,190)</b>              | \$23,727,598                              | <b>\$2,193,340,741</b>     |

**Functional Roles**

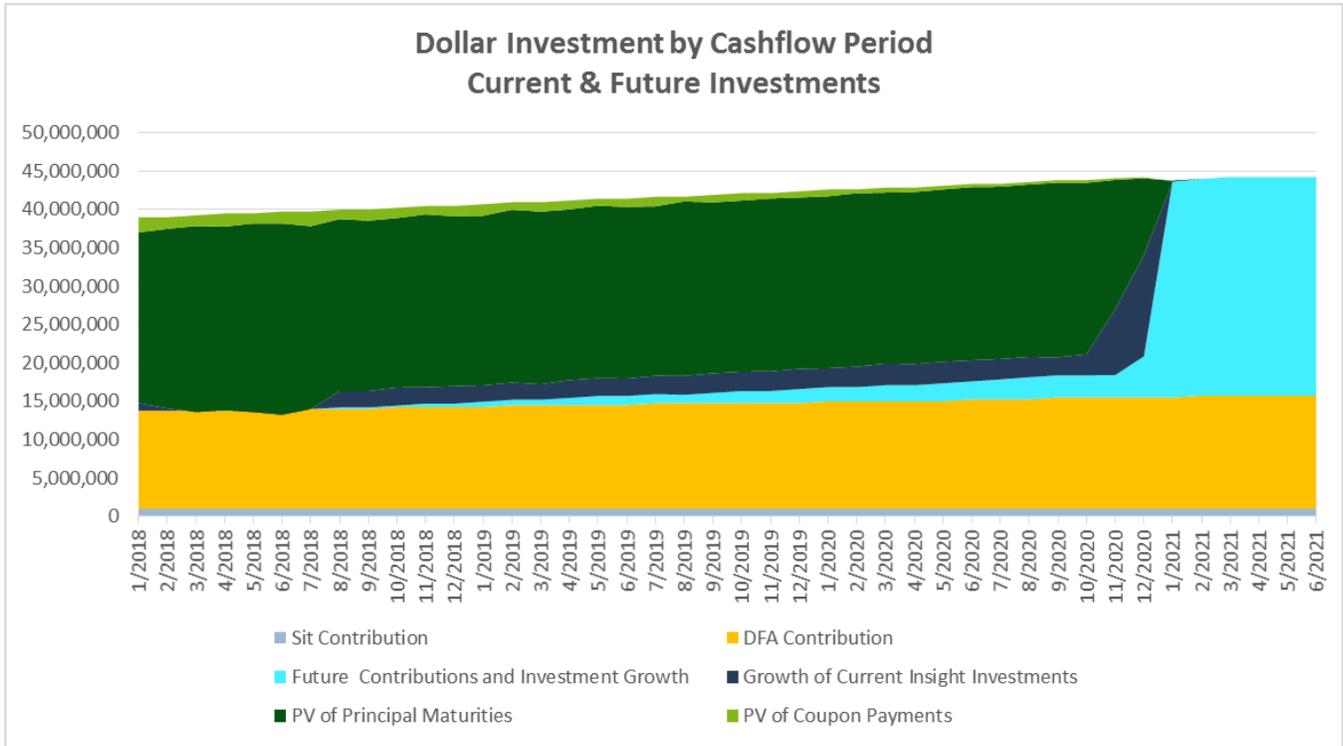
| <b>Manager</b> | <b>Portfolio Characteristics</b>  | <b>Liquidity Contribution</b>  |
|----------------|---|--|
| Sit            | High quality portfolio of small balance, government guaranteed mortgages with higher yields.        | Pays out net income on monthly basis.  |
| DFA            | High quality, short duration portfolio of liquid, low volatility characteristics.                   | Pays out a pre-determined monthly amount. DFA sources liquidity from across their portfolio.   |
| Insight        | Buy and maintain (limited trading) portfolio of high quality, short duration, primarily corporates. | Completion portfolio makes a payment through net income and bond maturities that bridges the gap between other managers and projected payment. |
| Cash           | STIF account at custodial bank.   | Buffer in the event of any Liquidity shortfall/excess.   |

**Notes**

The August cash flow from the liquidity program for 2018 was completed on August 23<sup>rd</sup>. The actuarial model nearly matched the actual experience, generating approximately \$57 thousand in excess cash flow.

### Cash Flow Structure

The chart below shows the sources of cash flow for the next several years of CCCERA’s projected benefit payments. This table will change slightly as the model is tweaked and as the portfolios receive new rounds of funding each July as part of the Annual Funding Plan.





Meeting Date  
**10/10/18**  
Agenda Item  
**#6**

## **MEMORANDUM**

Date: October 10, 2018  
To: Board of Retirement  
From: Wrally Dutkiewicz  
Compliance Officer  
Subject: Final Employer Audit Report Dated October 3, 2018 –  
Housing Authority of Contra Costa County

---

### **Background:**

Between May and August 2018 an employer audit was performed on the Housing Authority of Contra Costa County (HACCC). An onsite review was performed at the HACCC office on May 17, 2018.

The employer audit scope items include the following:

- Accuracy of Payroll Information Provided to CCCERA;
- Salaries In Accordance with Publicly Available Pay Schedules;
- Enrollment of All Eligible Employees;
- Pension Benefit Review;
- Internal Revenue Code 415 Limits;
- Retiree Return to Work Monitoring; and
- Forfeiture of Benefits Earned or Accrued from the Commission of a Felony.

### **Follow Up Items:**

The following items were noted in the final audit report requiring follow up action by the employer. The employer provided a response dated October 1, 2018 which provided additional clarification on observed items during the audit and a response to each of the follow up action items noted. The final audit transmittal letter dated October 3, 2018 indicated those items that CCCERA Compliance was in concurrence with and one item that requires further follow up by CCCERA staff and the District.

**Follow Up Action Items:**

1. The employer is to have a workflow process in place to ensure the timeliness of submission of I29 and I30 reports by the 10<sup>th</sup> of each month.

*Employer Response:*

*Background:* The Contra Costa County Employee Retirement Association (CCCERA) board created a timeline requirement for member Districts and employers on the 10<sup>th</sup> of the month. The majority of the Districts and Employers are on a monthly payroll that is processed 30 days prior to this deadline.

*The Housing Authority is one of a very few Districts or Employers that are on a bi-weekly payroll. This means that when the last pay date falls on the last day of the month, or when the Authority has 3 pay dates in a month, it could cause the Authority to have as few as 4 work days to verify and reconcile the payroll reporting, in addition to preparing and completing the I29 and I30 Reports due to CCCERA.*

*It should be noted that the Housing Authority has a system in place that allows for the proper tracking of the total funding due CCCERA and has funded within the 10 day requirement mandated by the Board.*

*Recommendation:* We would like to request that the Board allow any District or Employer that is on a bi-weekly payroll an additional 10 days for reporting of the I29 and I30. The funding date of the 10<sup>th</sup> of the month would still remain intact. An Additional 10 days for those District or Employers would apply only to the I29 and I30 reporting. The extended reporting period to the 20<sup>th</sup> of the month would allow the District or Employer to continue to produce I29 and I30 files that have been properly reviewed and completed.

CCCERA Compliance Response: With respect to the Board of Retirement Regulations Section IV: Contributions and Reporting, Employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately. The employer is requesting an exception to the policy for operational considerations. The full Board Regulation is cited below:

*Board Regulations IV. Contributions and Reporting.*

2. *Due Dates*

*Each employer shall report to the Association in a manner and frequency as determined by the Board sufficient for the Board to credit contributions and service to each member's record.*

*Unless otherwise specified, reports shall be due no later than the tenth of each month for the previous month's payroll and shall be accompanied by member and employer contributions. If the tenth of the month falls on a weekend or holiday, the due date shall be the last working day before the tenth. Reports, which are unreadable or incorrect, shall not be accepted and shall be returned to the employer.*

*Reports and contributions received after the due date shall be considered late and subject to a late reporting penalty equal to: the prime rate in effect on the due date computed on a daily, non-compounding basis and applied to the contributions due.*

2. The submission of updated I29 member records for the missing demographic information noted in the report.

*Background:* *When the I29 reporting process was established in 2007, it was not clear that the Job Titles were required or what data CCCERA had on file. Therefore, we excluded this field in reporting to prevent any rejections of the I29 report.*

*Action Taken:* *On June 11, 2018 the Housing Authority transmitted an updated I29 correcting any missing demographic information that was disclosed by the CCCERA auditor on site, and is also reporting changes to employee job titles going forward.*

3. The employer to develop a trending and tracking process in place to prevent from over collecting or over reporting annual pensionable compensation beyond the regulatory limits.

*Action Taken:* *The Housing Authority has developed and implemented a tracking system that alerts the payroll process anytime a member is*

*approaching the annual compensation limits. This tool was implemented in August 2018.*

CCCERA Compliance Response: We concur with the District's response.

4. Collaborate with CCCERA Member Services Department to reconcile the small pension contribution variances identified during the audit for the month of May and June 2016.

*Action Taken: The amounts in question is \$205.30 in May-2016, and \$5.74 in June-2016, given the small amount in question the Housing Authority is willing to transmit the \$211.04 to CCCERA. We only need Member Services to identify the member accounts that are affected.*

CCCERA Compliance Response: With additional review of the input files the small differences noted in the preliminary audit report were due to reconciliation variances and have since been trued up in the pension administration system.

# Employer Audit: Housing Authority of Contra Costa County

*Final Audit Report  
dated 10/3/2018  
prepared by:*



# Housing Authority of Contra Costa County

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# Housing Authority of Contra Costa County



October 3, 2018

Joseph Villarreal  
Executive Director  
Housing Authority of  
Contra Costa County  
P.O. Box 2759  
Martinez, CA 94553

Re: Final Report – Housing Authority of Contra Costa County - Pensionable Compensation, Contribution and Reporting Audit

Dear Mr. Villarreal,

Enclosed you will find our final employer audit report for the Housing Authority of Contra Costa County (HACCC). The District's written response to the Preliminary Audit Report dated October 1, 2018 has been appended to this final audit report.

With respect to the follow up action items that were noted in the preliminary audit report and the responses provided by the District to each of them, each one will be addressed as follows:

1. The employer is to have a workflow process in place to ensure the timeliness of submission of I29 and I30 reports by the 10<sup>th</sup> of each month.

*Employer Response:*

*Background: The Contra Costa County Employee Retirement Association (CCCERA) board created a timeline requirement for member Districts and employers on the 10<sup>th</sup> of the month. The majority of the Districts and Employers are on a monthly payroll that is processed 30 days prior to this deadline.*



## Housing Authority of Contra Costa County

*The Housing Authority is one of a very few Districts or Employers that are on a bi-weekly payroll. This means that when the last pay date falls on the last day of the month, or when the Authority has 3 pay dates in a month, it could cause the Authority to have as few as 4 work days to verify and reconcile the payroll reporting, in addition to preparing and completing the I29 and I30 Reports due to CCCERA.*

*It should be noted that the Housing Authority has a system in place that allows for the proper tracking of the total funding due CCCERA and has funded within the 10 day requirement mandated by the Board.*

*Recommendation: We would like to request that the Board allow any District or Employer that is on a bi-weekly payroll an additional 10 days for reporting of the I29 and I30. The funding date of the 10<sup>th</sup> of the month would still remain intact. An additional 10 days for those District[sic] or Employers would apply only to the I29 and I30 reporting. The extended reporting period to the 20<sup>th</sup> of the month would allow the District or Employer to continue to produce I29 and I30 files that have been properly reviewed and completed.*

CCCERA Compliance Response: With respect to the Board of Retirement Regulations Section IV: Contributions and Reporting, Employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately. The employer is requesting an exception to the policy for operational considerations. The full Board Regulation is cited below:

*Board Regulations IV. Contributions and Reporting.*

*1. Due Dates*

*Each employer shall report to the Association in a manner and frequency as determined by the Board sufficient for the Board to credit contributions and service to each member's record.*

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## Housing Authority of Contra Costa County

*Reports and contributions received after the due date shall be considered late and subject to a late reporting penalty equal to: the prime rate in effect on the due date computed on a daily, non-compounding basis and applied to the contributions due.*

2. The submission of updated I29 member records for the missing demographic information noted in the report.

*Background: When the I29 reporting process was established in 2007, it was not clear that the Job Titles were required or what data CCCERA had on file. Therefore, we excluded this field in reporting to prevent any rejections of the I29 report.*

*Action Taken: On June 11, 2018 the Housing Authority transmitted an updated I29 correcting any missing demographic information that was disclosed by the CCCERA auditor on site, and is also reporting changes to employee job titles going forward.*

CCCERA Compliance Response: We concur with the District's response and the CCCERA Member Services Department will follow up if any further clarification or update is required.

3. The employer [*sic*] to develop a trending and tracking process in place to prevent from over collecting or over reporting annual pensionable compensation beyond the regulatory limits.

*Action Taken: The Housing Authority has developed and implemented a tracking system that alerts the payroll process anytime a member is approaching the annual compensation limits. This tool was implemented in August 2018.*

CCCERA Compliance Response: We concur with the District's response.

4. Collaborate with CCCERA Member Services Department to reconcile the small pension contribution variances identified during the audit for the month of May and June 2016.

*Action Taken: The amounts in question is[*sic*] \$205.30 in May-2016, and \$5.74 in June-2016, given the small amount in question the Housing Authority is willing to transmit the \$211.04 to CCCERA. We only need Member Services to identify the member accounts that are affected.*

## Housing Authority of Contra Costa County

CCCERA Compliance Response: With additional review of the input files the small differences noted in the preliminary audit report were due to reconciliation variances and have since been trued up in the pension administration system.

This letter, along with the final audit report including the District's response will be placed on the Board of Retirement's meeting agenda for presentation to the Board on its Wednesday October 10, 2018 meeting.

I want to thank you and all the of the district staff for their time and cooperation during this audit.

Best regards,



Wrally Dutkiewicz  
Compliance Officer

# Housing Authority of Contra Costa County



August 15, 2018

Joseph Villarreal  
Executive Director  
Housing Authority of  
Contra Costa County  
P.O. Box 2759  
Martinez, CA 94553

Re: Preliminary Report – Housing Authority of Contra Costa County - Pensionable Compensation, Contribution and Reporting Audit

Dear Mr. Villarreal,

Enclosed is the preliminary audit report of the Housing Authority of Contra Costa County (HACCC) pensionable compensation, contribution and reporting audit, conducted pursuant to Government Code Section 31543. I want to thank you and all HACCC staff for their assistance in gathering all the records and documents and making them readily available during this audit. This cooperation was greatly appreciated and allowed for the audit to be completed in an efficient manner.

The *Preliminary Audit Report* is enclosed for your review. I would direct your attention to the “*Observations*” and “*Follow-Up Items*” sections of the report. A written response from HACCC pertaining to the “*Follow-Up Items*” indicated in the report should be sent to CCCERA within four weeks of the date noted on the report. This response will be included in the “*Final Report*” which will be submitted to CCCERA’s Board of Retirement.



## Housing Authority of Contra Costa County

In addition, I would like to extend my gratitude to HACCC's payroll and human resources staff and the courtesy that they extended to CCCERA compliance staff during the review. Should you wish to discuss or have any questions regarding the items reviewed and the observations contained within this report, please contact me at 925-521-3960.

Best regards,



Wrally Dutkiewicz  
Compliance Officer

Cc: Zachariah McCaslin, Internal Auditor, HACCC

# Housing Authority of Contra Costa County

## Background

The Contra Costa County Employees' Retirement Association (CCCERA) is a public employee retirement system that was established by Contra Costa County on July 1, 1945, and is administered by the Board of Retirement (Board) to provide service retirement, disability, death, and survivor benefits for Contra Costa County (County) employees and 16 other participating agencies under the California State Government Code, Section 31450, et. seq. (County Employees Retirement Law of 1937 or CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA).

CCCERA administers the retirement benefits for the employees of Contra Costa County and participating District employers. Participating employers within the CCCERA retirement system transmit payroll information and contributions to fund the benefits for their employees. CCCERA sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits when needed.

Retirement allowances are computed in accordance with statute using three factors: years of service, age at retirement, and final compensation. For Legacy (pre-PEPRA) members, final compensation is defined as the highest average annual compensation earnable (as defined in GC Section 31461) by a member during the last one or three consecutive years of employment depending on the member's Tier, unless the member elects a different period with a higher average. For PEPRA members, final compensation is defined as the highest average annual pensionable compensation (as defined in G.C. Section 7522.34) earned by the member during a period of 36 consecutive months.

The employer's knowledge of the rules relating to membership and payroll reporting facilitates the employer in providing CCCERA with appropriate employee information. Correct enrollment of eligible employees and correct reporting of payroll information are necessary for the accurate computation of a member's retirement allowance.

The Housing Authority of Contra Costa County (HACCC) became a participating employer in CCCERA on July 20, 1966. HACCC administers the following housing programs: Housing Choice Voucher (Section 8) and Family Self Sufficiency (7,000 units); and 1,168 public housing units. The district has eighty five (85) active employees in CCCERA membership. In the fiscal year ending March 31, 2017 the district had \$5,339,860 in payroll subject to retirement contributions with the employer contribution amounting to \$2,379,523 and employee contributions amounting to \$380,106 respectively. There are eighty six (86) retirees from the district receiving pension payments from the retirement system and eighteen (18) beneficiaries.

# Housing Authority of Contra Costa County

## Scope

The 2013 Pension Reform legislation granted CCCERA the authority under Government Code Section 31543 for CCCERA to conduct audits of employers to ensure that employee and payroll information used in the calculation of Retiree pension benefits is correct and verifiable. The scope of these on-site reviews include:

- Correctness of retirement benefits;
- Reportable compensation;
- Enrollment in, and reinstatement to the system (GC 31554);
- Pensionable compensation (GC 31461 and 7522.34);
- Determine if employees convicted of certain felonies have forfeited benefits earned or accrued from the commission of the felony (GC 7522.72(g) and GC 7522.74(g));
- Review MOUs with respect to compensation and salary regulations (i.e. Vacation Sales etc.);
- Determine if compensation is paid to enhance a member's retirement benefit (GC 31461(b)(1) and 7522.34(c)(1));
- Evaluate employer's compliance with restrictions on retirees returning to work (GC 7522.56, I.R.S. bona fide separation and normal retirement age rules).

The on-site review of the District was conducted on May 17, 2018. The review period encompassed active employee records from 2015 through 2017 and retired employee records from 2014 through 2018.

# Housing Authority of Contra Costa County

The following activities were performed:

- Reviewed the following documents:
  - HACCC Personnel Policies and Procedures;
  - Memoranda of Understanding (MOU):
    1. MOU between HACCC and PEU Local#1 January 1, 2016 through June 30, 2018;
    2. MOU between HACCC and PEU Local#1 January 1, 2013 through June 30, 2015;
  - Salary Schedules By Classification (Exempt, Non-Exempt) for the years 2015-2017;
  - Board Meeting Minutes:
    1. Board Meeting Minutes for Board Meeting from March 22, 2017 (two percent subvention reduction for unrepresented employees).
- Interviewed key HACCC staff members to obtain an understanding of the District's personnel and payroll procedures;
- Reviewed the payroll transactions and compared HACCC's payroll register with the data reported to CCCERA to determine whether the district correctly reported employees' compensation;
- Reviewed whether appropriate compensation limits established by the Internal Revenue Code (IRC) were applied to HACCC compensation reported to CCCERA;
- Reconciled a sample of timesheets to payroll system information;
- Reviewed the HACCC's payroll information reported to CCCERA for all employees to determine whether pay-rates were reported pursuant to public salary information;
- Reviewed HACCC's process for reporting payroll to CCCERA to determine whether the payroll reporting elements were reported correctly;
- Reviewed HACCC's employer and employee retirement contribution calculations for accuracy;
- Reviewed HACCC's employee enrollments to determine whether all enrollment packages were received in a timely manner by CCCERA and executed correctly;

## Housing Authority of Contra Costa County

- Reviewed receivables from HACCC paid to CCCERA on a monthly basis for timeliness and accuracy;
- Reviewed whether all compensation elements that were reported to CCCERA by HACCC are pensionable;
- Reviewed a sample of pension benefit calculations;
- Reviewed whether applicable limits established by IRC Section 415 were applied to retiree pension benefits.

# Housing Authority of Contra Costa County

## Findings & Observations

### Accuracy of Payroll Information provided to CCCERA

The accuracy, timeliness and completeness of the pensionable payroll and employee and employer contributions reported to CCCERA by HACCC is to be tested to ensure that member benefits can be accurately calculated and that the retirement system is receiving accurate information to manage and report out from its pension administration system.

### Test Standards

Pursuant to Board of Retirement Regulations Section IV: Employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately. (*Contributions And Reporting, 2. Due Dates, 4. Employer Certification*).

#### Due Dates

*Each employer shall report to the Association in a manner and frequency as determined by the Board sufficient for the Board to credit contributions and service to each member's record.*

*Unless otherwise specified, reports shall be due no later than the tenth of each month for the previous month's payroll and shall be accompanied by member and employer contributions. If the tenth of the month falls on a weekend or holiday, the due date shall be the last working day before the tenth. Reports, which are unreadable or incorrect, shall not be accepted and shall be returned to the employer. (Emphasis added.)*

*Reports and contributions received after the due date shall be considered late and subject to a late reporting penalty equal to: the prime rate in effect on the due date computed on a daily, non-compounding basis and applied to the contributions due.*

### Employer Certification

Each payroll and pension contribution report shall include or be accompanied by a certification, under penalty of perjury, as to its accuracy. The certification shall be made by a duly authorized representative of the employer. (Board of Retirement Regulations *Section IV, 4. Employer Certification*.)

### Compensation Limits:

Federal and state laws place annual limits on the compensation that can be used to determine contributions and benefits for CCCERA plan members.

# Housing Authority of Contra Costa County

## Legacy Members:

- The Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans which are adjusted annually for cost-of-living increases.
- Members who commenced participation in CCCERA on or after January 1, 1996 are subject to the annual federal Internal Revenue Code Section 401(a)(17) compensation limit.
- For CERL benefit formulas (General Tiers 1, 3, Safety Tiers A, & C), the 2017 calendar year compensation limit was increased by the I.R.S. to \$270,000 from \$265,000 for calendar year 2016;
- Members who commenced participation in CCCERA prior to January 1, 1996 are not subject to the Internal Revenue Code annual compensation limit.

## PEPRA Members:

- For new employees who commenced participation in CCCERA on or after January 1, 2013 under PEPRA benefit formulas (General Tiers 4,5, Safety Tiers D & E), the compensation which exceeds that annual pensionable compensation limit under California Government Code Section 7522.10(c) and (d) is not included in determining benefits or contributions.
- The 2017 calendar year PEPRA compensation limits are as follows:
  - For employees enrolled in Social Security – increased to \$118,775;
  - For employees not enrolled in Social Security – increased to \$142,530;
- The 2016 calendar year PEPRA compensation limits are as follows:
  - For employees enrolled in Social Security – increased to \$117,020;
  - For employees not enrolled in Social Security – increased to \$140,424.

## Compensation Earnable Applicable Law for Legacy Members

"Compensation earnable" does not include, in any case, the following:

Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise. (GC § 31461(b)(3).)

Pursuant to CCCERA's "Compensation Earnable Policy"<sup>1</sup>, Section III.D. "Compensation Earnable" excludes payments for additional services rendered outside of normal working hours:

"Pay received for "overtime" is not included in "compensation earnable." To be included, the time for which compensation is received:

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<sup>1</sup> <https://www.cccera.org/governance-and-policies>

## Housing Authority of Contra Costa County

- (1) must be the normal working hours set forth in the applicable employment agreement;
- (2) must be required by the employer to be worked by the employee (as distinguished from voluntarily worked); and
- (3) must be ordinarily worked by all others in the same grade or classification at the same rate of pay during the FAS period.

Pay that will be reviewed under these conditions is often described as "standby" and "on-call." Employers must report to CCCERA as pensionable only that pay for work that is required of and ordinarily served by everyone in the same grade or classification, at the same rate of pay.

### **Pensionable Compensation Applicable Law for PEPRA members**

PEPRA defines "pensionable compensation" as follows:

"Pensionable compensation" of a new member of any public retirement system 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, pursuant to publicly available pay schedules.

Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid. (Gov. Code Section 7522.34(a) and (b).)

PEPRA excludes from "pensionable compensation" the following:

- (1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
- (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- (3) Any one-time or ad hoc payments made to a member.
- (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
- (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
- (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

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- (8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code [FLSA].
  - (9) Employer contributions to deferred compensation or defined contribution plans.
  - (10) Any bonus paid in addition to the compensation described in subdivision (a) [of G.C. § 7522.34].
  - (11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a) [of G.C. § 7522.34].
  - (12) Any other form of compensation a public retirement board determines should not be pensionable compensation. (Gov. Code Section 7522.34(a) and (b).)
- Pursuant to CCCERA's "Pensionable Compensation Policy"<sup>2</sup>, Section III:

The CCCERA Board has determined that "Pensionable Compensation" includes "base pay." Pensionable compensation does not include any pay other than base pay, in accordance with Govt. Code Sections 7522.34(c)(11) and (12).

Pensionable compensation (GC 31461 and 7522.34) is to be reported to the retirement system and the corresponding contributions are to be reported to the retirement system.

### Publicly Available Pay Schedule

Pursuant to CCCERA's Policy On Determining "Pensionable Compensation"<sup>3</sup> Under PEPRA For Purposes Of Calculating Retirement Benefits, a "publicly available pay schedule" must meet all of the following requirements:

1. *Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;*
2. *Identifies the position title for every employee position;*
3. *Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;*
4. *Indicates the time base, including, but not limited to, whether the time base is hourly daily, bi-weekly, monthly, bi-monthly, or annually;*
5. *Is 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;*
6. *Indicates an effective date and date of any revisions;*
7. *Is retained by the employer and available for public inspection for not less than five years; and*
8. *Does not reference another document in lieu of disclosing the pay rate.*

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<sup>2</sup> <https://www.cccera.org/governance-and-policies>

<sup>3</sup> <https://www.cccera.org/governance-and-policies>

# Housing Authority of Contra Costa County

## Pension Benefit Review

- a. Compensation Policies
  - i. *Policy On Determining “Compensation Earnable Under Assembly Bill 197 For Purposes Of Calculating Retirement Benefits For “Legacy” (Pre-PEPRA) Members* – Adopted: 9/10/2014; GC 31461;
  - ii. *Policy On Determining “Pensionable Compensation” Under PEPRA For Purposes Of Calculating Retirement Benefits* - Adopted: 9/10/2014; GC 7522.34;
  - iii. *Policy Regarding Assessment and Determination Of Compensation Enhancements* – Adopted 11/1/2012, Amended: 3/8/2017; GC 31461(b)(1) and 7522.34(c)(1)
- b. Retiree Return to Work Monitoring:
  - i. GC 7522.56 Retired Persons; Service and Employment Restrictions
- c. Felony Forfeiture Monitoring and Notification – GC 7522.72(g) and GC 7522.74(g).

## Policy on Internal Revenue Code Section 415 Limits Compliance

As adopted on December 8, 2010 and amended on January 9, 2013; July 11, 2018.

## Tests Performed

In order to test the timeliness, reasonableness and accuracy of the pensionable compensation and contributions that have been reported to the retirement system, the test plan incorporated the following elements:

### Accuracy of Payroll Information provided to CCCERA

- Calculated sample size of active HACCC members during the test used for pensionable payroll and contribution audit testing. The sample included twenty-eight (28) members, of which twenty-one (21) members were Legacy and seven (7) members were PEPRA with hire dates after January 1, 2013. Selected six (6) of the sample members for reconciling timesheets to payroll system information.
- Timeframe and scope selected for the audit: January 2015 through December 2017. Using the random sample of active members during the period, HACCC payroll records and contributions (both employee and employer paid) were tested in the audit using the following target payroll periods – November 2015, April 2016, November 2016, and April 2017.

## **Housing Authority of Contra Costa County**

- HACCC's payroll preparation and contribution calculation and submission workflow were reviewed. CCCERA staff interviewed HACCC staff regarding their timekeeping practices, payroll preparation and contribution calculation and submission processes which were captured in a workflow document.
- The input files for CCCERA's pension administration system (CPAS) submitted by HACCC were reviewed for timeliness and accuracy.
- Contribution amounts were recalculated based on reported salaries for employee sample and compared to contribution amounts recorded in CPAS.
- Compensation items flowing into reported salaries were reviewed for pensionability.
- Reported pensionable compensation was compared to IRC compensation limits.
- Compared and reconciled salary and contribution data submitted to CCCERA to payroll records and receivables as posted by CCCERA's Accounting department.

### **Publicly Available Pay Schedule**

- It was reviewed whether HACCC could provide a publicly available pay schedule as defined per CCCERA's Pensionable Compensation Policy.

### **Salaries in Accordance With Publicly Available Pay Schedules**

- Salaries for HACCC sample employees were reviewed against HACCC's Employee Handbook, applicable memoranda of understanding, letters of understanding, employment agreements, and other applicable salary and pay documentation.

### **Enrollment of All Eligible Employees**

- New member enrollment was reviewed for 2016 and 2017.

### **Pension Benefit Review**

- The pension benefit calculations for a sample of seven (7) retired members were reviewed for compliance with all applicable laws, Board of Retirement regulations and CCCERA policies and practices.
- Pension benefits were reviewed to ensure compliance with the 2017 IRC Section 415 limits.

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## Retiree Return to Work Monitoring

- HACCC's retirees that returned to work for fiscal years 2015-2016 and 2016-2017 were reviewed for compliance with the 960 hour fiscal year limit.

## Forfeiture of benefits earned or accrued from the commission of a felony

- It was reviewed whether CCCERA received a notification from HACCC regarding a potential felony forfeiture and whether this notification was processed appropriately if applicable.

## Observations

### HACCC Payroll And Reporting Process

- CCCERA staff interviewed HACCC staff regarding their timekeeping practices, payroll preparation and contribution calculation and submission processes which were captured in a workflow document.
- HACCC's payroll is processed on a biweekly basis. Employees' paychecks usually contain 80 hours of base pay (full-time) or a prorated amount of 80 hours if the employee worked a set percentage of the 80 hours. Differentials are only paid in first two pay checks per month. For example if the bilingual differential of \$100 applied in a month with 3 pay checks, then the first two pay checks will contain \$50 in bilingual pay each and the third pay check will not contain this differential.
- Employees complete their own timecards online in ADP. The employee's supervisor then approves the timecard if the timecard is correct. If not, the supervisor refers the timecard back to the employee for corrections. If the employee is not available, the supervisor will complete the timecard or make corrections. If neither are available, the Senior Accounts Clerk may make corrections as a last resort. Once all timecards are approved, the Senior Accounts Clerk finalizes the pay period and imports the data from ADP's timekeeping side to ADP's payroll functionality. Once imported, ADP automatically generates the pay checks including tax deductions.

### Input File Review

CCCERA receives three (3) types of input files that update CPAS from HACCC:

1. I29 files to report demographic changes including new hires, terminations, name changes, address changes, position changes, bargaining unit changes or leaves of absence.

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2. I30 files to report pensionable compensation, employee contributions, and employer contributions.
  3. I30 adjustment files to report changes to previously reported pensionable compensation, employee contributions, and employer contributions.
- HACCC's pension contribution calculation process is not tied into its timekeeping or payroll system. Instead HACCC maintains a very large spreadsheet called the "retirement spreadsheet" for the preparation of I29 and I30 files. This spreadsheet contains numerous tabs with relevant employee information including all demographic data, hire dates, applicable pay codes and contribution rates, pensionable compensation broken down into base pay and differentials by Legacy and PEPRA employee, tabs for calculating employer and employee contribution components as well as Legacy subventions, several tabs for comparing month over month employee status and demographic information changes as well as templates for I30 and I29 files.
  - Pensionable compensation is manually typed into the retirement spreadsheet at the end of the month. To review the entered values, the ADP pay information is downloaded and pasted into the retirement contribution spreadsheet, and any differences are looked at to make sure the retirement contribution spreadsheet contains the proper manually entered values. The employee retirement deduction (expected vs actual) is primarily how HACCC controls for errors.
  - The retirement spreadsheet tab with the I30 template contains a list of all active employees with slots for all possible pay items for both Legacy and PEPRA employees. However for PEPRA employees, the slots are left blank for all compensation items other than base pay. The Senior Accounts Clerk checks whether the compensation limit has been reached at this time and reduces the compensation as appropriate. Note that HACCC's fiscal year is from April 1<sup>st</sup> to March 31<sup>st</sup>. However, compensation limits are reviewed for pay items earned in the calendar year. This means that January through December of the given year is included in the review.
  - The retirement spreadsheet tab with the I29 template compares the last month's demographic and employment status change data for each employee to the current month's data. Compared items are base pay, payroll adjustments, status (for example full time to part time), return from leave of absence (LOA) or active to terminated or retired. Any variances will be reviewed for inclusion on the I29. The next step is to truncate the list down to changes reportable to CCCERA and effective date. Any items that CCCERA does not require, blank rows and the header are deleted. The spreadsheet is then saved in CSV format and uploaded to CCCERA's secure website.

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A timeline was created for HACCC’s input files, including I29, I30 and adjustment files, which are used to update CPAS and reviewed for timeliness. In addition, a sample of I30 files and all I29 and adjustment files were reviewed for accuracy:

**Timeliness:**

[Table 1: Timeliness of Receipt of 2017 Input Files]

|                    |          | Jan       | Feb       | Mar       | Apr       |
|--------------------|----------|-----------|-----------|-----------|-----------|
| <b>HACCC</b>       | Due Date | 2/10/2017 | 3/10/2017 | 4/10/2017 | 5/10/2017 |
| Demographic Change | I29      | 2/10/2017 | 3/20/2017 | 4/10/2017 | 6/15/2017 |
| Standard file      | I30      | 2/10/2017 | 3/20/2017 | 4/10/2017 | 6/15/2017 |
| Adjustment File    | I30      |           |           |           |           |
| Variance in Days   |          | 0         | 10        | 0         | 36        |

|                    |          | May       | Jun       | Jul       | Aug       |
|--------------------|----------|-----------|-----------|-----------|-----------|
| <b>HACCC</b>       | Due Date | 6/9/2017  | 7/10/2017 | 8/10/2017 | 9/8/2017  |
| Demographic Change | I29      | 6/15/2017 | 7/19/2017 | 8/25/2017 |           |
| Standard file      | I30      | 6/15/2017 | 7/19/2017 | 8/25/2017 | 9/14/2017 |
| Adjustment File    | I30      |           |           |           |           |
| Variance in Days   |          | 6         | 9         | 15        | 6         |

|                    |          | Sep        | Oct        | Nov       | Dec       |
|--------------------|----------|------------|------------|-----------|-----------|
| <b>HACCC</b>       | Due Date | 10/10/2017 | 11/10/2017 | 12/8/2017 | 1/10/2018 |
| Demographic Change | I29      | 10/12/2017 | 11/21/2017 | 12/7/2017 | 1/10/2018 |
| Standard file      | I30      | 10/12/2017 | 11/21/2017 | 12/7/2017 | 1/10/2018 |
| Adjustment File    | I30      |            |            |           |           |
| Variance in Days   |          | 2          | 11         | -1        | 0         |

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[Table 2: 2016 Timeliness of Receipt of 2016 Input Files]

|                    |          | Jan       | Feb       | Mar      | Apr       |
|--------------------|----------|-----------|-----------|----------|-----------|
| <b>HACCC</b>       | Due Date | 2/10/2016 | 3/10/2016 | 4/8/2016 | 5/10/2016 |
| Demographic Change | I29      | 2/16/2016 |           |          |           |
| Standard file      | I30      | 2/16/2016 | 3/17/2016 | 4/6/2016 | 5/9/2016  |
| Adjustment File    | I30      |           |           | 4/6/2016 | 5/9/2016  |
| Variance in Days   |          | 6         | 7         | -2       | -1        |

|                    |          | May       | Jun       | Jul       | Aug       |
|--------------------|----------|-----------|-----------|-----------|-----------|
| <b>HACCC</b>       | Due Date | 6/10/2016 | 7/8/2016  | 8/10/2016 | 9/9/2016  |
| Demographic Change | I29      | 6/3/2016  |           | 8/15/2016 |           |
| Standard file      | I30      | 6/3/2016  | 7/11/2016 | 8/15/2016 | 9/19/2016 |
| Adjustment File    | I30      |           | 7/11/2016 |           |           |
| Variance in Days   |          | -7        | 3         | 5         | 10        |

|                    |          | Sep        | Oct        | Nov        | Dec       |
|--------------------|----------|------------|------------|------------|-----------|
| <b>HACCC</b>       | Due Date | 10/10/2016 | 11/10/2016 | 12/9/2016  | 1/10/2017 |
| Demographic Change | I29      | 10/17/2016 | 11/18/2016 | 12/22/2016 | 1/24/2017 |
| Standard file      | I30      | 10/17/2016 | 11/18/2016 | 12/22/2016 | 1/24/2017 |
| Adjustment File    | I30      |            |            |            |           |
| Variance in Days   |          | 7          | 8          | 13         | 14        |

It was noted during the review that the employer submitted its 2017 I29 and I30 reports after the due dates in eight (8) of the twelve (12) months with the number of days ranging between four (4) and thirty-six (36) days. The longest period after the due date in 2017 occurred in April 2017 with the reports having been submitted thirty-six (36) days after the due date. For 2016 the I29 and I30 reports were submitted after the due dates in nine (9) of the twelve (12) months with the number of days ranging between one (1) and fourteen (14) days after the due dates.

# Housing Authority of Contra Costa County

## Accuracy of Input Files

### General I29 Observations:

- The fields for Bargaining Unit and Job Code are either blank or contain "\*". They need to at minimum always contain "\*" to update CPAS. However, if available, the employer should include a Job Code in the field.
- The field for the Job Title is either blank or contained HACCC.

[Pension Administration System Screen Capture:  
Employee Sample – Blank Job Code, Bargaining Unit, and Job Title]

Position History

| Select                           | Effective Date | Employer          | Employee Number | Dept.    | Org      |
|----------------------------------|----------------|-------------------|-----------------|----------|----------|
| <input checked="" type="radio"/> | Feb 01 1989    | HOUSING AUTHORITY |                 | HSG AUTH | HSG AUTH |

| Job Code | Barg. Unit | Job Title | Elected Official | Standard Hours |
|----------|------------|-----------|------------------|----------------|
|          |            |           | No               | 40             |

### General I30 Observations:

For the sample audit months of November 2015, April 2016, November 2016, and April 2017 I30 reports submitted by the employer were reviewed and were found to be complete and correct.

### Adjustment File Observations:

In conjunction with the I30 report review, I30 Adjustment files were reviewed when submitted to make amendments to previously submitted I30 reports. These adjustment reports were reconciled against pension administration records to verify that member records were updated as appropriate.

# Housing Authority of Contra Costa County

## Contributions Review

- CCCERA staff recalculated the pension contributions remitted to CCCERA and compared the result to actual contribution data. The pensionable compensation components were identified along with the corresponding employer and employee contributions. This data was then reconciled to the pensionable compensation and contribution reports uploaded into the pension administration system. Variances were identified between each source to system of record reconciliation.
- Logged and reviewed pensionable compensation and contributions for years 2016 and 2017.
- Validated pension administration compensation and contribution detail to employer submitted reports for sample months November 2015, April 2016, November 2016 and April 2017 and noted the following:
  - November 2015 – one member variance – pensionable compensation and contributions – on pay date 11/12/2015 a retro pay adjustment was processed for \$535.67 with \$17.55 employee Basic Contributions and \$13.12 employee COLA Contributions. The adjustment reconciled with the member’s contribution history in CCCERA’s pension administration system.
  - April 2016 – one member variance – pensionable compensation and contributions – on pay date 4/14/2016 a retro pay adjustment was processed for \$108.40 with \$4.25 Employee Basic Contributions and \$4.87 in employee COLA Contributions. The adjustment reconciled with the member’s contribution history in CCCERA’s pension administration system.
  - November 2016 – one member variance – pensionable compensation and contributions – on pay date 11/10/2016 a retro pay adjustment was processed for \$460 with \$16.01 Employee Basic Contributions and \$12.14 employee COLA Contributions. The adjustment reconciled with the member’s contribution history in CCCERA’s pension administration system.
  - April 2017 – No variance observed.
  - All of the variances noted during the review reconciled against the adjustment files that had been submitted by the employer to CCCERA.

# Housing Authority of Contra Costa County

## Payroll Reporting – Pensionable Compensation and Contribution Review

### Pay Codes

- As of December 31, 2017 HACCC has reported payroll to CCCERA under nine (9) different pay codes.

The district reports the following compensation to CCCERA:

| Earn Code | Code Description |
|-----------|------------------|
| N         | Auto Allowance   |
| BLP       | Bi Lingual Pay   |
| D         | Bi Lingual Pay   |
| L         | Longevity Pay    |
| O         | On Call Pay      |
| R         | Retro Pay        |
| S         | Sick Pay         |
| T         | Term Leave Pay   |
| P         | Vacation Payoff  |

### Pensionability Review of On-Call Pay pursuant to CCCERA’s “Compensation Earnable Policy”

To be included, the time for which compensation is received: (1) must be the normal working hours set forth in the applicable employment agreement, (2) must be required by the employer to be worked by the employee (as distinguished from voluntarily worked); and (3) must be ordinarily worked by all others in the same grade or classification at the same rate of pay during the FAS period.

#### On-Call Pay Review – Earn Code “O”:

From HACCC *Personnel Policies and Procedures- Definitions [Approved 12/18/01]*

“*Overtime* means those hours in pay status or of work in excess of 8 hours per day and/or in excess of 40 hours per week, and/or authorized time worked which exceeds the employee’s approved work schedule for full-time employment for which a premium rate is paid.”

“*Full Time* means a work schedule of 40 hours per week or equivalent alternate schedule.”  
From HACCC *Personnel Policies and Procedures- Hours of Work [Approved 12/18/01]*

## Housing Authority of Contra Costa County

### “III. Policy:

It is the policy of the Housing Authority that full-time employees of the Authority shall have a full-time workweek of a 5 days and 40 hours per week or an approved alternative workweek such as 9 days and 80 hours in a two-week period”

### “IV. Procedure:

C. The normal work schedule for full-time employees shall be eight (8) hours per day, Monday through Friday, during the hours of 8:00am to 4:30pm.

1. The Executive Director may authorize a variable work schedule for an individual employee or for individual work sites.

*From HACCC Personnel Policies and Procedures- Overtime [Approved 12/18/01]*

### “IV. Procedure:

B. Except in apparent emergency situations, overtime is not to be worked without the authorization of the employee’s supervisor. Eligibility for overtime pay commences upon the completion of eight (8) hours of actual work in a workday and/or forty (40) hours of actual work in a workweek, and/or hours of actual work in excess of the non-exempt employee’s full-time work schedule. Overtime shall be compensated , at the election of the employee as follows:

1. Overtime is to be paid at the rate of time and one-half the employee’s regular hourly rate. Payment of overtime should occur no later than the first pay period following the payroll deadline after the work was reported; or
2. Compensated by granting time off (compensatory time) at the rate of one and one-half hours for each overtime hour worked.
3. The employee must notify his/her supervisor of their intention to accrue compensatory time or to receive overtime pay. Failure to provide notice to the supervisor will result in payment of the overtime.
  - a. Employees may not accrue compensatory time in excess of a balance of eighty (80) hours. Once that eighty (80) hours is accrued, subsequent overtime hours will be paid at the overtime rate.
  - b. Accrued compensatory time may be carried over for use in the next fiscal year, however, employees may not use more than eighty (80) hours of compensatory time in any fiscal year.
4. The scheduling of accrued compensatory time off shall be by mutual agreement between the supervisor and the employee. Compensatory time shall not be taken when the employee will be replaced by another employee who would be eligible to receive overtime payment because of the absence. This provision may be waived at the discretion of the Department Head or his/her designee.”

# Housing Authority of Contra Costa County

**Observation:**

[Table 3: Employees With On-Call Pay]

| MKEY    | JOB_CODE | JOB_TITLE | PAYDATE1 | TOTAL EARN1 | EARNING | AMOUNT | EARN CODE |
|---------|----------|-----------|----------|-------------|---------|--------|-----------|
| 1011990 | *        | HACCC     | 1/1/2015 | 5357.65     | 4698    | 542.2  | O         |
| 1011990 | *        | HACCC     | 2/1/2015 | 5167.88     | 4698    | 352.43 | O         |
| 1011990 | *        | HACCC     | 3/1/2015 | 5140.77     | 4698    | 325.32 | O         |
| 1011990 | *        | HACCC     | 4/1/2015 | 5140.77     | 4698    | 325.32 | O         |
| 1012038 | *        | HACCC     | 2/1/2015 | 4978.11     | 4698    | 162.66 | O         |
| 1012038 | *        | HACCC     | 3/1/2015 | 5086.55     | 4698    | 271.1  | O         |
| 1012038 | *        | HACCC     | 4/1/2015 | 5113.66     | 4698    | 298.21 | O         |

- Two HACCC employees had received On-Call Pay – Earn Code O
- The review of compensation records which reflected compensation that the employer reported to the retirement system indicated that the employer ceased reporting on-call pay to CCCERA in 2015.
- A review of the employer’s MOU and personnel policies indicated that the administration and criteria upon which on-call compensation was paid to employees may not satisfy either of the “required duty” and “within normal working hours” tests found within CCCERA’s *Policy On Determining “Compensation Earnable” Under Assembly Bill 197 For Purposes of Calculating Retirement Benefits for “Legacy” (pre-PEPRA) Members* Section 3 D “Compensation Earnable” Excludes Payments for Additional Services Rendered Outside of Normal Working Hours.<sup>4</sup>

**Compensation Limits:**

[Table 4: IRC Compensation Limits for 2016 and 2017]

|                              | 2016    | 2017    |
|------------------------------|---------|---------|
| PEPRA in Social Security     | 117,020 | 118,775 |
| PEPRA not in Social Security | 140,424 | 142,530 |
| Legacy                       | 265,000 | 270,000 |

<sup>4</sup> CCCERA Compensation Earnable Policy <https://www.cccera.org/governance-and-policies>

# Housing Authority of Contra Costa County

## Observations:

- Reviewed member compensation data for 2016 and 2017. Verified membership date to identify Legacy and PEPRA employees and test against the respective compensation limits for each test year.
- HACCC participates in Social Security.
- No Legacy employee exceeded the \$265,000 and \$270,000 in total compensation for HACCC in 2016 and 2017 respectively.
- No PEPRA employee exceeded the PEPRA compensation limits of \$117,020 in 2016.
- One PEPRA employee exceeded the PEPRA compensation limit of \$118,775 in 2017. One sample employee record indicates that the 2017 PEPRA limit was reached in November 2017 and an over-compensation and over-contribution was posted for the employee account in the amounts of \$166 (compensation) and \$4.98 (pension contribution). The employee’s record was updated after the original employer report was received and posted into the pension administration system via an adjustment submitted in January 2018.

## Receivables Review

HACCC pre-pays its employer contributions on an annual basis. Therefore monthly amounts reviewed and shown in the tables below are employee contribution amounts only. The annual employer contribution calculations are reviewed separately.

## Employee Contribution Payment Timeliness

[Table 5: 2016 Receivables Review]

|                       | May          | Jun          |
|-----------------------|--------------|--------------|
| <b>HACCC</b>          | 6/10/2016    | 7/10/2016    |
| Date Payment Received | 6/9/2016     | 7/11/2016    |
| Payment Amount        | \$218,487.42 | \$261,741.48 |
| Amount Expected       | \$218,282.12 | \$261,735.74 |
| Variance in Days      | -1           | 1            |
| Variance in \$        | \$205.30     | \$5.74       |

# Housing Authority of Contra Costa County

## Timeliness:

HACCC provides payment in a timely manner. Payment was only late once per year in 2016 (March) and 2017 (December) by one (1) and two (2) days respectively.

## Accuracy:

Reconciled to receivable records and deposit confirmations from accounting department for the sample months.

- No variances were observed for 2017.
- Two variances were observed in 2016: May 2016 in the amount of \$205.30 and in June 2016 in the amount of \$5.74.

## Publicly Available Pay Schedule Review

The publicly available pay schedules are found within the respective MOU (2014-2015 and 2016-2018). The employer maintains these documents in a form that can be requested electronically (.PDF) or upon request may provide as a printed hard copy version.

## Salaries in Accordance With Publicly Available Pay Schedules

### Observation:

- It was noted during the review of 2017 annualized pensionable compensation reported to the retirement system that all compensation appeared to fall within the stated salary schedules.
- For tenured employees, five (5) plus years since membership date, it was noted that reported pensionable compensation was observed to be above the top step for the respective occupational class but within the reasonableness of periodic COLA increases as provided for under MOU.
- The schedules fulfill the requirements listed in the test standard.

## Enrollment of all Eligible Employees

### Observation:

2017 – CCCERA received five (5) I29 enrollments for four (4) members (one was a duplicate submitted both in November and December).

# Housing Authority of Contra Costa County

**2016** – CCCERA received five (5) new enrollments on I29s for 2016 and completed enrollment packets for these five (5) employees. No incomplete or missing forms were noted on the enrollment log.

## Pension Benefit Review

### Pension Review

The pension benefit calculations for seven (7) of HACCC's retirees were reviewed; two (2) each for 2014 and 2015, and three (3) for 2016. The review focused on the final average salary (FAS) period selected and compensation used in the calculation for sample members.

### Observations:

- For one retiree \$1,790.06 of terminal pay reported in Feb 2014 was reversed in April 2014 and replaced with a full month's pay of \$5,473.50. Member had been on leave of absence (LOA). Adjustment file for April 2014 payroll included in retiree file.
- One (1) retiree had a retirement date of 3/29/2014 prior to the Contra Costa County Superior Court Judgement, writ of mandate and lift of stay in July 2014. An additional \$3,550.39 of unused accrued vacation was included in final average salary as "Terminal Pay" and was included under the previous retirement system's administrative practice. Two vacation sell backs were also included in final average salary: February 2014 \$2,744 and June 2013 \$3,430.

In September 2014, after the date of the sample retiree's retirement date, the Board of Retirement adopted CCCERA's *Policy On Determining "Compensation Earnable" Under Assembly Bill 197 for Purposes of Calculating Retirement Benefits for "Legacy" (Pre-PEPRA) Members*. Specifically, Section III B. "Compensation Earnable" Excludes Payments For Unused Leave To The Extent They Exceed What Was Both Earned and Could Have Been Sold Back For Cash During Service During the FAS Period and Section III C. "Compensation Earnable" Excludes Termination Pay may have limited the amounts, if any, of vacation sell backs and terminal pay in a retiring member's final average salary with a retirement date post-9/10/2014.

- Two sample retirees' retirement benefits were calculated using an alternate final average salary period other than the last twelve months of the employees' active service.

# Housing Authority of Contra Costa County

## Retiree Return to Work Monitoring

GC 7522.56, I.R.S. bona fide separation and normal retirement age rules

There are two ways retirees may return to work for a CCCERA participating employer: on an approved limited basis while receiving their pension, or by suspending their retirement to return to full time employment. The PEPRA 2013 “return to work” rules create a framework under which a retiree’s eligibility will be determined to be re-employed without having to be reinstated from retirement. The “return to work” rules affect new, deferred, and current employees.

The Board of Retirement Regulations Section VII Normal Retirement Age and Bone Fide Separations states the following:

### Bona Fide Separation from Service

*A) In order to comply with tax law restrictions on in-service distributions, a member who retires at an age younger than Normal Retirement Age, as defined herein, may not enter into an agreement, either oral or written, prior to the date the member's retirement commences, to be reemployed while retired by the same CCCERA employer, regardless of the length of the member's break in service after retirement. The member must acknowledge in writing to CCCERA at the time of retirement that the member has been informed of these requirements and limitations on post-retirement employment and that no prearrangement to be reemployed while retired exists.*

*B) A member who retires at an age younger than Normal Retirement Age, as defined herein, must have at least a continuous 90-day break in service from the date of the member's last day of employment prior to being reemployed while retired by the member's prior CCCERA employer.*

*C) If a member is reemployed without compliance with subsections (A) and (B) above, the retired member's retirement benefits from CCCERA must cease as soon as practicable upon discovery by CCCERA and will not resume until the member has a bona fide separation from service or reaches Normal Retirement Age, whichever occurs first.*

Employer Certification and Determination – Submission of CCCERA Form 213  
Certification for Post-Retirement Employment.

- No pre-arrangement for post-retirement re-hire;
- Reinstatement from retirement requirement if rehired by an employer in the same public retirement system from which the retiree receives the benefit;

## Housing Authority of Contra Costa County

- Waiting period between retirement date and rehire of a retiree (with some exceptions for Safety Members and special circumstance General Members);
- Fiscal Year Limitations – 960 Hours;
- Limited duration of the return to work (7522.56(c).);
- Compensation Limits;
- Employer certification and approval by the Board of Supervisors (7522.56(f)(1).);
- Retiree certification of non-receipt of unemployment insurance compensation (7522. 56(e).).

**Observations:**

The employer had engaged retired members in post-retirement employment during the audit sample periods:

[Table 6: Retirees Returned to work 2015 – 2017]

|                  | <u>Worked</u> | <u>Worked</u> | <u>Worked</u> |
|------------------|---------------|---------------|---------------|
|                  | APR'15        | JAN'16        | APR'15        |
|                  | thru          | thru          | thru          |
| <u>Job Title</u> | <u>DEC'15</u> | <u>MAR'16</u> | <u>MAR'16</u> |
| Retiree #1       | 424           | 0             | 424           |
| Retiree #2       | 0             | 121           | 121           |
| Retiree #3       | 555           | 220.5         | 775.5         |
|                  | <u>Worked</u> | <u>Worked</u> | <u>Worked</u> |
|                  | APR'16        | JAN'17        | APR'16        |
|                  | thru          | thru          | thru          |
| <u>Job Title</u> | <u>DEC'16</u> | <u>MAR'17</u> | <u>MAR'17</u> |
| Retiree #4       | 0             | 92            | 92            |
| Retiree #1       | 0             | 149.5         | 149.5         |
| Retiree#2        | 355           | 104           | 459           |
| Retiree#5        | 60            | 381           | 441           |
| Retiree#3        | 112.5         | 0             | 112.5         |

- Three (3) retirees had multiple months with post-retirement hours through the audit sample period;
- No retiree engaged in post-retirement employment exceeded the 960 hour limit.

# Housing Authority of Contra Costa County

## Internal Revenue Code Section 415 Limits

IRC Section 415 establishes the maximum allowable benefit payments CCCERA may make to an individual retiree. CCCERA's contracted actuary provides CCCERA on an annual basis with a table of IRC Section 415 Dollar Limits, reflecting each annual Dollar limit that applies for retirees of the calendar year based on IRS guidelines.

### Observations:

The employer did not have any retirees receiving a pension that were subject to the 415 limit.

## Forfeiture of Benefits Earned or Accrued from the Commission of a Felony

### Test Standard

Reporting Requirements For Public Employers Under PEPPRA require the public agency that employs or employed a public employee who was convicted of a job related felony must notify CCCERA of the conviction within 90 days of the conviction. (Govt. Code §§ 7522.72(f) and 7522.74(f).).

### Observations

The review indicated that CCCERA had not received any notice from the employer regarding any employee of HACCC that would have been subject to the felony conviction and benefit forfeiture provisions under government statute. HACCC confirmed that they knew of no such employee.

# Housing Authority of Contra Costa County

## Follow- Up Items

The following items were noted during the course of the review and require follow-up by the District and CCCERA:

2. The employer is to have a workflow process in place to ensure the timeliness of submission of I29 and I30 reports by the 10<sup>th</sup> of each month.
3. The employer is to submit an I29 adjustment file to CCCERA to update member records with the missing demographic information noted during the audit and is to include the following:
  - a. Job Code (if available)
  - b. Bargaining Unit
  - c. Job Title

The absence of Job Titles in the employees' records may indicate that changes in position may not have been reported on the I29 reports in the past. This information is a required data point on the I29 and changes in member positions are to be included on the I29 report. In addition to position changes, the following other items should be reported on the I29 report:

- Name changes
  - Address changes
  - Bargaining unit changes
  - New hires
  - Terminations
  - Leaves of absences (LOA. If a member is on LOA and contributions were not taken, regular monthly earnings with no retirement contributions for LOA member must be reported on the I30 report. When a member returns from LOA this status change should also be reported on the I29.)
4. The employer is to have a trending and tracking process in place to ensure that members that are approaching the Internal Revenue Code and PEPRA annual compensation limits during the year are identified and that pension contributions are not collected on compensation in excess of the limits in the month that the member attains the limit, rather than having to submit an adjustment file after the fact reversing out the over-reported compensation and over-collected pension contributions.
  5. Collaborate with CCCERA Member Services department to reconcile the small pension contribution variances identified during the audit for the months of May and June 2016.

# Housing Authority of Contra Costa County

## District Response – Preliminary Audit Report

### HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA



October 1, 2018

Wrally Dutkiewicz  
Compliance Officer  
Contra Costa County Employees' Retirement Association  
1355 Willow Way  
Suite 221  
Concord, Ca. 94520

Re: Preliminary Report - Housing Authority of Contra Costa County (HACCC) - Pensionable Compensation, Contribution, and Reporting Audit.

Dear Mr. Dutkiewicz,

The Executive Director, Joseph Villarreal of the Housing Authority has directed me address and respond to the Preliminary Audit Report dated 8/15/2018. I would like to respond to the items outline in your report pertaining to the "Follow-Up Items".

*1. The timeliness of submission of I29 and I30 reports.*

**Background:** The Contra Costa County Employee Retirement Association (CCCERA) board created a timeline requirement for member Districts and Employers on the 10th of the month. The majority of the Districts and Employers are on a monthly payroll that is processed 30 days prior to this deadline.

The Housing Authority is one of a very few Districts or Employers that are on a bi-weekly payroll. This means that when the last pay date falls on the last day of the month, or when the Authority has 3 pay dates in a month, it could cause the Authority to have as few as 4 work days to verify and reconcile the payroll reporting, in addition to preparing and completing the I29 and I30 reports due to CCCERA.

It should be noted that the Housing Authority has a system in place that allows for the proper tracking of the total funding due CCCERA and has funded within the 10 day requirement mandated by the Board.

**Recommendation:** We would like to request that the Board allow any District or Employer that is on a bi-weekly payroll an additional 10 days for reporting of the I29 and I30. The funding date of the 10th of the month would still remain intact. An additional 10 days for those District or Employers would apply only to the I29 and I30 reporting. The extended reporting period to the 20th of the month would allow the District or Employer to continue to produce I29 and I30 files that have been properly reviewed and completed.

*2. The submission of updated I29 member records for the missing demographic information noted in the report.*

3133 ESTUDILLO STREET • P. O. BOX 2759 • CALIFORNIA 94553 • PHONE (925) 957-8000 • FAX (925) 372-0236  
[www.contracostahousing.org](http://www.contracostahousing.org)



## Housing Authority of Contra Costa County

Background: When the I29 reporting process was established in 2007, it was not clear that the Job Titles were required or what data CCCERA had on file. Therefore, we excluded this field in reporting to prevent any rejections of the I29 report.

Action Taken: On June 11, 2018 the Housing Authority transmitted an updated I29 correcting any missing demographic information that was disclosed by the CCCERA auditor on site, and is also reporting changes to employee job titles going forward.

3. *The employer to develop a trending and tracking process in place to prevent from over collecting or over reporting annual pensionable compensation beyond the regulatory limits.*

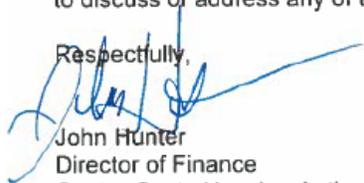
Action Taken: The Housing Authority has developed and implemented a tracking system that alerts the payroll process anytime a member is approaching the annual compensation limits. This tool was implemented in August 2018.

4. *Collaborate with CCCERA Members Services department to reconcile the small pension contribution variances identified during the audit for the months of May and June 2016.*

Action Taken: The amounts in question is \$205.30 in May-2016, and \$5.74 in June-2016, given the small amount in question the Housing Authority is willing to transmit the \$211.04 to CCCERA. We only need Member Services to identify the member accounts that are affected.

I would like to thank you and your team for their professionalism exercised during the visit. If we need to discuss or address any of the items further, please advise.

Respectfully,



John Hunter  
Director of Finance  
Contra Costa Housing Authority

cc: Joseph Villarreal, Executive Director  
Zach McCaslin, Internal Auditor, HACCC



Meeting Date  
**10/10/18**  
Agenda Item  
**#7**

## **MEMORANDUM**

Date: October 10, 2018  
To: Board of Retirement  
From: Wrally Dutkiewicz  
Compliance Officer  
Subject: Final Employer Audit Report Dated October 3, 2018 –  
Contra Costa County Office of the Public Defender

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### **Background:**

Between June and August 2018 an employer audit was performed on the Contra Costa County Office of the Public Defender (CCPD). An onsite review was performed at the CCPD office on June 11, 2018.

The employer audit scope items include the following:

- Accuracy of Payroll Information Provided to CCCERA;
- Salaries In Accordance with Publicly Available Pay Schedules;
- Enrollment of All Eligible Employees;
- Pension Benefit Review:
- Internal Revenue Code 415 Limits;
- Retiree Return to Work Monitoring; and
- Forfeiture of Benefits Earned or Accrued from the Commission of a Felony.

### **Follow Up Items:**

There were no follow up action items noted in the audit report for CCPD.

Employer Audit:  
Contra Costa County  
Office of the Public  
Defender

*Final Audit Report  
dated 10/3/2018  
prepared by:*



# Contra Costa County Office of the Public Defender

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# Contra Costa County Office of the Public Defender



October 3, 2018

David Twa  
Contra Costa County Administrator  
651 Pine St.  
10<sup>th</sup> Floor  
Martinez, CA 94553

Re: Final Employer Audit Report – Contra Costa County Office of the Public Defender

Dear Mr. Twa,

Enclosed is the final audit report of the Contra Costa County Office of the Public Defender (CCPD) pensionable compensation, contribution and reporting audit, conducted pursuant to Government Code Section 31543. I want to thank you and all CCPD staff for their assistance in gathering all the records and documents and making them readily available during this audit. This cooperation was greatly appreciated and allowed for the audit to be completed in an efficient manner.

There were no “*Follow-Up Items*” noted for the department to follow up on. During the audit CCCERA Compliance staff found the department’s record keeping and document preparation to be efficient, accessible, and with clarity which facilitated the analysis of payroll records and member data during the audit.



## Contra Costa County Office of the Public Defender

I appreciate the attention and cooperation of the Public Defender's payroll and human resources staff and the courtesy that they extended to CCCERA compliance staff during the audit. Should you wish to discuss or have any questions regarding the items reviewed and the observations contained within this report, please contact me at 925-521-3960.

Best regards,



Wrally Dutkiewicz  
Compliance Officer

Cc: Robin Lipetzky, Public Defender  
Joanne Sanchez-Rosa, ASO  
Terry Ropicavoli, Acct. Tech  
Lisa Driscoll, Finance Director

## Contra Costa County Office of the Public Defender



August 31, 2018

David Twa  
Contra Costa County Administrator  
651 Pine St.  
10<sup>th</sup> Floor  
Martinez, CA 94553

Re: Preliminary Employer Audit Report – Contra Costa County Office of the Public Defender

Dear Mr. Twa,

Enclosed is the preliminary audit report of the Contra Costa County Office of the Public Defender (CCPD) pensionable compensation, contribution and reporting audit, conducted pursuant to Government Code Section 31543. I want to thank you and all CCPD staff for their assistance in gathering all the records and documents and making them readily available during this audit. This cooperation was greatly appreciated and allowed for the audit to be completed in an efficient manner.

The *Preliminary Audit Report* is enclosed for your review. I would direct your attention to the “*Observations*” and “*Follow-Up Items*” sections of the report.



## Contra Costa County Office of the Public Defender

In addition, I would like to extend my gratitude to Public Defender's payroll and human resources staff and the courtesy that they extended to CCCERA compliance staff during the review. Should you wish to discuss or have any questions regarding the items reviewed and the observations contained within this report, please contact me at 925-521-3960.

Best regards,



Wrally Dutkiewicz  
Compliance Officer

Cc: Robin Lipetzky, Public Defender  
Joanne Sanchez-Rosa, ASO  
Terry Ropicavoli, Acct. Tech  
Lisa Driscoll, Finance Director

# Contra Costa County Office of the Public Defender

## Background

The Contra Costa County Employees' Retirement Association (CCCERA) is a public employee retirement system that was established by Contra Costa County on July 1, 1945, and is administered by the Board of Retirement (Board) to provide service retirement, disability, death, and survivor benefits for Contra Costa County (County) employees and 16 other participating agencies under the California State Government Code, Section 31450, et. seq. (County Employees Retirement Law of 1937 or CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA).

CCCERA administers the retirement benefits for the employees of Contra Costa County and participating District employers. Participating employers within the CCCERA retirement system transmit payroll information and contributions to fund the benefits for their employees. CCCERA sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits when needed.

Retirement allowances are computed in accordance with statute using three factors: years of service, age at retirement, and final compensation. For Legacy (pre-PEPRA) members, final compensation is defined as the highest average annual compensation earnable (as defined in G.C. Section 31461) by a member during the last one or three consecutive years of employment depending on the member's Tier, unless the member elects a different period with a higher average. For PEPRA members, final compensation is defined as the highest average annual pensionable compensation (as defined in G.C. Section 7522.34) earned by the member during a period of 36 consecutive months.

The employer's knowledge of the rules relating to membership and payroll reporting facilitates the employer in providing CCCERA with appropriate employee information. Correct enrollment of eligible employees and correct reporting of payroll information are necessary for the accurate computation of a member's retirement allowance.

The Contra Costa County Office of the Public Defender (CCPD) provides legal representation services to Contra Costa County residents who may not be able to otherwise secure private legal representation. The CCPD maintains three (3) office locations with the main office being located in Martinez, CA and a second office in Richmond, CA. A third location, the Alternate Defender Officer, is also located in Martinez, CA. The CCPD had \$13,257,106 of pensionable payroll in 2017 and has approximately one hundred and twenty-two (122) active employees. There are eighty-three (81) former CCPD employees and two (2) beneficiaries receiving a pension benefit from CCCERA.

# Contra Costa County Office of the Public Defender

## Scope

The 2013 Pension Reform legislation granted CCCERA the authority under Government Code Section 31543 for CCCERA to conduct audits of employers to ensure that employee and payroll information used in the calculation of Retiree pension benefits is correct and verifiable. The scope of these on-site reviews include:

- Correctness of retirement benefits;
- Reportable compensation;
- Enrollment in, and reinstatement to the system (GC 31554);
- Pensionable compensation (GC 31461 and 7522.34);
- Determine if employees convicted of certain felonies have forfeited benefits earned or accrued from the commission of the felony (GC 7522.72 and GC 7522.74);
- Review MOUs with respect to compensation and salary regulations (i.e. Vacation Sales etc.);
- Determine if compensation is paid to enhance a member's retirement benefit (GC 31461(b)(1) and 7522.34(c)(1));
- Evaluate employer's compliance with restrictions on retirees returning to work (GC 7522.56, I.R.S. bona fide separation and normal retirement age rules);
- Determine if compensation is paid to enhance a member's retirement benefit (GC 31461(b)(1) and 7522.34(c)(1)).

The on-site review of the CCPD was conducted on June 11, 2018. The review period encompassed active employee records for 2015 through 2017 and retired employee records from 2016 through 2017.

## Contra Costa County Office of the Public Defender

The following activities were performed:

- Reviewed the following documents:
  - Memorandum of Understanding (MOU):
    - MOU Between Contra Costa County and Public Employees Union, Local One July 1, 2016 – June 30, 2019;
    - MOU Between Contra Costa County and Professional and Technical Engineers, IFPTE, Local 21 July 1, 2016 – June 30, 2019;
    - MOU Between Contra Costa County and SEIU, Local 1021, Rank and File Unit July 1, 2016 – June 30, 2019;
    - MOU Between Contra Costa County and United Clerical, Technical & Specialized Employees, AFSCME, Local 2700 July 1, 2013 and June 30, 2017;
    - MOU Between Contra Costa County and Contra Costa County Defender's Association, July 1, 2015 – June 30, 2018; and
    - Office of the Public Defender Payroll Procedures.
  - Payroll and Timekeeping Documents:
    - For each of the audit sample months of November 2015, April 2016, November 2016, and April 2017:
      - County I30 and I29 Reports for the sample audit months ;
      - Payroll registers for audit sample employees for each of the audit sample months;
      - Attendance sheets; and
      - County pensionable payroll and pension contribution reports.
- Interviewed CCPD administrative and accounting staff during on-site visit performed on June 11, 2018.
- Mapped out CCPD payroll workflow.
- Reviewed pensionable compensation reports for 2016 and 2017 to:
  - Test that only pensionable compensation was reported to CCCERA; and
  - Test against annual Legacy and PEPRA compensation limits.
- Reviewed Retirement Benefit Calculations for seven (7) CCPD retired members.
- Reviewed Retirement Pension Payroll for IRC 415 Compliance.

# Contra Costa County Office of the Public Defender

## Findings & Observations

### Accuracy of Payroll Information provided to CCCERA

The accuracy, timeliness and completeness of the pensionable payroll and employee and employer contributions reported to CCCERA by Contra Costa County is to be tested to ensure that member benefits can be accurately calculated and that the retirement system is receiving accurate information to manage and report out from its pension administration system.

### Test Standards

Pursuant to Board of Retirement Regulations Section IV: Employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately. (*Contributions And Reporting, 2. Due Dates, 4. Employer Certification*).

#### Due Dates

*Each employer shall report to the Association in a manner and frequency as determined by the Board sufficient for the Board to credit contributions and service to each member's record.*

*Unless otherwise specified, reports shall be due no later than the tenth of each month for the previous month's payroll and shall be accompanied by member and employer contributions. If the tenth of the month falls on a weekend or holiday, the due date shall be the last working day before the tenth. Reports, which are unreadable or incorrect, shall not be accepted and shall be returned to the employer. (Emphasis added.)*

*Reports and contributions received after the due date shall be considered late and subject to a late reporting penalty equal to: the prime rate in effect on the due date computed on a daily, non-compounding basis and applied to the contributions due.*

### Employer Certification

Each payroll and pension contribution report shall include or be accompanied by a certification, under penalty of perjury, as to its accuracy. The certification shall be made by a duly authorized representative of the employer. (Board of Retirement Regulations *Section IV, 4. Employer Certification*.)

### Compensation Limits:

Federal and state laws place annual limits on the compensation that can be used to determine contributions and benefits for CCCERA plan members.

# Contra Costa County Office of the Public Defender

## Legacy Members:

- The Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans which are adjusted annually for cost-of-living increases.
- Members who commenced participation in CCCERA on or after January 1, 1996 are subject to the annual federal Internal Revenue Code Section 401(a)(17) compensation limit.
- For CERL benefit formulas (Tiers 1, 3, Safety A, & C), the 2017 calendar year compensation limit was increased to \$270,000 from \$265,000 for calendar year 2016;
- Members who commenced participation in CCCERA prior to January 1, 1996 are not subject to the Internal Revenue Code annual compensation limit.

## PEPRA Members:

- For new employees who commenced participation in CCCERA on or after January 1, 2013 under PEPRA benefit formulas (Tiers 4, 5, Safety D & E), the compensation which exceeds that annual pensionable compensation limit under California Government Code Section 7522.10(c) and (d) is not included in determining benefits or contributions.
- The 2017 calendar year PEPRA compensation limits are as follows:
  - For employees enrolled in Social Security – increased to \$118,775;
  - For employees not enrolled in Social Security – increased to \$142,530.
- The 2016 calendar year PEPRA compensation limits are as follows:
  - For employees enrolled in Social Security – increased to \$117,020;
  - For employees not enrolled in Social Security – increased to \$140,424.

## Compensation Earnable Applicable Law

"Compensation earnable" does not include, in any case, the following:

Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise. (G.C. § 31461(b)(3).)

Pursuant to CCCERA's "Compensation Earnable Policy"<sup>1</sup>, Section III.D. "Compensation Earnable" excludes payments for additional services rendered outside of normal working hours:

"Pay received for "overtime" is not included in "compensation earnable." To be included, the time for which compensation is received:

- (1) must be the normal working hours set forth in the applicable employment agreement;
- (2) must be required by the employer to be worked by the employee (as distinguished from voluntarily worked); and

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<sup>1</sup> <https://www.cccera.org/governance-and-policies>

## Contra Costa County Office of the Public Defender

(3) must be ordinarily worked by all others in the same grade or classification at the same rate of pay during the FAS period.

Pay that will be reviewed under these conditions is often described as "standby" and "on-call." Employers must report to CCCERA as pensionable only that pay for work that is required of and ordinarily served by everyone in the same grade or classification, at the same rate of pay.

Pensionable compensation (GC 31461 and 7522.34) is to be reported to the retirement system and the corresponding contributions are to be reported to the retirement system.

### Publicly Available Pay Schedule

Pursuant to CCCERA's Policy On Determining "Pensionable Compensation"<sup>2</sup> Under PEPR A For Purposes Of Calculating Retirement Benefits, a "publicly available pay schedule" must meet all of the following requirements:

1. *Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;*
2. *Identifies the position title for every employee position;*
3. *Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;*
4. *Indicates the time base, including, but not limited to, whether the time base is hourly daily, bi-weekly, monthly, bi-monthly, or annually;*
5. *Is 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;*
6. *Indicates an effective date and date of any revisions;*
7. *Is retained by the employer and available for public inspection for not less than five years; and*
8. *Does not reference another document in lieu of disclosing the pay rate.*

### Pension Benefit Review

- a. Compensation Policies
  - i. *Policy On Determining "Compensation Earnable Under Assembly Bill 197 For Purposes Of Calculating Retirement Benefits For "Legacy" (Pre-PEPRA) Members – Adopted: 9/10/2014; GC 31461;*
  - ii. *Policy On Determining "Pensionable Compensation" Under PEPR A For Purposes Of Calculating Retirement Benefits - Adopted: 9/10/2014; GC 7522.34;*

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<sup>2</sup> <https://www.cccera.org/governance-and-policies>

## Contra Costa County Office of the Public Defender

- iii. *Policy Regarding Assessment and Determination Of Compensation Enhancements* – Adopted 11/1/2012, Amended: 3/8/2017; GC 31461(b)(1) and 7522.34(c)(1).
- b. Retiree Return to Work Monitoring:
  - i. GC 7522.56 Retired Persons; Service and Employment Restrictions.
- c. Felony Forfeiture Monitoring and Notification – GC 7522.72 and GC 7522.74.

### **Policy on Internal Revenue Code Section 415 Limits Compliance**

As adopted on December 8, 2010 and amended on January 9, 2013 and July 11, 2018.

### **Tests Performed**

In order to test the timeliness, reasonableness and accuracy of the pensionable compensation and contributions that have been reported to the retirement system, the test plan incorporated the following elements:

### **Accuracy of Payroll Information provided to CCCERA**

- Calculated sample size of active CCPD members during the test used for pensionable payroll and contribution audit testing.
- Timeframe and scope selected for the audit: January 2015 through December 2017. Using the random sample of active members during the period, CCPD payroll records and contributions (both employee and employer paid) were tested in the audit using the following target payroll periods – November 2015, April 2016, November 2016, and April 2017.
- CCPD payroll preparation and submission workflow were reviewed. CCCERA staff interviewed CCPD staff regarding their timekeeping practices, payroll preparation and submission processes which were captured in a workflow document.
- The input files for CCCERA's pension administration system (CPAS) submitted by the County for members employed in CCPD were reviewed for timeliness and accuracy.
- Contribution amounts were recalculated based on reported salaries for employee sample and compared to contribution amounts recorded in CPAS.
- Compensation items flowing into reported salaries were reviewed for pensionability.
- Reported pensionable compensation was compared to IRC compensation limits.

## Contra Costa County Office of the Public Defender

- Compared and reconciled salary and contribution data submitted to CCCERA to payroll records and receivables as posted by CCCERA's Accounting department.

### Observations:

#### Payroll Process Review:

The CCPD does not compile and transmit pensionable payroll and pension contribution reports on its own behalf to the retirement system. The County Department of Information Technology and the County Auditor Controllers Office receive the timesheet data including accrual use as entered by the CCPD department into the County's timekeeping system Kronos. Due to the separation of reporting workflow performed by the Auditor Controller and the Department of Information Technology (DOIT), a limited and focused review of pensionable payroll and pension contribution reports was performed.

#### Accuracy of Input File Review

#### I30 and I30 Adjustment File Observations:

- Based on the review of I30 and I30 Adjustment files for the 2017 year no variance nor exception was noted.
- For the sample review months of November 2015, April 2016, November 2016, and April 2017 the sample member's PeopleSoft record reconciled against the I30 and I30 Adjustment files prepared by DOIT and the RET50 and RET51 Contribution Reports. For the same sample months, Employee and Employer 414 Retirement Contribution Reports prepared by the County Auditor Controller's Office did not reveal a significant variance or exception during the review.

#### I29 File Observations:

- The I29 files generally appear to be correct. All fields are completed as expected.
- The exception is the November 2017 file which contained incorrect demographic data. CCCERA's Member Services department addressed the issue by backing out the incorrect demographic data with the help of CCCERA's pension administration system service provider. All errors were corrected as of February 2, 2018. This issue has delayed processing of CCCERA's end-of-year reporting, and subsequently delayed processing of further imports as well as CCCERA's 2017 benefit statement and actuarial valuation.

# Contra Costa County Office of the Public Defender

## Contribution Review:

The CCPD does not compile and transmit pensionable payroll and pension contribution reports on its own behalf to the retirement system. DOIT and the County Auditor Controllers Office reports pensionable payroll and corresponding pension contributions to the retirement system on CCPD members' behalf.

- Based on the review of the RET50 and RET51 Pension Contribution reports for the sample months of November 2015, April 2016, November 2016, and April 2017 which were reconciled against the members' anticipated calculated pension contributions, and which were calculated using the Basic and COLA member pension contribution rates and were then compared to the members' PeopleSoft payroll deduction records, no variance or exception was noted during the review.

## Timekeeping Sample Review

Reviewed the timesheets and vacation schedules for thirty-one (31) members in the audit sample group. The CCPD receives timekeeping reports from its three (3) locations in the County and time and accrual use are reported on a negative reporting basis, meaning only absences from work are reported on the time sheets. The timesheets for the sample months of November 2015, April 2016, November 2016, and April 2017 were reconciled against the payroll reports for each of the sample months

The review did not note any variance or exceptions with respect to timekeeping when the sample month data was reconciled to the source timesheets and vacation schedules.

## Compensation Limits:

|                              | 2016    | 2017    |
|------------------------------|---------|---------|
| PEPRA in Social Security     | 117,020 | 118,775 |
| PEPRA not in Social Security | 140,424 | 142,530 |
| Legacy                       | 265,000 | 270,000 |

### 2017:

- Reviewed compensation limits for 2017.
- No Legacy members exceeded the \$270,000 compensation limit for the year 2017.
- Reviewed fourteen (14) PEPRA members that appeared to exceed the 2017 compensation limit of \$118,775 for members participating in Social Security. The CPAS compensation history extract for each of the fourteen (14) members indicated that compensation in excess of the compensation limit was reported to the retirement system by the County, but corresponding pension contribution adjustments for each of

## Contra Costa County Office of the Public Defender

the fourteen (14) PEPRA members were performed and reflected in the County's PeopleSoft payroll records.

### Observations:

It was observed that the I30 adjustment file for December 2017 did not reflect the pension contribution adjustments. The CCPD department does not perform any element regarding the tracking of member compensation limits as this workflow is the purview of the County Human Resources Department and Auditor Controller's Office. This will be noted and included in the observation narrative component of the Employer Compensation and Contribution Reporting Audit which is a separate and distinct audit to be opened and performed during the fourth quarter of 2018.

### Compensation Review

- Vacation sales for three (3) CCPD employees were reported to CCCERA in November 2015 under pay codes V71 – Sale of Vacation L 7.0% and V01 – Vacation Sale. None of these employees were part of the audit sample. No vacation sales were observed within the employee audit sample.
- The review did not reveal that the County misreported non-pensionable compensation to CCCERA on behalf of the members of the CCPD.
- It was observed during the year over year comparison within the sample months that only eligible pensionable compensation was reported by the County on behalf of the CCPD Legacy employees.
- It was also observed that only base pay for PEPRA employees of CCPD was reported to CCCERA by the County.

### Salaries in Accordance With Publicly Available Pay Schedules

It was reviewed whether CCPD could provide a publicly available pay schedule as defined per CCCERA's Pensionable Compensation Policy:

- Salaries of the sample employees for CCPD were reviewed against applicable memoranda of understanding, letters of understanding, employment agreements, and other applicable salary and pay documentation.
- The publicly available pay schedules as adopted and published by the County conform to the standards and requirements. No exception was noted.
- No variance or exception was noted in the review.

# Contra Costa County Office of the Public Defender

## Enrollment of All Eligible Employees

- New member enrollment was reviewed for 2016 and 2017 and the following was observed:

### 2016

- I29 reports contained thirty-seven (37) entries for CCPD.
- Twenty-six (26) unique enrollments and eleven (11) duplicate enrollments were received.
- Thirty-one (31) entries had status of PH (part-time hourly), five (5) entries had status of FT (Full time) and one (1) entry had status of PT (part-time permanent).
- Employees with PH status are not eligible for membership with CCCERA but may be eligible to purchase the service credit if they meet the membership eligibility requirements at a later time.
- Enrollment cards for the five (5) FT employees were received.

### 2017

- I29 reports contained forty-eight (48) entries for CCPD.
- Thirty-three (33) unique enrollments and fifteen (15) duplicate enrollments were received.
- Thirty (30) entries were for employees with PH status and eighteen (18) were for employees with FT status.
- Enrollment packets for seventeen (17) FT employees were received. One (1) enrollment packet was not received and not required as the employee had a complete enrollment packet on record with CCCERA.

## Pension Benefit Review

### Pension Benefit Calculations:

Reviewed the retirement benefit calculations for seven (7) retired members of CCPD, five (5) who had retirement dates in 2016 and two (2) that had retirement dates in 2017. All retirement benefits were calculated in accordance with CCCERA's *Policy On Determining "Compensation Earnable" Under Assembly Bill 197 For Purposes of Calculating Retirement Benefit for "Legacy" (Pre-PEPRA) Members*. Compensation elements noted during the members' final average salary period included longevity primarily. There were no PEPRA member retirements during the audit period.

# Contra Costa County Office of the Public Defender

## **Internal Revenue Code Section 415 Compliance:**

CCPD, as a County department, does not monitor retired members' pension benefits for IRC Section 415 Compliance which places annual limits on the dollar amount of an annual pension benefit that can be paid out of a 401(a)(17) government defined benefit pension plan. The County Auditor Controller's Office administers the County's pension benefit replacement plan for those retired members that are subject to the annual IRC pension benefit payment limits. Depending on the year of retirement, some retired members may be grandfathered and not subject to the annual limit.

In the course of the audit the 2017 pension benefit payments that were made to retired members of CCPD were reviewed. The following was observed:

- Two (2) retired members are tracked annually and their benefit is suspended when the annual pension benefit payment limit is reached;

On an annual basis CCCERA staff reviews projected annual retirement pension benefit payroll and identifies those members that may be subject to the IRC Section 415 limits. CCCERA provides notification to the employer advising the month during the year that the member's pension benefit payment will be suspended so that the employer can coordinate the commencement of its employer administered pension benefit replacement plan payments.

## **Retiree Return to Work Monitoring**

There were no retirees that have returned to work post-retirement during the audit period.

## **Forfeiture of Benefits Earned or Accrued from the Commission of a Felony**

The review indicated that CCCERA had not received any notice from the employer regarding any employee of CCPD that would have been subject to the felony conviction and benefit forfeiture provisions under government statute. CCPD confirmed that they knew of no such employee.

# Contra Costa County Office of the Public Defender

## Follow- Up Items

The following items were noted during the course of the review and require follow-up by CCPD and CCCERA:

There were no items noted that require follow up from the CCPD.

# Contra Costa County Office of the Public Defender

## County Response

**Kristina Dohrn**

---

**From:** Lisa Driscoll <Lisa.Driscoll@cao.cccounty.us>  
**Sent:** Tuesday, September 04, 2018 11:55 AM  
**To:** Wrally Dutkiewicz; David Twa  
**Cc:** Robin Lipetzky; Joanne Sanchez-Rosa; Terry Rapicavoli; Gail Strohl; Kristina Dohrn; Timothy Ewell; Eric Angstadt; Dianne Dinsmore  
**Subject:** RE: CCCERA Employer Preliminary Audit Report - Contra Costa County Office of the Public Defender  
**Attachments:** CCPD 2018 Preliminary Audit Report 8-31-2018.pdf

Wrally,

I have reviewed the report thoroughly. The audit is clean and we have no questions. Thank you.

..... Lisa

Lisa Driscoll, County Finance Director  
651 Pine Street, 10<sup>th</sup> Floor  
Martinez, Ca 94553  
(925) 335-1023

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**From:** Wrally Dutkiewicz <WDutkiewicz@cccera.org>  
**Sent:** Friday, August 31, 2018 2:40 PM  
**To:** David Twa <David.Twa@cao.cccounty.us>  
**Cc:** Lisa Driscoll <Lisa.Driscoll@cao.cccounty.us>; Robin Lipetzky <Robin.Lipetzky@pd.cccounty.us>; Joanne Sanchez-Rosa <Joanne.Sanchez-Rosa@pd.cccounty.us>; Terry Rapicavoli <Terry.Rapicavoli@pd.cccounty.us>; Gail Strohl <GStrohl@cccera.org>; Kristina Dohrn <KDohrn@cccera.org>  
**Subject:** CCCERA Employer Preliminary Audit Report - Contra Costa County Office of the Public Defender

Mr. Twa,

Please find the attached Preliminary Employer Audit Report conducted by CCCERA on the Office of the Public Defender.

Once you have had an opportunity to review the report I would like to schedule a call and discuss any questions that you may have.

The Preliminary Audit Report is scheduled to be presented to the CCCERA Audit Committee at its meeting on Wednesday, September 12<sup>th</sup>, 2018 and the department staff are welcome to attend this public meeting.

A hard copy of this report has also been sent via USPS to your office.

In the interim, should you have any questions please contact me. I would be happy to discuss.

Best regards,

1

# Contra Costa County Office of the Public Defender

Wrally Dutkiewicz  
Compliance Officer

Wrally Dutkiewicz  
Compliance Officer

CCCERA  
1355 Willow Way  
Suite 221  
Concord, CA 94520  
925.521.3960  
[w Dutkiewicz@cccera.org](mailto:w Dutkiewicz@cccera.org)

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Meeting Date  
**10/10/18**  
Agenda Item  
**#8**

## **MEMORANDUM**

Date: October 10, 2018

To: Board of Retirement

From: Wrally Dutkiewicz  
Compliance Officer

Subject: Final Employer Audit Report Dated October 3, 2018 –  
Rodeo Hercules Fire Protection District

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### **Background:**

Between June and August 2018 an employer audit was performed on the Rodeo Hercules Fire Protection District (RHFPD). An onsite review was performed at the RHFPD office on June 26, 2018.

The employer audit scope items include the following:

- Accuracy of Payroll Information Provided to CCCERA;
- Salaries In Accordance with Publicly Available Pay Schedules;
- Enrollment of All Eligible Employees;
- Pension Benefit Review:
- Internal Revenue Code 415 Limits;
- Retiree Return to Work Monitoring; and
- Forfeiture of Benefits Earned or Accrued from the Commission of a Felony.

### **Follow Up Items:**

The following items were noted in the final audit report requiring follow up action by the employer. The employer provided a response dated September 28, 2018 which provided additional clarification on observed items during the audit and a response to each of the follow up action items noted. The final audit transmittal letter dated October 3, 2018 communicated to the employer that the follow up action items are to be completed within 120 days from the date of the final audit report.

- 1. Pensionable Compensation and Contribution Reporting:** CCCERA recommends setting up a meeting between CCCERA's Member Services Department, RHFPD's administrative staff and/or County payroll staff to discuss the correct reporting of earnings adjustment for RHFPD. Note that CCCERA's Participating Employer Handbook is available on CCCERA's website and covers these items and in particular the format of the I30 adjustment file.

In addition, CCCERA requests a correction for the incorrectly reported adjustments to the base salary for the nine (9) identified PEPRA employees. It is further recommended to collaborate with CCCERA's Member Services department regarding the implementation of these corrections.

Employer Response:

*The District will comply with this request by reviewing the Employer Handbook and meeting with the Member Services Department, as well as County Payroll.*

*The District will contact CCCERA to determine how to do a correction adjustment for the incorrectly reported adjustments.*

- 2. Publicly Available Pay Schedules:** The audit revealed that the district has not maintained publicly available salary schedules per the standard outlined in CCCERA's policy. CCCERA asks that RHFPD pay schedules are maintained to show current pay for all district classifications to meet the standard outlined in CCCERA's policy.

Employer Response:

*The District will be working on updating its schedules to reflect the requirements set forth by CCCERA.*

- 3. Enrollment:** CCCERA requests the submission of the missing enrollment packet.

Employer Response:

*The District will submit the enrollment packet to CCCERA.*

# Employer Audit: Rodeo-Hercules Fire Protection District

*Final Audit Report  
dated 10/3/2018  
prepared by:*



# Rodeo-Hercules Fire Protection District

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# Rodeo-Hercules Fire Protection District

## Final Audit Transmittal Letter



October 3, 2018

Bryan Craig  
Acting Fire Chief  
Rodeo-Hercules Fire  
Protection District  
1680 Refugio Valley Road  
Hercules, CA 94547

Re: Final Report – Rodeo-Hercules Fire Protection District (RHFPD) Pensionable Compensation, Contribution and Reporting Audit

Dear Chief Craig,

Enclosed you will find our final employer audit report for the Rodeo-Hercules Fire Protection District. The District's written response to the Preliminary Audit Report dated September 28, 2018 has been appended to this final audit report.

With respect to the follow up action items that were noted in the preliminary audit report and the responses provided by the District to each of them, we would concur with each of the District's responses. The District is to complete its follow up action items within 120 days from the date of the final audit report.



# Rodeo-Hercules Fire Protection District

Follow up action items:

## 1. Pensionable Compensation and Contribution Reporting:

### Employer Response:

*The District will comply with this request by reviewing the Employer Handbook and meeting with the Member Services Department, as well as County Payroll.*

*The District will contact CCCERA[sic] to determine how to do a correction adjustment for the incorrectly reported adjustments.*

CCCERA Compliance has referred this item to the CCCERA Member Services Department to engage with the District on the proper procedure for performing pensionable payroll adjustments.

## 2. Publicly Available Pay Schedules: The audit revealed that the district has not maintained publicly available pay schedules per the standard outlined in CCCERA's policy. CCCERA asks that RHFDP pay schedules are maintained to show current pay for all district classifications to meet the standard outlined in CCCERA's policy.

### Employer Response:

*The District will be working on updating its schedules to reflect the requirements set forth by CCCERA.*

The CCCERA Member Services Department will follow up and confirm that the District has updated its Publicly Available Pay Schedules.

## 3. Enrollment: CCCERA requests the submission of the missing enrollment packet.

### Employer Response:

*The District will submit the enrollment packet to CCCERA.*

The CCCERA Member Services Department will follow up and confirm that the District has submitted the enrollment packet to CCCERA.

## Rodeo-Hercules Fire Protection District

This letter, along with the final audit report will be placed on the Board of Retirement's meeting agenda for presentation to the Board on its Wednesday October 10, 2018 meeting.

I want to thank you and all the of the district staff for their time and cooperation during this audit.

Best regards,



Wrally Dutkiewicz  
Compliance Officer

Cc: Kimberly Corcoran, Administrative Assistant

# Rodeo-Hercules Fire Protection District

## Preliminary Audit Transmittal Letter



August 31, 2018

Bryan Craig  
Acting Fire Chief  
1680 Refugio Valley Road  
Hercules, CA 94547

Re: Preliminary Report – Rodeo-Hercules Fire Protection District (RHFPD) Pensionable Compensation, Contribution and Reporting Audit

Dear Chief Craig,

Enclosed is the preliminary audit report of the Rodeo-Hercules Fire Protection District (RHFPD) pensionable compensation, contribution and reporting audit, conducted pursuant to Government Code Section 31543. I want to thank you and all RHFPD staff for their assistance in gathering all the records and documents and making them readily available during this audit. This cooperation was greatly appreciated and allowed for the audit to be completed in an efficient manner.

The *Preliminary Audit Report* is enclosed for your review. I would direct your attention to the “*Observations*” and “*Follow-Up Items*” sections of the report. A written response from RHFPD pertaining to the “*Follow-Up Items*” indicated in the report should be sent to CCCERA within four weeks of the date noted on the report. This response will be included in the “*Final Report*” which will be submitted to CCCERA’s Board of Retirement.



## Rodeo-Hercules Fire Protection District

In addition, I would like to extend my gratitude to RHFPD's payroll and human resources staff and the courtesy that they extended to CCCERA compliance staff during the review. Should you wish to discuss or have any questions regarding the items reviewed and the observations contained within this report, please contact me at 925-521-3960.

Best regards,



Wrally Dutkiewicz  
Compliance Officer

Cc: Kimberly Corcoran, Administrative Assistant

# Rodeo-Hercules Fire Protection District

## Background

The Contra Costa County Employees' Retirement Association (CCCERA) is a public employee retirement system that was established by Contra Costa County on July 1, 1945, and is administered by the Board of Retirement (Board) to provide service retirement, disability, death, and survivor benefits for Contra Costa County (County) employees and 16 other participating agencies under the California State Government Code, Section 31450, et. seq. (County Employees Retirement Law of 1937 or CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA).

CCCERA administers the retirement benefits for the employees of Contra Costa County and participating District employers. Participating employers within the CCCERA retirement system transmit payroll information and contributions to fund the benefits for their employees. CCCERA sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits when needed.

Retirement allowances are computed in accordance with statute using three factors: years of service, age at retirement, and final compensation. For Legacy (pre-PEPRA) members, final compensation is defined as the highest average annual compensation earnable (as defined in G.C. Section 31461) by a member during the last one or three consecutive years of employment depending on the member's Tier, unless the member elects a different period with a higher average. For PEPRA members, final compensation is defined as the highest average annual pensionable compensation (as defined in G.C. Section 7522.34) earned by the member during a period of 36 consecutive months.

The employer's knowledge of the rules relating to membership and payroll reporting facilitates the employer in providing CCCERA with appropriate employee information. Correct enrollment of eligible employees and correct reporting of payroll information are necessary for the accurate computation of a member's retirement allowance.

The Rodeo-Hercules Fire Protection District (RHFPD) currently operates two fire stations, station #75 in Rodeo and station #76 in Hercules. The District employs approximately twenty-one (21) full-time employees including one (1) Fire Chief, one Battalion Chief, six (6) Shift Captains, six (6) Engineers, six (6) Firefighters, and one (1) Administrative Assistant. In addition, the District also employs at least one (1) Fire Marshal part-time.

The District has experienced revenue reductions due to State and other agency actions. Because of this the District has sought out additional revenue sources through new tax measures and grants.<sup>1</sup>

## Rodeo-Hercules Fire Protection District

Between July and October 2015, RHFPD suspended a portion of its mandatory employer pension contribution payments to CCCERA. The situation has since been addressed and the District is paying a flat actuarially determined payment each month versus a percentage of pensionable payroll.

For fiscal year 2016-2017 RHFPD had budgeted expenditures for retirement in the amount of \$962,000 and paid approximately \$1,555,000<sup>2</sup>. For fiscal year 2017-2018 it budgeted \$2,200,000 for normal and Unfunded Actuarial Accrued Liability (UAAL) contributions<sup>3</sup>. Per CCCERA records, RHFPD had between eighteen (18) and twenty (20) employees in fiscal year 2016-2017 with active memberships in CCCERA and submitted approximately \$313,300 in employee pension contributions and \$465,600 in employer pension contributions. In addition RHFPD submitted UAAL contributions in the amount of \$1,582,000 in fiscal year 2016-2017. As of December 31, 2017, CCCERA had twenty-six (26) retirees and beneficiaries on record for RHFPD with a total paid benefit amount of approximately \$1,912,200 in 2017.

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<sup>1</sup> <http://www.rhfd.org/wp-content/uploads/2018/07/17-18-budget.pdf>

<sup>2</sup> <http://www.rhfd.org/wp-content/uploads/2018/07/1617BUDGET.pdf>

<sup>3</sup> <http://www.rhfd.org/wp-content/uploads/2018/07/17-18-budget.pdf>

# Rodeo-Hercules Fire Protection District

## Scope

The 2013 Pension Reform legislation granted CCCERA the authority under Government Code Section 31543 to conduct audits of employers to ensure that employee and payroll information used in the calculation of retiree pension benefits is correct and verifiable. The scope of these on-site reviews includes:

- Correctness of retirement benefits;
- Reportable compensation;
- Enrollment in, and reinstatement to the system (GC 31554);
- Pensionable compensation (GC 31461 and 7522.34);
- Determine if employees convicted of certain felonies have forfeited benefits earned or accrued from the commission of the felony (GC 7522.72 and GC 7522.74);
- Review MOUs with respect to compensation and salary regulations (i.e. Vacation Sales, etc.);
- Determine if compensation is paid to enhance a member's retirement benefit (GC 31461(b)(1) and 7522.34(c)(1));
- Evaluate employer's compliance with restrictions on retirees returning to work (GC 7522.56, I.R.S. bona fide separation and normal retirement age rules).

The on-site review of the District was conducted on June 26, 2018. The review period encompassed active employee records from 2015 through 2017 and retired employee records from 2016 through 2018.

## Rodeo-Hercules Fire Protection District

The following activities were performed:

- Reviewed the following documents:
  - RHFPD Personnel Bulletin issued September 1, 1998
  - Memoranda of Understanding (MOU):
    1. MOU between RHFPD and the International Association of Firefighters (IAFF Local 1230) – October 1, 2013 – September, 2016
    2. MOU between RHFPD and IAFF Local 1230 – October 1, 2016 – June 30, 2018
  - Minute Order:
    1. Minute Order regarding compensation for Acting Fire Chief Craig – January 11, 2018
- Interviewed key RHFPD staff members to obtain an understanding of the District's personnel and payroll procedures;
- Reviewed the payroll transactions and compared RHFPD's payroll register with the data reported to CCCERA to determine whether the district correctly reported employees' compensation;
- Reviewed whether appropriate compensation limits established by the Internal Revenue Code (IRC) were applied to RHFPD compensation reported to CCCERA;
- Reviewed RHFPD's payroll information reported to CCCERA for all employees to determine whether pay-rates were reported pursuant to public salary information;
- Reviewed RHFPD's process for reporting payroll to CCCERA to determine whether the payroll reporting elements were reported correctly;
- Reviewed RHFPD's employer and employee retirement contribution calculations for accuracy;
- Reviewed RHFPD's employee enrollments to determine whether all enrollment packages were received in a timely manner by CCCERA and executed correctly;
- Reviewed receivables from RHFPD paid to CCCERA on a monthly basis for timeliness and accuracy;
- Reviewed whether all compensation elements that were reported to CCCERA by RHFPD are pensionable;

## Rodeo-Hercules Fire Protection District

- At the time of audit, no pension benefit calculations were completed for retirement dates within the audit period;
- Reviewed whether applicable limits established by IRC Section 415 were applied to retiree pension benefits.

# Rodeo-Hercules Fire Protection District

## Findings & Observations

### Accuracy of Payroll Information provided to CCCERA

The accuracy, timeliness and completeness of the pensionable payroll and employee and employer contributions reported to CCCERA by RHFPD is to be tested to ensure that member benefits can be accurately calculated and that the retirement system is receiving accurate information to manage and report out from its pension administration system.

#### Test Standards

Pursuant to Board of Retirement Regulations Section IV: Employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately. (*Contributions And Reporting, 2. Due Dates, 4. Employer Certification*).

#### Due Dates

*Each employer shall report to the Association in a manner and frequency as determined by the Board sufficient for the Board to credit contributions and service to each member's record.*

*Unless otherwise specified, reports shall be due no later than the tenth of each month for the previous month's payroll and shall be accompanied by member and employer contributions. If the tenth of the month falls on a weekend or holiday, the due date shall be the last working day before the tenth. Reports, which are unreadable or incorrect, shall not be accepted and shall be returned to the employer. (Emphasis added.)*

*Reports and contributions received after the due date shall be considered late and subject to a late reporting penalty equal to: the prime rate in effect on the due date computed on a daily, non-compounding basis and applied to the contributions due.*

#### Enrollment of All Eligible Employees

##### County Employees Retirement Law of 1937 –Government Code 31552

Membership in the retirement system begins on the first day of the month following your employment in an eligible position. Retirement benefit contributions begin with the first paycheck after membership. All active, eligible employees contribute to the retirement system. Membership is mandatory for most employees in permanent positions, working half-time or

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more; the exceptions are elected officials, who may choose membership by declaration, and employees who begin working after the age of 60 who may waive membership in the system.

### **CCCERA Board Regulations III. Membership, 3. Certifications:**

Every employee of the County or district within the county whose employees are members of the Association shall, upon entry into the Association, complete a sworn statement as provided for in Gov. Code Section 31526(b). A certified copy of the member's birth certificate or other evidence of birth may be required by the Board.

It shall be the employer's responsibility to assure compliance with this section. The Board shall assess the employer five hundred (\$500) dollars per employee for every month or fraction thereof that the required certification is not submitted. The Board shall notify the employer in writing of the imposition of assessment at least thirty days before the assessment.

### **Compensation Limits:**

Federal and state laws place annual limits on the compensation that can be used to determine contributions and benefits for CCCERA plan members.

### **Legacy Members:**

- The Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans which are adjusted annually for cost-of-living increases.
- Members who commenced participation in CCCERA on or after January 1, 1996 are subject to the annual federal Internal Revenue Code Section 401(a)(17) compensation limit.
- For CERL benefit formulas (General Tiers 1, 3, Safety Tiers A, & C), the 2017 calendar year compensation limit was increased by the I.R.S. to \$270,000 from \$265,000 for calendar year 2016;
- Members who commenced participation in CCCERA prior to January 1, 1996 are not subject to the Internal Revenue Code annual compensation limit.

### **PEPRA Members:**

- For new employees who commenced membership in CCCERA on or after January 1, 2013 under PEPRA benefit formulas (General Tiers 4,5, Safety Tiers D & E), the compensation which exceeds that annual pensionable compensation limit under

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California Government Code Section 7522.10(c) and (d) is not included in determining benefits or contributions.

- The 2017 calendar year PEPRA compensation limits are as follows:
  - For employees enrolled in Social Security – increased to \$118,775;
  - For employees not enrolled in Social Security – increased to \$142,530.
- The 2016 calendar year PEPRA compensation limits are as follows:
  - For employees enrolled in Social Security – increased to \$117,020;
  - For employees not enrolled in Social Security – increased to \$140,424.

### Compensation Earnable Applicable Law for Legacy Members

"Compensation earnable" does not include, in any case, the following:

“Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.” (G.C. § 31461(b)(3).)

Pursuant to CCCERA’s “Compensation Earnable Policy”<sup>4</sup>, Section III.D. “Compensation Earnable” excludes payments for additional services rendered outside of normal working hours:

Pay received for "overtime" is not included in "compensation earnable." To be included, the time for which compensation is received:

- (1) must be the normal working hours set forth in the applicable employment agreement;
- (2) must be required by the employer to be worked by the employee (as distinguished from voluntarily worked); and
- (3) must be ordinarily worked by all others in the same grade or classification at the same rate of pay during the FAS period.

Pay that will be reviewed under these conditions is often described as "standby" and "on-call." Employers must report to CCCERA as pensionable only that pay for work that is required of and ordinarily served by everyone in the same grade or classification, at the same rate of pay.

### Pensionable Compensation Applicable Law for PEPRA members

PEPRA defines "pensionable compensation" as follows:

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<sup>4</sup> <https://www.cccera.org/governance-and-policies>

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"Pensionable compensation" of a new member of any public retirement system 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, pursuant to publicly available pay schedules.

Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid. (Gov. Code Section 7522.34(a) and (b).)

PEPRA excludes from "pensionable compensation" the following:

- (1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
- (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- (3) Any one-time or ad hoc payments made to a member.
- (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
- (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
- (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
- (8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code [FLSA].
- (9) Employer contributions to deferred compensation or defined contribution plans.
- (10) Any bonus paid in addition to the compensation described in subdivision (a) [of G.C. § 7522.34].
- (11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a) [of G.C. § 7522.34].
- (12) Any other form of compensation a public retirement board determines should not be pensionable compensation. (Gov. Code Section 7522.34(a) and (b).)

Pursuant to CCCERA's "Pensionable Compensation Policy"<sup>5</sup>, Section III:

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<sup>5</sup> <https://www.cccera.org/governance-and-policies>

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The CCCERA Board has determined that "Pensionable Compensation" includes "base pay." Pensionable compensation does not include any pay other than base pay, in accordance with Govt. Code Sections 7522.34(c)(11) and (12).

Pensionable compensation (GC 31461 and 7522.34) is to be reported to the retirement system and the corresponding contributions are to be reported to the retirement system.

### Publicly Available Pay Schedule

Pursuant to CCCERA's Policy On Determining "Pensionable Compensation"<sup>6</sup> Under PEPR A For Purposes Of Calculating Retirement Benefits, a "publicly available pay schedule" must meet all of the following requirements:

1. *Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;*
2. *Identifies the position title for every employee position;*
3. *Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;*
4. *Indicates the time base, including, but not limited to, whether the time base is hourly daily, bi-weekly, monthly, bi-monthly, or annually;*
5. *Is 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;*
6. *Indicates an effective date and date of any revisions;*
7. *Is retained by the employer and available for public inspection for not less than five years; and*
8. *Does not reference another document in lieu of disclosing the pay rate.*

### Pension Benefit Review

- a. Compensation Policies
  - i. *Policy On Determining "Compensation Earnable Under Assembly Bill 197 For Purposes Of Calculating Retirement Benefits For "Legacy" (Pre-PEPRA) Members – Adopted: 9/10/2014; GC 31461;*
  - ii. *Policy On Determining "Pensionable Compensation" Under PEPR A For Purposes Of Calculating Retirement Benefits - Adopted: 9/10/2014; GC 7522.34;*

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<sup>6</sup> <https://www.cccera.org/governance-and-policies>

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- iii. *Policy Regarding Assessment and Determination Of Compensation Enhancements* – Adopted 11/1/2012, Amended: 3/8/2017; GC 31461(b)(1) and 7522.34(c)(1)
- b. Retiree Return to Work Monitoring
  - i. GC 7522.56 Retired Persons; Service and Employment Restrictions
- c. Felony Forfeiture Monitoring and Notification – GC 7522.72(f) and GC 7522.74(f).

### Policy on Internal Revenue Code Section 415 Compliance

As adopted on December 8, 2010 and amended on January 9, 2013 and July 11, 2018.

### Tests Performed

In order to test the timeliness, reasonableness and accuracy of the pensionable compensation and contributions that have been reported to the retirement system, the test plan incorporated the following elements:

### Accuracy of Payroll Information provided to CCCERA

- Calculated sample size of active RHFPD members during the test used for pensionable payroll and contribution audit testing. The sample included sixteen (16) members, of which eleven (11) members were Legacy and five (5) members were PEPRA with hire dates after January 1, 2013. Selected four (4) of the sample members for reconciling timesheets to payroll system information.
- Timeframe and scope selected for the audit: January 2015 through December 2017. Using the random sample of active members during the period, RHFPD payroll records and contributions (both employee and employer paid) were tested in the audit using the following target payroll periods – November 2015, April 2016, November 2016, and April 2017.
- RHFPD’s payroll preparation and contribution calculation and submission workflow were reviewed. CCCERA staff interviewed RHFPD staff regarding their timekeeping practices, payroll preparation and contribution calculation and submission processes which were captured in a workflow document.
- The input files for CCCERA’s pension administration system (CPAS) submitted by the County of behalf of RHFPD were reviewed for timeliness, accuracy and completeness.

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- Contribution amounts were recalculated based on reported salaries for employee sample and compared to contribution amounts recorded in CPAS.
- Compensation items flowing into reported salaries were reviewed for pensionability.
- Reported pensionable compensation was compared to IRC compensation limits.
- Compared and reconciled salary and contribution data submitted to CCCERA to payroll records and receivables as posted by CCCERA's Accounting department.

### Publicly Available Pay Schedule

- It was reviewed whether RHFPD could provide a publicly available pay schedule as defined per CCCERA's Pensionable Compensation Policy.

### Salaries in Accordance With Publicly Available Pay Schedules

- Salaries for RHFPD sample employees were reviewed against RHFPD's Employee Handbook, applicable memoranda of understanding, letters of understanding, employment agreements, and other applicable salary and pay documentation.

### Enrollment of All Eligible Employees

- New member enrollment was reviewed for 2016 and 2017.

### Pension Benefit Review

- At the time of the audit, no pension benefit calculations were completed for retirement dates in the audit period.

### Internal Revenue Code Section 415 Limits

- The 2017 IRC Section 415 limits calculated by CCCERA for RHFPD retirees were reviewed and compared to pension benefit payments made.

### Retiree Return to Work Monitoring

- RHFPD's retirees that returned to work for fiscal years 2015-2016 and 2016-2017 were reviewed for compliance with the 960 hour fiscal year limit.

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## Forfeiture of Benefits Earned or Accrued from the Commission of a Felony

- It was reviewed whether CCCERA received a notification from RHFPD regarding a potential felony forfeiture and whether this notification was processed appropriately if applicable.

## RHFPD Payroll and Reporting Process

- CCCERA staff interviewed RHFPD staff regarding their timekeeping practices, payroll preparation and contribution calculation and submission processes which were captured in a workflow document.
- The district uses the County's Kronos as its timekeeping system and processes time and attendance for the district's employees within the Fire RMS system. Each station maintains daily activity logs that are entered into the Fire RMS system by the on-duty Captain each day. Using roster reports generated from the Fire RMS system the district administrative assistant prepares the monthly payroll by reviewing and then keying in each employee's hours worked and accrual use in the County's Kronos payroll reporting system. Due to the manual nature of this process as well as the hand-off from district to County staff, a comparison of Fire RMS to payroll system information was performed for a sample group.

## Input File Review

As RHFPD reports its compensation and contributions through the County, the District has limited control over the timeliness and accuracy of its input files. As it controls the timekeeping process up to entering the timekeeping data into Kronos, this audit focused review on the timekeeping portion of the payroll process.

## Contributions Review

- CCCERA staff recalculated the pension contributions remitted to CCCERA and compared the result to actual contribution data. The pensionable compensation components were identified along with the corresponding employer and employee contributions. This data was then reconciled to the pensionable compensation and

## Rodeo-Hercules Fire Protection District

contribution reports uploaded into CPAS. Variances were identified between each source to system of record reconciliation.

Data categories reviewed are:

- Total Employee Contribution Amount
  - Basic Employee Contributions
  - Basic Employee Contribution Rate
  - Employee COLA
  - Employee COLA Rate
  - Total Employer Contributions
  - Basic Employer Contributions
  - Basic Employer Contribution Rate
  - Employer COLA
  - Employer COLA Rate
- 
- No variances were observed between recalculated contribution amounts and PeopleSoft contribution amounts.
  - Sample Employee #6 does not have employee contribution information in all four target payroll periods. A review showed that this employee is a safety member with over thirty (30) years of service. Therefore the absence of employee contributions is correct.
  - In November 2016, Sample Employee #16 was not employed with RHFPD.
  - No variances were observed when comparing RHFPD data from PeopleSoft to CPAS data.

### Timekeeping Sample Review

The review of the payroll preparation workflow showed a manual data entry process to transfer data from the timekeeping system Fire RMS to the County's timekeeping system Kronos. To review whether the manual keying of data resulted in errors, an end-to-end review for the above sample has been performed.

### Observations and Follow-Up:

- PeopleSoft and Fire RMS totals for regular hours worked do not match. RHFPD has explained that Fire RMS shows regular time based on what shift an employee is assigned to. Regular hours are not inputted in Kronos for payroll. Only exceptions, such as vacation, sick time, overtime, etc. are entered. RHFPD stated that they believe the

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County's payroll department has a copy of the Shift Calendar and which shifts are regular that are inputted on their end.

- For Sample Employee #7 a difference of 96.6 regular hours was observed between Fire RMS and PeopleSoft for November 2016. The District has indicated that this employee was on modified duty at the time.
- For Sample Employee #7 a difference of sixteen (16) overtime hours was observed between Fire RMS and PeopleSoft for April 2017. The District has stated that most likely, the employee was owed sixteen (16) hours of overtime for a previous pay period. As the overtime was not reported to CCCERA as pensionable compensation, this item fell outside the audit scope but the District was made aware of the observation.

### Payroll Reporting – Pensionable Compensation and Contribution Review

#### Pay Codes:

- RHFPD has historically reported compensation under twenty-three (23) pay codes. In 2017, twelve (12) pay codes were used in all submitted I30 input files and in 2016 ten (10) pay codes were used in the submitted input files.
- Only one historical pay code, F19- *Fire Call Back Pay* included the words call back or on-call. No compensation was reported under this code reported after 2005.
- For 2017 vacation sales were observed which were reported under V01 – *Vacation Sale*, in May 2017 (paid in June) for fire suppression shift employees (Firefighters, Engineers and Fire Captains), in August of 2017 (paid in September) as part of a retroactive base pay increase for safety management personnel and November 2017 (paid in December) for both fire suppression shift employees and safety management personnel.
- For 2016, vacation sales were observed in May, November and December for both fire suppression shift employees and safety management personnel.
- Per the MOU excerpts below, Firefighters, Engineers and Fire Captains may sell 2 shifts per calendar year. One shift is twenty-four (24) hours, therefore the total possible vacation sale is forty-eight (48) hours per year.

#### MOU between RHFPD and IAFF Local 1230 effective October 1, 2016 to June 30, 2018

##### 8.3 Vacation Buy Back.

During June and December of each year, an employee, at his/her option, may sell one shift of his/her accrued vacation to the District at the employee's current rate of pay.

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## 5.1 Overtime

The workday of the Firefighter, Engineer and Fire Captain shall consist of a twenty-four (24) hour duty shift commencing and ending at 8:00 A.M.

Effective February 2010, the District will implement the work schedule commonly known as the 48/96 work schedule.

The work schedule shall consist of two (2) twenty-four (24) hour on-duty shifts within six (6) day cycle to be worked in accordance with the following chart:

X = 24 hour on-duty period

O = 24 hour off-duty period

XXOOOOXXOOOOXXOOOOXXOOOO

The Fair Labor Standards Act (FLSA) cycle shall be a twenty-four (24) day cycle.

- No vacation sale in excess of forty-eight (48) hours were observed for fire suppression shift employees.
- No vacation sale was observed for the Administrative Assistant in 2016 or 2017.
- One large vacation sale per year was observed for the Battalion Chief in 2016 and 2017. The 2017 vacation sale in the amount of \$6,496.44 was analyzed as a sample:

### **RHFPD's Personnel Bulletin, issued 9/1/1998, 5 (C) 12.e**

- e. Chief/Administrator and Battalion Chief may choose reimbursement for up to one-third (1/3) of their annual vacation accrual, subject to the following conditions: (1) the choice can be made only once in each calendar year; (2) payments shall be based on an hourly rate determined by dividing the employee's salary by 173.33 and (3) the maximum number of hours that may be reimbursed in any year is one-third (1/3) of the annual accrual.

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## RHFPD's Personnel Bulletin, issued 9/1/1998, 6 (A) 2.a

| Shift Employees    | Monthly Accrual | Max. Accrual |
|--------------------|-----------------|--------------|
| 1 - 3 years        | 12 hours        | 288 hours    |
| 4 thru 9 years     | 16 hours        | 384 hours    |
| 10 thru 19 years   | 21 hours        | 504 hours    |
| 20 thru 24 years   | 25 hours        | 600 hours    |
| 25 thru 29 years   | 30 hours        | 720 hours    |
| 30 years and above | 35 hours        | 840 hours    |

- The Battalion Chief was in the “25 thru 29 years” of service category. In addition, the Battalion Chief was a shift employee until January 1, 2018.

|  |            |
|--|------------|
| Vacation sale amount in November 2017          | \$6,496.44 |
| Hourly rate: Base Pay 11260.49/173.33 hours    | 64.9656147 |
| Hours sold                                     | 100.00     |
| Annual eligible vacation sale amount (30x12)/3 | 120.00     |

- Vacation sale of 100 hours in November of 2017 is in line with Personnel Bulletin.

### Further Observations and Explanation:

- RHFPD used the ADJ - *Earnings Adjustment*, D01 – *Differential Adjustment* and VAD – *Adjustment Sale of Vacation* codes to report what appears to be adjustments in April, May, August, and November of 2017.
- A review showed that no adjustment files were submitted by RHFPD in 2017 and only two (2) adjustment files were submitted in 2016, in January and December.
- Pay code ADJ was also used in April and August of 2016 to report compensation.
- A difference of \$270.68 was observed between base and actual earnings in August 2016 for four (4) PEPRA members including Sample Employees #3 and #7. The difference is caused by an amount of \$270.68 that was reported under pay code ADJ – Earnings Adjustment for all four (4) PEPRA members.

Picture 1: Partial screenshot of affected PEPRA member record

| Select                           | Date From   | Date To     | Base Earnings | Actual Earnings | Cur |
|----------------------------------|-------------|-------------|---------------|-----------------|-----|
| <input checked="" type="radio"/> | Sep 01 2016 | Sep 30 2016 | 5,320.68      | 5,320.68        |     |
| <input type="radio"/>            | Aug 01 2016 | Aug 31 2016 | 5,320.68      | 5,591.36        |     |

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- A difference of \$1,175.92 was observed between base and actual earnings in August of 2017 for Sample Employee #9 who is also a PEPRA member. The difference was also reported under pay code ADJ – Earnings Adjustment.

Picture 2: Partial screenshot of affected PEPRA member record

| Earning Details: RODEO-HERCULES FIRE PROTECTION DISTRICT |             |             |               |                 |                 |    |
|--|-------------|-------------|---------------|-----------------|-----------------|----|
| Select   | Date From   | Date To     | Base Earnings | Actual Earnings | Current Service | Ad |
| <input type="radio"/>                                    | May 01 2018 | May 31 2018 | 6,005.46      | 6,005.46        | 0.0834          | N  |
| <input type="radio"/>                                    | Apr 01 2018 | Apr 30 2018 | 6,005.46      | 6,005.46        | 0.0833          | N  |
| <input type="radio"/>                                    | Mar 01 2018 | Mar 31 2018 | 6,005.46      | 6,005.46        | 0.0833          | N  |
| <input type="radio"/>                                    | Feb 01 2018 | Feb 28 2018 | 6,005.46      | 6,005.46        | 0.0834          | N  |
| <input type="radio"/>                                    | Jan 01 2018 | Jan 31 2018 | 6,005.46      | 6,005.46        | 0.0833          | N  |
| <input type="radio"/>                                    | Dec 01 2017 | Dec 31 2017 | 6,005.46      | 6,005.46        | 0.0833          | N  |
| <input type="radio"/>                                    | Nov 01 2017 | Nov 30 2017 | 6,005.46      | 6,005.46        | 0.0834          | N  |
| <input type="radio"/>                                    | Oct 01 2017 | Oct 31 2017 | 6,005.46      | 6,005.46        | 0.0833          | N  |
| <input type="radio"/>                                    | Sep 01 2017 | Sep 30 2017 | 6,005.46      | 6,005.46        | 0.0833          | N  |
| <input checked="" type="radio"/>                         | Aug 01 2017 | Aug 31 2017 | 6,005.46      | 7,181.38        | 0.0834          | N  |

- These differences are the result of adjustments that were reported in the monthly I30 file where they are added to the base earnings rather than modifying the base earnings as would happen if the adjustments were reported in the I30 adjustment file. Therefore it appears as if additional pensionable compensation in excess of base pay is reported for PEPRA members even if that is not necessarily the case.
- Further, it was observed that the additional earnings screen, where the ADJ was expected to show up as explanation for the difference, is blank.

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Picture 3: Partial screenshot of affected PEPRA member record

| Earning Details: RODEO-HERCULES FIRE PROTECTION DISTRICT |             |             |               |                 |         |
|--|-------------|-------------|---------------|-----------------|---------|
| Select   | Date From   | Date To     | Base Earnings | Actual Earnings | Current |
| <input type="radio"/>                                    | Sep 01 2016 | Sep 30 2016 | 5,320.68      | 5,320.68        |         |
| <input checked="" type="radio"/>                         | Aug 01 2016 | Aug 31 2016 | 5,320.68      | 5,591.36        |         |
| <input type="radio"/>                                    | Jul 01 2016 | Jul 31 2016 | 5,050.00      | 5,050.00        |         |
| <input type="radio"/>                                    | Jun 01 2016 | Jun 30 2016 | 5,050.00      | 5,050.00        |         |
| <input type="radio"/>                                    | May 01 2016 | May 31 2016 | 5,050.00      | 5,050.00        |         |
| <input type="radio"/>                                    | Apr 01 2016 | Apr 30 2016 | 5,050.00      | 5,050.00        |         |
| <input type="radio"/>                                    | Mar 01 2016 | Mar 31 2016 | 5,050.00      | 5,050.00        |         |
| <input type="radio"/>                                    | Feb 01 2016 | Feb 29 2016 | 5,050.00      | 5,050.00        |         |
| <input type="radio"/>                                    | Jan 01 2016 | Jan 31 2016 | 5,050.00      | 5,050.00        |         |
| <input type="radio"/>                                    | Dec 01 2015 | Dec 31 2015 | 4,545.00      | 4,545.00        |         |

| Additional Earnings |             |
|---------------------|-------------|
| Select              | Description |
|                     |             |

- The screenshot below shows how the ADJ code was used to report earnings for a legacy employee:

Picture 4: Partial screenshot of affected Legacy member record

| Additional Earnings              |                                    |          |
|----------------------------------|------------------------------------|----------|
| Select                           | Description                        | Amount   |
| <input checked="" type="radio"/> | Longevity Pay @ 5% (L06)           | 563.02   |
| <input type="radio"/>            | Holiday Pay Adjustment (HOA)       | 1,101.97 |
| <input type="radio"/>            | Fire Acting Pay - Rodeo (F47)      | 601.00   |
| <input type="radio"/>            | Fire Sched FLSA - Additional (F21) | 294.07   |
| <input type="radio"/>            | Differential Adjustment (D01)      | 369.25   |
| <input type="radio"/>            | Earnings Adjustment (ADJ)          | 2,452.78 |
| <input type="radio"/>            | Uniform Allowance \$40 (A76)       | 55.00    |
| <input type="radio"/>            | Adjustment Sale of Vacation (VAD)  | 55.13    |

- Based on a statement from RHFPD, an MOU extension dated November 6, 2013 contained a 1% salary increase effective October 1, 2015 for all classifications which was retroactively implemented as lump-sum payments in August 2017 for the Administrative Assistant and Battalion Chief classifications. Adjustments as described above were processed for this purpose.
- The format of the processed adjustments means that in CPAS the base salary is not adjusted, rather an unspecified additional compensation item was reported. This could be

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problematic for Legacy and PEPRA members as it could impact the selection of the FAS period and the pension benefit calculation.

- An expanded review showed a total of sixteen (16) instances of ADJ compensation reported to CCCERA between January 2013 and February 2018 for nine (9) separate PEPRA employees.
- This review also revealed that one month’s compensation for seven (7) PEPRA members hired in July and October of 2014 was reported as if they were legacy members. Reported compensation is higher than base pay as it includes multiple differentials. However, the month in question was the month before CCCERA membership started and will not have an effect on pension benefit calculations.

## Compensation Limits

Table 1: IRC Compensation Limits for 2016 and 2017

|                              | 2016    | 2017    |
|------------------------------|---------|---------|
| PEPRA in Social Security     | 117,020 | 118,775 |
| PEPRA not in Social Security | 140,424 | 142,530 |
| Legacy                       | 265,000 | 270,000 |

RHFPD employees did not participate in Social Security in 2016 or 2017.

### Observations:

- No legacy or PEPRA employee exceeded the compensation limits as shown above in total compensation in 2016 or 2017.

## Receivables Review

The pension contribution monies are submitted via County journal voucher. Payments are prepared by RHFPD staff and sent to the County’s Auditor-Controller for processing/posting to the Auditor’s general ledger (GL). CCCERA’s Accounting department performs a monthly sweep to transfer funds on deposit on the GL to the CCCERA account at CCCERA’s custodial bank. The received amounts were compared to the pension contribution amounts expected based on the reported pensionable salary.

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## Timeliness

- RHFPD submits employee and employer contributions on a monthly basis.
- In 2016 and 2017 RHFPD submitted all contribution payments to CCCERA in a timely manner.
- RHFPD pays the UAAL payment separate from the monthly contributions.
- For UAAL payments, only 2017 was reviewed for timeliness as there was a known issue in 2016 which has already been resolved.
- The UAAL payments are due by the month's deadline for which there is no delay due to payroll processing.
- In 2017, the UAAL payments for April, June and July were late between one (1) and four (4) days. All other payments were timely.

## Employee and Employer Contributions

### 2017

Table 2: Contribution Timeliness Review for January through December 2017

| RHFPD                 | Jan       | Feb       | Mar       | Apr       |
|-----------------------|-----------|-----------|-----------|-----------|
| Due Date              | 2/10/2017 | 3/10/2017 | 4/10/2017 | 5/10/2017 |
| Date Payment Received | 2/8/2017  | 3/8/2017  | 4/6/2017  | 5/8/2017  |
| Variance in Days      | -2        | -2        | -4        | -2        |

| RHFPD                 | May      | Jun       | Jul       | Aug      |
|-----------------------|----------|-----------|-----------|----------|
| Due Date              | 6/9/2017 | 7/10/2017 | 8/10/2017 | 9/8/2017 |
| Date Payment Received | 6/7/2017 | 7/6/2017  | 8/8/2017  | 9/6/2017 |
| Variance in Days      | -2       | -4        | -2        | -2       |

| RHFPD                 | Sep        | Oct        | Nov       | Dec       |
|-----------------------|------------|------------|-----------|-----------|
| Due Date              | 10/10/2017 | 11/10/2017 | 12/8/2017 | 1/10/2018 |
| Date Payment Received | 10/6/2017  | 11/7/2017  | 12/6/2017 | 1/8/2018  |
| Variance in Days      | -4         | -3         | -2        | -2        |

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Table 3: Monthly Contributions Towards UAAL for January through December 2017

| RHFPD                      | Jan      | Feb       | Mar       | Apr       |
|----------------------------|----------|-----------|-----------|-----------|
| Due Date                   | 1/9/2017 | 2/10/2017 | 3/10/2017 | 4/10/2017 |
| Date UAAL Payment Received | 1/6/2017 | 2/8/2017  | 3/6/2017  | 4/11/2017 |
| Variance in Days           | -3       | -2        | -4        | 1         |

| RHFPD                      | May      | Jun       | Jul       | Aug       |
|----------------------------|----------|-----------|-----------|-----------|
| Due Date                   | 5/9/2017 | 6/9/2017  | 7/10/2017 | 8/10/2017 |
| Date UAAL Payment Received | 5/8/2017 | 6/12/2017 | 7/14/2017 | 7/31/2017 |
| Variance in Days           | -1       | 3         | 4         | -10       |

| RHFPD                      | Sep      | Oct        | Nov        | Dec       |
|----------------------------|----------|------------|------------|-----------|
| Due Date                   | 9/8/2017 | 10/10/2017 | 11/10/2017 | 12/8/2017 |
| Date UAAL Payment Received | 9/8/2017 | 10/10/2017 | 11/7/2017  | 12/8/2017 |
| Variance in Days           | 0        | 0          | -3         | 0         |

### 2016

Table 4: Contribution Timeliness Review for January through December 2017

| RHFPD                 | Jan       | Feb       | Mar      | Apr       |
|-----------------------|-----------|-----------|----------|-----------|
| Due Date              | 2/10/2016 | 3/10/2016 | 4/8/2016 | 5/10/2016 |
| Date Payment Received | 2/8/2016  | 3/8/2016  | 4/6/2016 | 5/6/2016  |
| Variance in Days      | -2        | -2        | -2       | -4        |

| RHFPD                 | May       | Jun      | Jul       | Aug      |
|-----------------------|-----------|----------|-----------|----------|
| Due Date              | 6/10/2016 | 7/8/2016 | 8/10/2016 | 9/9/2016 |
| Date Payment Received | 6/8/2016  | 7/6/2016 | 8/6/2016  | 9/7/2016 |
| Variance in Days      | -2        | -2       | -4        | -2       |

| RHFPD                 | Sep        | Oct        | Nov       | Dec       |
|-----------------------|------------|------------|-----------|-----------|
| Due Date              | 10/10/2016 | 11/10/2016 | 12/9/2016 | 1/10/2017 |
| Date Payment Received | 10/6/2016  | 11/8/2016  | 12/7/2016 | 1/6/2017  |
| Variance in Days      | -4         | -2         | -2        | -4        |

# Rodeo-Hercules Fire Protection District

## Accuracy

- All 2016 and 2017 employee and employer contribution payments were accurate.
- In 2017, a variance of ±\$1 was observed for the monthly contribution towards UAAL for July, August, October, November and December.
- In 2016 all monthly contributions towards UAAL were accurate.

Table 5: Monthly Contributions Towards UAAL Amounts per published contribution rate packets

| Expected Amounts                    | FY 2015-2016 | FY 2016-2017 | FY 2017-2018 |
|-------------------------------------|--------------|--------------|--------------|
| Monthly Contr. Towards UAAL - Basic | \$75,799     | \$79,828     | \$84,397     |
| Monthly Contr. Towards UAAL - COLA  | \$48,987     | \$52,011     | \$53,334     |
| Total Monthly Contr. Towards UAAL   | \$124,786    | \$131,839    | \$137,731    |

Note that Legacy and Safety amounts are combined.

## 2017

Table 6: Accuracy Review January through December 2017

| RHFPD                       | Jan          | Feb          | Mar          | Apr          |
|-----------------------------|--------------|--------------|--------------|--------------|
| Payment Amount              | \$64,148.07  | \$65,944.38  | \$65,900.04  | \$66,587.15  |
| Amount Expected             | \$64,148.07  | \$65,944.38  | \$65,900.04  | \$66,587.15  |
| Monthly Contr. - UAAL       | \$131,839.00 | \$131,839.00 | \$131,839.00 | \$131,839.00 |
| UAAL Variance in \$         | \$0.00       | \$0.00       | \$0.00       | \$0.00       |
| Contribution Variance in \$ | \$0.00       | \$0.00       | \$0.00       | \$0.00       |

| RHFPD                       | May          | Jun          | Jul          | Aug          |
|-----------------------------|--------------|--------------|--------------|--------------|
| Payment Amount              | \$66,853.05  | \$66,421.33  | \$71,798.80  | \$73,349.77  |
| Amount Expected             | \$66,853.05  | \$66,421.33  | \$71,798.80  | \$73,349.77  |
| Monthly Contr. - UAAL       | \$131,839.00 | \$131,839.00 | \$137,730.00 | \$137,730.00 |
| UAAL Variance in \$         | \$0.00       | \$0.00       | -\$1.00      | -\$1.00      |
| Contribution Variance in \$ | -\$0.01      | \$0.00       | \$0.00       | \$0.00       |

## Rodeo-Hercules Fire Protection District

| RHFPD                       | Sep          | Oct          | Nov          | Dec          |
|-----------------------------|--------------|--------------|--------------|--------------|
| Payment Amount              | \$69,668.45  | \$67,841.90  | \$71,560.79  | \$68,469.78  |
| Amount Expected             | \$69,668.45  | \$67,841.90  | \$71,560.79  | \$68,469.78  |
| Monthly Contr. - UAAL       | \$137,731.00 | \$137,732.00 | \$137,732.00 | \$137,732.00 |
| UAAL Variance in \$         | \$0.00       | \$1.00       | \$1.00       | \$1.00       |
| Contribution Variance in \$ | \$0.00       | \$0.00       | \$0.00       | \$0.00       |

2016

Table 7: Accuracy Review January through December 2016

| RHFPD                       | Jan          | Feb          | Mar          | Apr          |
|-----------------------------|--------------|--------------|--------------|--------------|
| Payment Amount              | \$78,286.25  | \$76,144.20  | \$76,173.72  | \$79,429.80  |
| Amount Expected             | \$78,286.25  | \$76,144.20  | \$76,173.72  | \$79,429.80  |
| Monthly Contr. - UAAL       | \$124,786.00 | \$124,786.00 | \$124,786.00 | \$124,786.00 |
| UAAL Variance in \$         | \$0.00       | \$0.00       | \$0.00       | \$0.00       |
| Contribution Variance in \$ | \$0.00       | \$0.00       | \$0.00       | \$0.00       |

| RHFPD                       | May          | Jun          | Jul          | Aug          |
|-----------------------------|--------------|--------------|--------------|--------------|
| Payment Amount              | \$71,723.49  | \$68,626.36  | \$66,834.99  | \$65,956.65  |
| Amount Expected             | \$71,723.49  | \$68,626.36  | \$66,834.99  | \$65,956.65  |
| Monthly Contr. - UAAL       | \$124,786.00 | \$124,786.00 | \$131,839.00 | \$131,839.00 |
| UAAL Variance in \$         | \$0.00       | \$0.00       | \$0.00       | \$0.00       |
| Contribution Variance in \$ | \$0.00       | \$0.00       | \$0.00       | \$0.00       |

| RHFPD                       | Sep          | Oct          | Nov          | Dec          |
|-----------------------------|--------------|--------------|--------------|--------------|
| Payment Amount              | \$65,653.95  | \$63,950.20  | \$65,148.98  | \$65,436.89  |
| Amount Expected             | \$65,653.95  | \$63,950.20  | \$65,148.98  | \$65,436.89  |
| Monthly Contr. - UAAL       | \$131,839.00 | \$131,839.00 | \$131,839.00 | \$131,839.00 |
| UAAL Variance in \$         | \$0.00       | \$0.00       | \$0.00       | \$0.00       |
| Contribution Variance in \$ | \$0.00       | \$0.00       | \$0.00       | \$0.00       |

# Rodeo-Hercules Fire Protection District

## Publicly Available Pay Schedule Review

The employer was able to produce the pay schedules applicable to the audit period upon request by CCCERA. However, these pay schedules do not match actual salaries paid for the Administrative Assistant and Battalion Chief classifications. This is due to a salary increase which was implemented late for these positions. It appears that no pay schedules were created for the interim period.

The provided schedules do not fulfill the requirements listed in the test standard as they do not indicate whether the time base is hourly daily, bi-weekly, monthly, bi-monthly, or annually and the provided pay schedules do not reflect actual salaries paid for all applicable classifications.

## Salaries in Accordance With Publicly Available Pay Schedules

- A comparison of the calculated pay scale to actual pay resulted in the following variances in monthly compensation:

| Sample EE     | 15-Nov  | 16-Apr  | 16-Nov  | 17-Apr  |
|---------------|---------|---------|---------|---------|
| Sample EE #9  | -\$0.23 | -\$0.46 | -\$0.20 | -\$0.20 |
| Sample EE #10 | -\$1.60 | -\$1.60 | -\$1.60 | -\$1.60 |
| Sample EE #14 | \$0.00  | \$0.00  | \$0.00  | -\$1.24 |

- No variances were observed for the Firefighter, Engineer and Fire Captain classifications.
- As the 1% salary increase effective October 1, 2015 was implemented in August 2017 for the Administrative Assistant and Battalion Chief classifications, paid salaries for these positions did not match the publicly available pay schedule provided by RHFDP for all four (4) sample months. In addition, the previous pay schedule effective October 1, 2013 did not include salary information for the Assistant and Battalion Chief classifications.
- RHFDP advised that the prior pay scale was 1% less for each rank and step.
- Based on that information, CCCERA staff calculated the following applicable monthly pay scale for the Administrative Assistant and Battalion Chief positions:

| Rank            | Start    | Step 1   | Step 2    | Step 3    | Step 4    |
|-----------------|----------|----------|-----------|-----------|-----------|
| Admin Assistant | 5,391.54 | 5,662.80 | 5,944.95  | 6,241.95  | 6,555.78  |
| Battalion Chief | 9,171.36 | 9,629.73 | 10,111.86 | 10,616.76 | 11,147.40 |

This pay scale was used as base line to which actual paid salaries were compared.

# Rodeo-Hercules Fire Protection District

## Enrollment of all Eligible Employees

### Observations:

#### 2016

- No enrollment entries were observed in RHFPD's I29 2016 input files or CCCERA's log.

#### 2017

- RHFPD's 2017 I29s show two (2) new enrollments while CCCERA's log shows three (3) enrollments/re-enrollments.
- The re-enrollment entry for one member is not included in the June or October 2017 I29 file. The file should have included an entry with a membership date effective February 2017 for this member.
- Further research has shown CCCERA does not have an enrollment packet on record for this employee, neither for the first enrollment nor the second enrollment.
- In cases where the I29 files are missing entries for new members the incomplete I29 files are revised manually by CCCERA staff which is done as an accommodation to the employer. However it is the employer's obligation to report its compensation and contributions in substance and form as required by CCCERA board regulations and the employer guide.

## Pension Benefit Review

As no members retired from RHFPD after December 2014, no pension benefit calculation was within audit scope and none were reviewed for this audit.

## Retiree Return to Work Monitoring

GC 7522.56, I.R.S. bona fide separation and normal retirement age rules

There are two ways retirees may return to work for a CCCERA participating employer: on an approved limited basis while receiving their pension, or by suspending their retirement to return to full time employment. The PEPRA 2013 "return to work" rules create a framework under which a retiree's eligibility will be determined to be re-employed without having to be

## Rodeo-Hercules Fire Protection District

reinstated from retirement. The “return to work” rules affect new, deferred, and current employees.

The Board of Retirement Regulations Section VII Normal Retirement Age and Bone Fide Separations states the following:

### Bona Fide Separation from Service

*A) In order to comply with tax law restrictions on in-service distributions, a member who retires at an age younger than Normal Retirement Age, as defined herein, may not enter into an agreement, either oral or written, prior to the date the member's retirement commences, to be reemployed while retired by the same CCCERA employer, regardless of the length of the member's break in service after retirement. The member must acknowledge in writing to CCCERA at the time of retirement that the member has been informed of these requirements and limitations on post-retirement employment and that no prearrangement to be reemployed while retired exists.*

*B) A member who retires at an age younger than Normal Retirement Age, as defined herein, must have at least a continuous 90-day break in service from the date of the member's last day of employment prior to being reemployed while retired by the member's prior CCCERA employer.*

*C) If a member is reemployed without compliance with subsections (A) and (B) above, the retired member's retirement benefits from CCCERA must cease as soon as practicable upon discovery by CCCERA and will not resume until the member has a bona fide separation from service or reaches Normal Retirement Age, whichever occurs first.*

Employer Certification and Determination – Submission of CCCERA Form 213 Certification for Post-Retirement Employment.

- No pre-arrangement for post-retirement re-hire;
- Reinstatement from retirement requirement if rehired by an employer in the same public retirement system from which the retiree receives the benefit;
- Waiting period between retirement date and rehire of a retiree (with some exceptions for Safety Members and special circumstance General Members);
- Fiscal Year Limitations – 960 Hours;
- Limited duration of the return to work (7522.56(c).);
- Compensation Limits;
- Employer certification and approval by the Board of Supervisors (7522.56(f)(1).);

## Rodeo-Hercules Fire Protection District

- Retiree certification of non-receipt of unemployment insurance compensation (7522.56(e)).

### Observations:

RHFPD confirmed that no retirees returned to work for the district.

## Forfeiture of Benefits Earned or Accrued from the Commission of a Felony

### Test Standard

Reporting Requirements For Public Employers Under PEPRA require the public agency that employs or employed a public employee who was convicted of a job related felony must notify CCCERA of the conviction within 90 days of the conviction. (Govt. Code §§ 7522.72(f) and 7522.74(f)).

### Observations:

The review indicated that CCCERA had not received any notice from the employer regarding any employee of RHFPD that would have been subject to the felony conviction and benefit forfeiture provisions under government statute. RHFPD confirmed that they knew of no such employee.

# Rodeo-Hercules Fire Protection District

## Follow-Up Items

The following items were noted during the course of the review and require follow-up by the District and CCCERA:

- 1. Pensionable Compensation and Contribution Reporting:** CCCERA recommends setting up a meeting between CCCERA's Member Services Department, RHFPD's administrative staff and/or County payroll staff to discuss the correct reporting of earnings adjustment for RHFPD. Note that CCCERA's Participating Employer Handbook is available on CCCERA's website<sup>7</sup> and covers these items and in particular the format of the I30 adjustment file.

In addition, CCCERA requests a correction for the incorrectly reported adjustments to the base salary for the nine (9) identified PEPRA employees. It is further recommended to collaborate with CCCERA's Member Services department regarding the implementation of these corrections.

- 2. Publicly Available Pay Schedules:** The audit revealed that the district has not maintained publicly available salary schedules per the standard outlined in CCCERA's policy. CCCERA asks that RHFPD pay schedules are maintained to show current pay for all district classifications to meet the standard outlined in CCCERA's policy.
- 3. Enrollment:** CCCERA requests the submission of the missing enrollment packet.

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<sup>7</sup> <https://www.cccera.org/employers>

# Rodeo-Hercules Fire Protection District

## District Response



**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
1680 REFUGIO VALLEY ROAD, HERCULES, CALIFORNIA 94547  
(510) 799-4561 FAX: (510) 799-0395

September 28, 2018

Wrally Dutkiewicz, Compliance Officer  
Contra Costa County  
Employees' Retirement Association  
1355 Willow Way, Suite 221  
Concord, CA 94520

**Re: Response to Employer Audit**

Mr. Dutkiewicz:

The Rodeo - Hercules Fire Protection District has received the preliminary audit report from CCCERA. I would like to acknowledge the professionalism shown during the audit process by all CCCERA staff communicating with the District during the audit process. Your explanation of the processes and assurance of continued support created a stress-free atmosphere that allowed the Fire District to compile the requested documents needed by CCCERA to complete a very thorough report. The CCCERA Board of Directors should rest assured their assigned compliance officers are representing the Board and CCCERA organization in the highest regard. Again, it was a pleasure working with you and your staff.

Please see the attached responses to the findings and observations found within the Preliminary Audit Report.

Sincerely,

Bryan Craig  
Interim Fire Chief

/encl.

## Rodeo-Hercules Fire Protection District

District staff has read the findings and observations found, within the preliminary audit report and have prepared the following responses.

| Page No. | Finding  | Response   |
|----------|--|--|
| 19       | RHFPD used the ADJ - <i>Earnings Adjustment</i> , D01 – <i>Differential Adjustment</i> and VAD – <i>Adjustment Sale of Vacation</i> codes to report what appears to be adjustments in April, May, August, and November of 2017.  | When payroll adjustments are necessary, a spreadsheet with the affected pay categories with old rate, new rate, and amounts owed are submitted to the County Payroll Department. The County Payroll Department is using the ADJ, D01 and VAD codes to report adjustments. RHFD can work with County Payroll to determine how to more accurately report adjustments as they happen in the future. |
| 20       | <p>These differences are the result of adjustments that were reported in the monthly I30 file where they are added to the base earnings rather than modifying the base earnings as would happen if the adjustments were reported in the I30 adjustment file. Therefore it appears as if additional pensionable compensation in excess of base pay is reported for PEPRA members even if that is not necessarily the case.</p> <p><input type="checkbox"/> Further, it was observed that the additional earnings screen, where the ADJ was expected to show up as explanation for the difference, is blank.</p> | See above. In addition, when submitting to County Payroll, the District will submit all earning adjustment directly to CCCERA.   |
| 21-22    | The format of the processed adjustments means that in CPAS the base salary is not adjusted, rather an unspecified additional compensation item was reported. This could be problematic for Legacy and PEPRA members as it could impact the selection of the FAS period and the pension benefit calculation.  | RHFD will reach out to County Payroll to determine how to more accurately report adjustments as they happen in the future.   |

## Rodeo-Hercules Fire Protection District

|    |   |  |
|----|---|--|
| 23 | In 2017, the UAAL payments for April, June and July were late between one (1) and four (4) days. All other payments were timely.  | Staff has worked diligently to make sure the UAAL journals are submitted to the County in a timely manner, in order for CCCERA to retrieve the payment. Delays are not intentional, and could likely be due to postal delays.  |
| 27 | The provided schedules do not fulfill the requirements listed in the test standard as they do not indicate whether the time base is hourly daily, bi-weekly, monthly, bi-monthly, or annually and the provided pay schedules do not reflect actual salaries paid for all applicable classifications.  | The District will be working on updating its schedules to reflect the requirements set forth by CCCERA.  |
| 28 | <p>2017</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> RHFPD's 2017 I29s show two (2) new enrollments while CCCERA's log shows three (3) enrollments/re-enrollments.</li> <li><input type="checkbox"/> The re-enrollment entry for one member is not included in June or October 2017 I29 file. The file should have included an entry with a membership date effective February 2017 for this member.</li> <li><input type="checkbox"/> Further research has shown CCCERA does not have an enrollment packet on record for this employee, neither for the first enrollment nor the second enrollment.</li> <li><input type="checkbox"/> In cases where the I29 files are missing entries for new members the incomplete I29 files are revised manually by CCCERA staff which is done as an accommodation to the employer. However it is the employer's obligation to report its compensation and contributions in substance and form as required by CCCERA board regulations and the employer guide.</li> </ul> | <p>The District submits payroll to the County, and County payroll submits the I29 files to CCCERA. The District will work with payroll and CCCERA to streamline this process.</p> <p>The District will submit the missing enrollment packet to CCCERA. Furthermore, the District will include, in a new employees' enrollment process, a signed check off sheet to insure all proper registration forms have been completed.</p> |
| 30 | <b>Pensionable Compensation and Contribution Reporting:</b> CCCERA recommends setting up a meeting  | The District will comply with this request by reviewing the Employer Handbook, and   |

## Rodeo-Hercules Fire Protection District

|    |  |   |
|----|--|---|
|    | <p>between CCCERA’s Member Services Department, RHFPD’s administrative staff and/or County payroll staff to discuss the correct reporting of earnings adjustment for RHFPD. Note that CCCERA’s Participating Employer Handbook is available on CCCERA’s website<sup>7</sup> and covers these items and in particular the format of the I30 adjustment file. In addition, CCCERA requests a correction for the incorrectly reported adjustments to the base salary for the nine (9) identified PEPRAs employees. It is further recommended to collaborate with CCCERA’s Member Services department regarding the implementation of these corrections.</p> | <p>meeting with the Member Services Department, as well as County Payroll.</p> <p>The District will contact CCCERA to determine how to do a correction adjustment for the incorrectly reported adjustments.</p> |
| 31 | <p><b>Publicly Available Pay Schedules:</b> The audit revealed that the district has not maintained publicly available salary schedules per the standard outlined in CCCERA’s policy. CCCERA asks that RHFPD pay schedules are maintained to show current pay for all district classifications to meet the standard outlined in CCCERA’s policy.</p>   | <p>The District will be working on updating its schedules to reflect the requirements set forth by CCCERA.</p>  |
| 31 | <p><b>Enrollment:</b> CCCERA requests the submission of the missing enrollment packet.</p>   | <p>The District will submit the enrollment packet to CCCERA.</p>  |



Meeting Date  
**10/10/18**  
Agenda Item  
**#9**

## **MEMORANDUM**

Date: October 10, 2018  
To: CCCERA Board of Retirement  
From: Gail Strohl, Chief Executive Officer  
Subject: Update from staff regarding the lease at the Willows Office Park

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### ***Background***

The CCCERA office has been housed in the Willows Office Park building since 1990. The current lease expires on September 30, 2019. In anticipation of the upcoming lease expiration, CCCERA commenced working with CBRE to determine the future space needs of CCCERA as well as assess the advantages, disadvantages and potential expenses of renewing in the current location compared to other possible locations in the area. In addition to the cost of any location, some of the primary considerations will be member accessibility and experience, workflow, and employee experience. CBRE will provide information on the assessment process and general market data.

### ***Recommendation***

This is informational only. No Board action is necessary at this time.

# A Partnership for Progress

## CONTRA COSTA COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION

# THE TEAM



**JEFF BIRNBAUM**  
SENIOR VICE PRESIDENT  
Team Leader,  
Chief Negotiator,  
Market Expert



**ANDY SCHMITT**  
SENIOR VICE PRESIDENT  
Team Leader,  
Transaction Strategy,  
Market Expert



**TREVOR THORPE**  
MANAGING DIRECTOR  
Executive Oversight



**EUN PORTER**  
DIRECTOR OF PROJECT  
MANAGEMENT  
Architectural Design,  
Pricing Construction,  
Vendor Support



**LYDIA LIGHTSEY**  
RESEARCHER  
East Bay Market  
Trends, Pricing,  
and Statistics



**GEORGIA COLLINS**  
EXECUTIVE MANAGING  
DIRECTOR  
Workplace  
Design



**JOE JOYCE**  
SENIOR ASSOCIATE  
DIRECTOR  
Financial  
Modeling

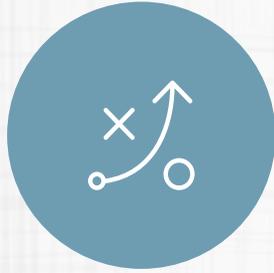


**DANIELLE SCHEG**  
CLIENT SERVICES  
COORDINATOR  
Team Coordinator &  
Transaction Support



**ISABELL DUARTE**  
SALES MANAGEMENT  
ANALYST  
Client Needs  
and Technology

# CCCERA OBJECTIVES



DEVELOP RENEWAL &  
RELOCATION STRATEGIES



FULLY UNDERSTAND  
FINANCIAL IMPACT OF  
OCCUPANCY SCENARIOS



ENHANCE MEMBER  
EXPERIENCE



LOCATION



IMPROVE EMPLOYEE  
EXPERIENCE



MODERNIZE WORK  
ENVIRONMENT

# OCCUPANCY SCENARIOS



## Stay in Current Building

### BENEFITS

- Minimize operational disruption
- Known location
- New amenities
- Implement new workplace design
- Comfortable
- Less capital outlay

### RISKS

- Employee disruption during workplace remodel
- Low leverage with landlord
- Cost of remodel



## Relocate & Lease

### BENEFITS

- Implement new workplace design
- Right-size to new space
- Hungry landlords
- Improve employee experience

### RISKS

- Market timing
- Potential cost overruns
- Potential increased occupancy costs



## Relocate & Buy

### BENEFITS

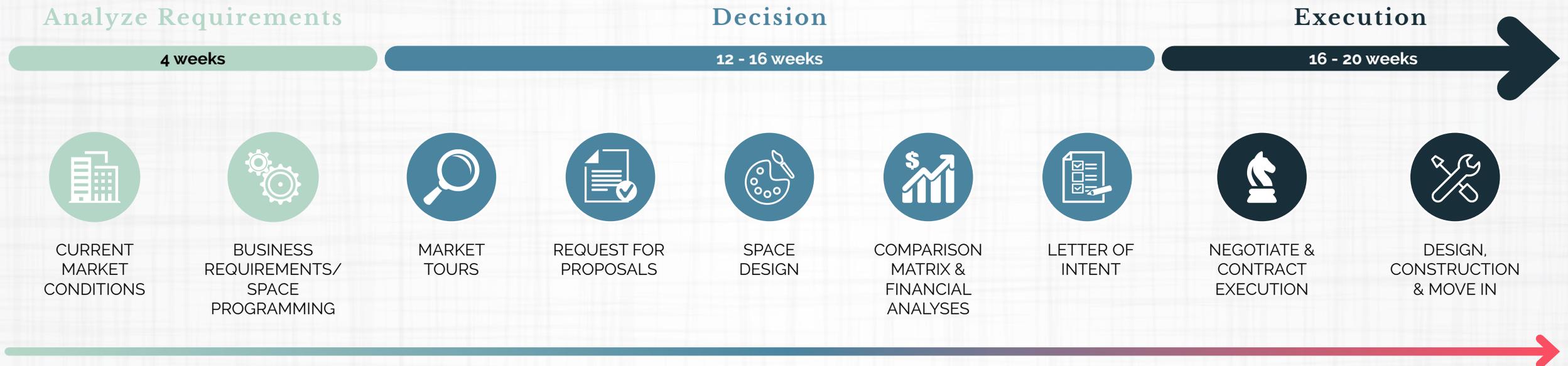
- Ownership
- Implement new workplace design
- Invest in an improving market
- New space

### RISKS

- Landlord responsibilities
- Lack of flexibility
- Cost of construction/improvements
- Limited inventory
- Ongoing repairs & maintenance
- Potential cost overruns



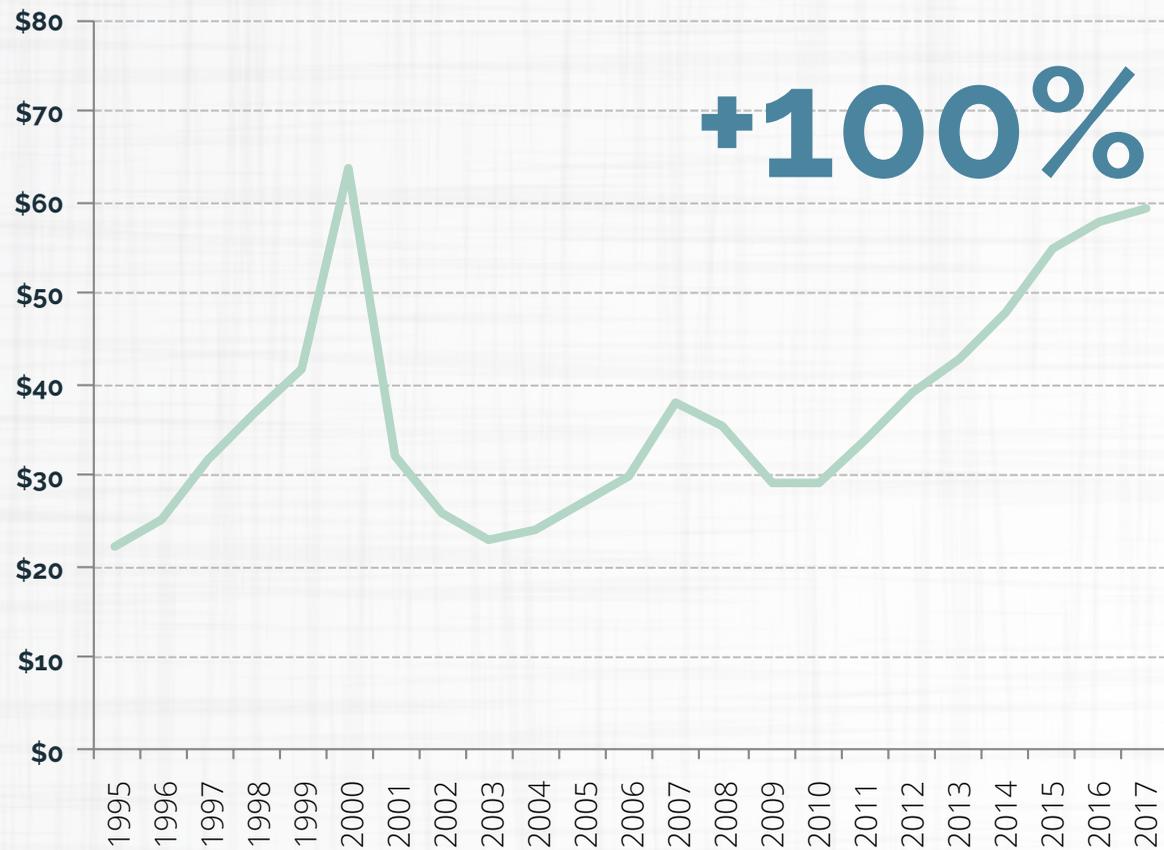
# TRANSACTION PROCESS TIMELINE



## KEY MILESTONES



# BAY AREA AVERAGE ASKING RENT



# BAY AREA MARKET TRENDS Q2 2018



Technology companies continue to drive the office market across the Bay Area



Significant new construction in this cycle except I-680 corridor



Flexible space continues to dominate new space designs



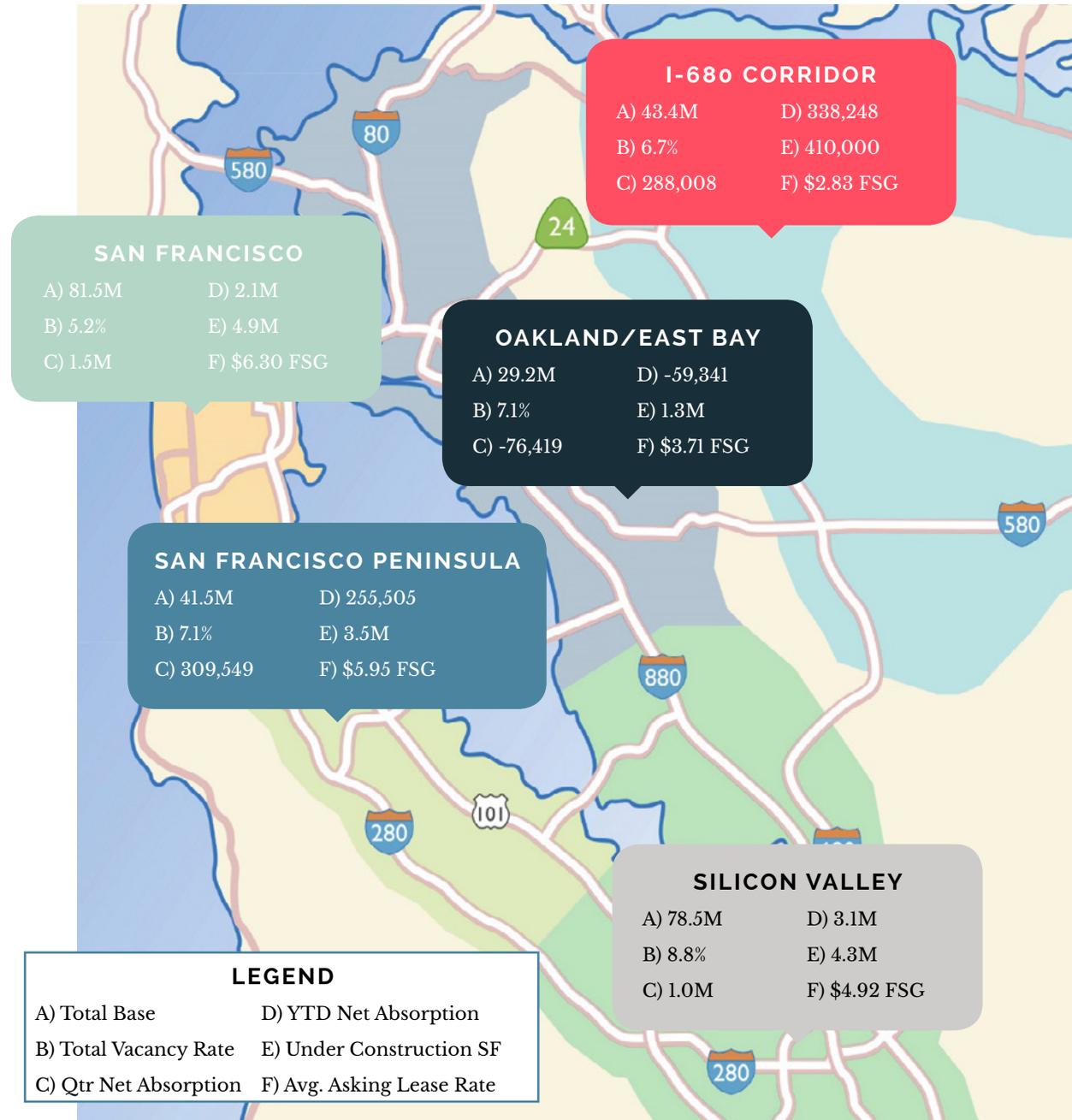
Strong buyer activity in the Bay Area continues to apply upward pressure on office lease rates



Tenant improvement costs have increased dramatically in 2018 as contractors struggle to find labor and materials

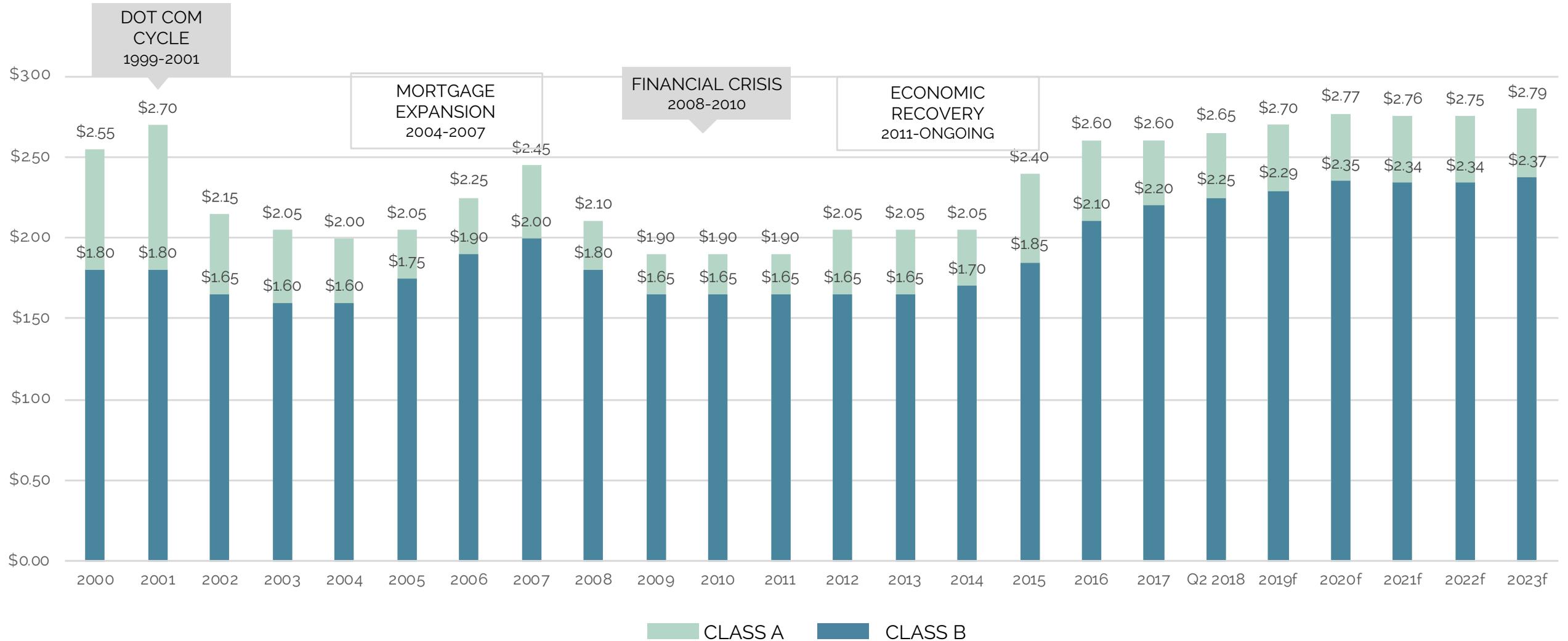


Fundamentals remain strong in all commercial real estate categories in the Bay Area



# CONCORD CLASS A + B ASKING RENT

**HISTORICAL MARKET RENT AND FORECAST  
(ACTUAL 2000-2018+ FORECAST THROUGH 2023)**



# CBRE ECONOMETRIC ADVISORS

## I-680 RENT FORECAST

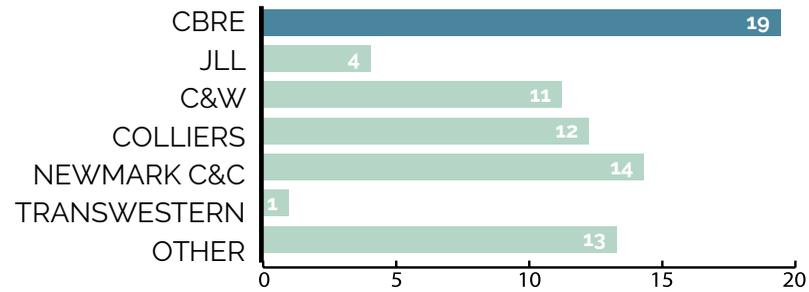
**CLASS A AVERAGE ASKING LEASE RATE  
(ACTUAL 2015-2018 & FORECAST THROUGH 2023)**

|                           | 2015   | 2016   | 2017   | Q2 2018 | 2019F  | 2020F  | 2021F  | 2022F  | 2023F  |
|---------------------------|--------|--------|--------|---------|--------|--------|--------|--------|--------|
| <b>WALNUT CREEK DT</b>    | \$3.65 | \$3.85 | \$3.92 | \$4.05  | \$4.18 | \$4.19 | \$4.20 | \$4.28 | \$4.38 |
|                           | 12.3%  | 5.5%   | 1.9%   | 0.0%    | 3.2%   | 0.2%   | 0.3%   | 1.8%   | 2.5%   |
| <b>PLEASANT HILL BART</b> | \$3.60 | \$3.85 | \$3.89 | \$4.05  | \$4.22 | \$4.25 | \$4.34 | \$4.46 | \$4.62 |
|                           | 8.3%   | 6.9%   | 1.0%   | 2.5%    | 4.3%   | 1.3%   | 1.4%   | 2.8%   | 3.5%   |
| <b>CONCORD</b>            | \$2.40 | \$2.60 | \$2.83 | \$2.65  | \$2.72 | \$2.71 | \$2.70 | \$2.74 | \$2.80 |
|                           | 17.1%  | 8.3%   | 9.0%   | 1.9%    | 2.5%   | -0.4%  | -0.1%  | 1.4%   | 2.3%   |
| <b>SAN RAMON</b>          | \$2.75 | \$2.85 | \$2.82 | \$3.05  | \$3.15 | \$3.16 | \$3.08 | \$3.23 | 3.32   |
|                           | -3.5%  | 3.6%   | -1.0%  | 3.4%    | 3.3%   | 0.4%   | 0.4%   | 1.8%   | 2.7%   |
| <b>PLEASANTON</b>         | \$2.80 | \$3.05 | \$3.14 | \$3.15  | \$3.22 | \$3.20 | \$3.18 | \$3.21 | \$3.26 |
|                           | 9.8%   | 8.9%   | 2.9%   | 0.0%    | 2.2%   | -0.7%  | -0.6%  | 0.9%   | 1.8%   |
| <b>DUBLIN</b>             | \$2.85 | \$3.10 | \$3.30 | \$3.15  | \$3.19 | \$3.14 | \$3.10 | \$3.11 | \$3.15 |
|                           | 16.3%  | 8.8%   | 6.3%   | 0.0%    | 1.3%   | -1.5%  | -1.3%  | 0.3%   | 1.3%   |

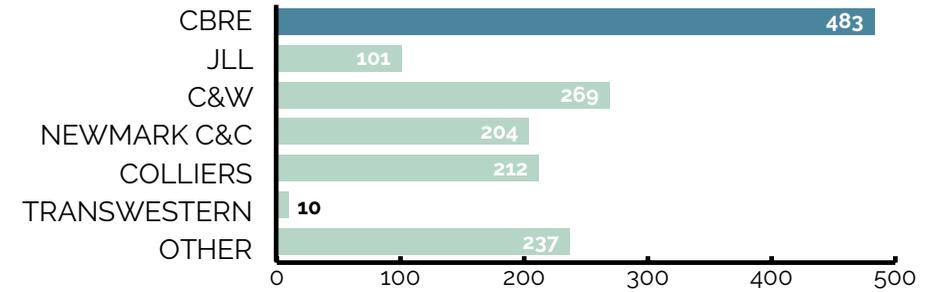
# TENANTS IN THE MARKET

## I-680 CORRIDOR (AUGUST 2018)

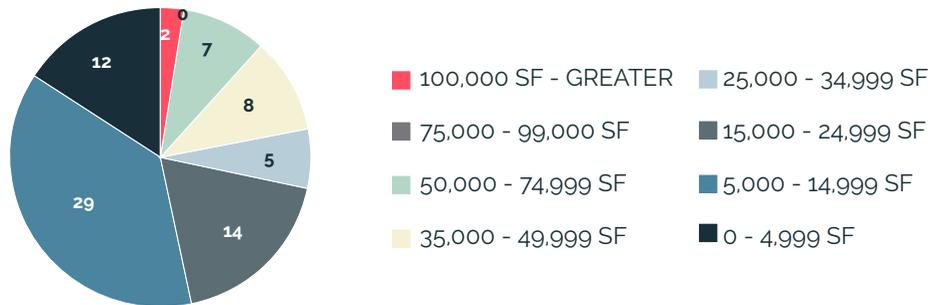
REPRESENTATION BY TENANT COUNT



REPRESENTATION BY TOTAL SF



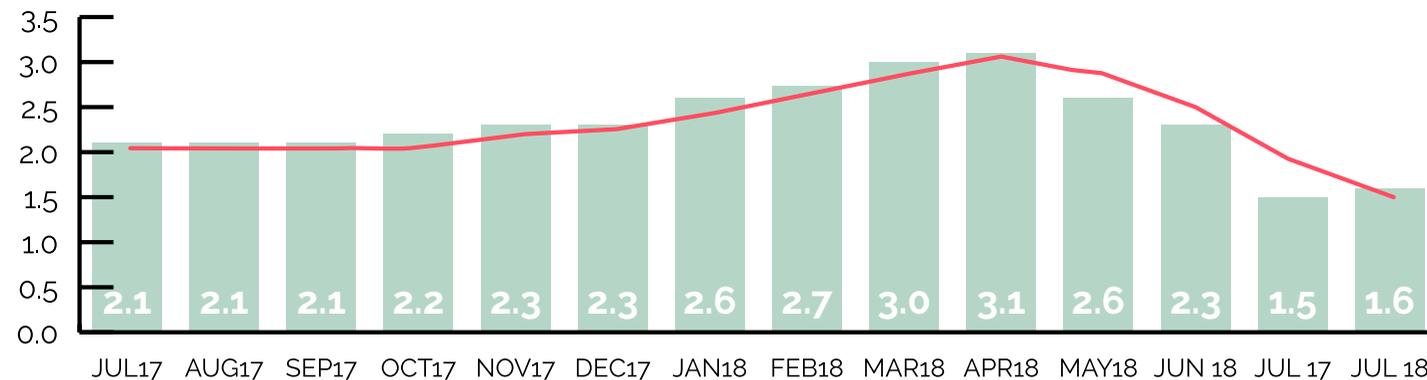
BREAKDOWN BY SIZE RANGE TOTAL NUMBER



BREAKDOWN BY INDUSTRY TYPE SF



HISTORICAL TENANT DEMAND (SF IN MILLIONS)



Understand true impact of each strategy

Level-set financial comparisons

Qualitative & flexible provisions

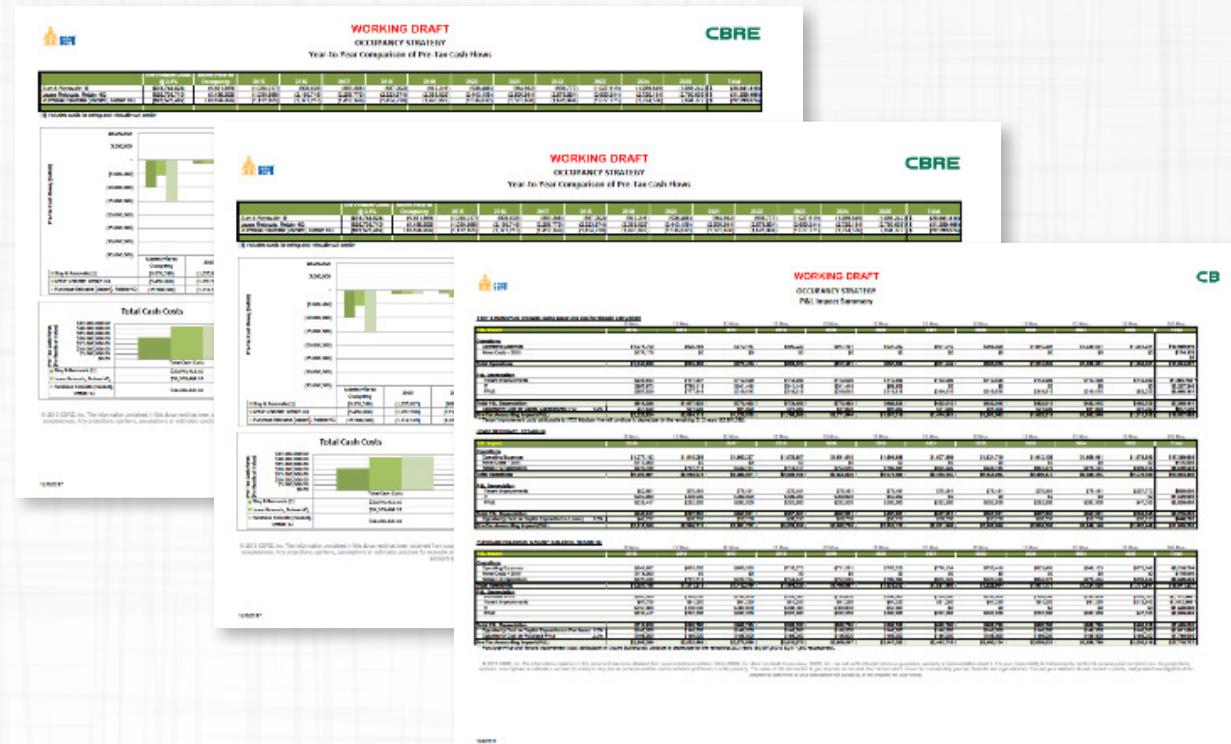
Local, in-house analysts

### HOW THIS BENEFITS YOU

Understand true costs of each scenario

Educated & accurate decision-making

# FINANCIAL/SCENARIO MODELING



### WE ARE WELL VERSED IN COMPLEX FINANCIAL ANALYSES

1. Stay and Renovate
2. Leased Relocation
3. Purchase Relocation

# WHY CBRE?



## COMBINED EXPERIENCE

**±3,500**

LEASE / SALE  
TRANSACTIONS

**±52M**

SQUARE  
FEET

**42**

YEARS  
EXPERIENCE



Strategic approach to real estate process



Local market expertise/off market opportunity knowledge



Board room quality work product & financial modeling



Best in Class tools



Focused on risk avoidance

### CONCORD TENANT RECENT ADVISORY EXPERIENCE (2015 - 2018)

**T-Mobile**

55,000 SF

**CERUS**

70,000 SF

**Ascent**

11,000 SF

**KYOCERA**

33,000 SF

**BALANCE**  
Financially Empowering You

24,000 SF

**Gilbane**

Gilbane Building Company

24,000 SF

# CCCERA Board Meetings 2018

**Meeting Date**  
**10/10/18**  
**Agenda Item**  
**#10**

| January |    |    |    |    |    |    |
|---------|----|----|----|----|----|----|
| Su      | Mo | Tu | We | Th | Fr | Sa |
|         | H  | 2  | 3  | 4  | 5  | 6  |
| 7       | 8  | 9  | B  | 11 | 12 | 13 |
| 14      | H  | 16 | 17 | 18 | 19 | 20 |
| 21      | 22 | 23 | B  | 25 | 26 | 27 |
| 28      | 29 | 30 | 31 |    |    |    |

1 - New Year's Day Observed  
 15 - Martin Luther King Jr. Day

| February |    |    |    |    |    |    |
|----------|----|----|----|----|----|----|
| Su       | Mo | Tu | We | Th | Fr | Sa |
|          |    |    |    | 1  | 2  | 3  |
| 4        | 5  | 6  | 7  | 8  | 9  | 10 |
| 11       | 12 | 13 | B  | 15 | 16 | 17 |
| 18       | H  | 20 | 21 | 22 | 23 | 24 |
| 25       | 26 | 27 | B  |    |    |    |

19 - Presidents' Day

| March |    |    |    |    |    |    |
|-------|----|----|----|----|----|----|
| Su    | Mo | Tu | We | Th | Fr | Sa |
|       |    |    |    | 1  | 2  | C  |
| C     | C  | C  | 7  | 8  | 9  | 10 |
| 11    | 12 | 13 | B  | 15 | 16 | 17 |
| 18    | 19 | 20 | 21 | 22 | 23 | 24 |
| 25    | 26 | 27 | B  | 29 | 30 | 31 |

| April |    |    |    |    |    |    |
|-------|----|----|----|----|----|----|
| Su    | Mo | Tu | We | Th | Fr | Sa |
| 1     | 2  | 3  | 4  | 5  | 6  | 7  |
| 8     | 9  | 10 | B  | 12 | 13 | 14 |
| 15    | 16 | 17 | 18 | 19 | 20 | 21 |
| 22    | 23 | 24 | 25 | 26 | 27 | 28 |
| 29    | 30 |    |    |    |    |    |

| May |    |    |    |    |    |    |
|-----|----|----|----|----|----|----|
| Su  | Mo | Tu | We | Th | Fr | Sa |
|     |    | 1  | 2  | 3  | 4  | 5  |
| 6   | 7  | 8  | B  | 10 | 11 | 12 |
| 13  | 14 | S  | S  | S  | S  | 19 |
| 20  | 21 | 22 | B  | 24 | 25 | 26 |
| 27  | H  | 29 | 30 | 31 |    |    |

28 - Memorial Day

| June |    |    |    |    |    |    |
|------|----|----|----|----|----|----|
| Su   | Mo | Tu | We | Th | Fr | Sa |
|      |    |    |    |    | 1  | 2  |
| 3    | 4  | 5  | 6  | 7  | 8  | 9  |
| 10   | 11 | 12 | B  | 14 | 15 | 16 |
| 17   | 18 | 19 | 20 | 21 | 22 | 23 |
| 24   | 25 | 26 | B  | 28 | 29 | 30 |

| July |    |    |    |    |    |    |
|------|----|----|----|----|----|----|
| Su   | Mo | Tu | We | Th | Fr | Sa |
| 1    | 2  | 3  | H  | 5  | 6  | 7  |
| 8    | 9  | 10 | B  | 12 | 13 | 14 |
| 15   | 16 | 17 | 18 | 19 | 20 | 21 |
| 22   | 23 | 24 | B  | 26 | 27 | 28 |
| 29   | 30 | 31 |    |    |    |    |

4 - Independence Day

| August |    |    |    |    |    |    |
|--------|----|----|----|----|----|----|
| Su     | Mo | Tu | We | Th | Fr | Sa |
|        |    |    | 1  | 2  | 3  | 4  |
| 5      | 6  | 7  | B  | 9  | 10 | 11 |
| 12     | 13 | 14 | 15 | 16 | 17 | 18 |
| 19     | 20 | 21 | B  | 23 | 24 | 25 |
| 26     | 27 | 28 | 29 | 30 | 31 |    |

| September |    |    |    |    |    |    |
|-----------|----|----|----|----|----|----|
| Su        | Mo | Tu | We | Th | Fr | Sa |
|           |    |    |    |    |    | 1  |
| 2         | H  | 4  | 5  | 6  | 7  | 8  |
| 9         | 10 | 11 | B  | 13 | 14 | 15 |
| 16        | 17 | 18 | 19 | 20 | 21 | 22 |
| 23        | 24 | 25 | B  | 27 | 28 | 29 |
| 30        |    |    |    |    |    |    |

3 - Labor Day

| October |    |    |    |    |    |    |
|---------|----|----|----|----|----|----|
| Su      | Mo | Tu | We | Th | Fr | Sa |
|         | 1  | 2  | 3  | 4  | 5  | 6  |
| 7       | 8  | 9  | B  | 11 | 12 | 13 |
| 14      | 15 | 16 | 17 | 18 | 19 | 20 |
| 21      | 22 | 23 | 24 | 25 | 26 | 27 |
| 28      | 29 | 30 | 31 |    |    |    |

| November |    |    |    |    |    |    |
|----------|----|----|----|----|----|----|
| Su       | Mo | Tu | We | Th | Fr | Sa |
|          |    |    |    | 1  | 2  | 3  |
| 4        | 5  | 6  | B  | 8  | 9  | 10 |
| 11       | H  | S  | S  | S  | S  | 17 |
| 18       | 19 | B  | 21 | H  | H  | 24 |
| 25       | 26 | 27 | 28 | 29 | 30 |    |

12 - Veterans Day  
 22 and 23 - Thanksgiving

| December |    |    |    |    |    |    |
|----------|----|----|----|----|----|----|
| Su       | Mo | Tu | We | Th | Fr | Sa |
|          |    |    |    |    |    | 1  |
| 2        | 3  | 4  | 5  | 6  | 7  | 8  |
| 9        | 10 | 11 | B  | 13 | 14 | 15 |
| 16       | 17 | 18 | 19 | 20 | 21 | 22 |
| 23       | 24 | H  | 26 | 27 | 28 | 29 |
| 30       | 31 |    |    |    |    |    |

25 - Christmas Day Observed

**B** Board Meeting

**S** SACRS

**C** CALAPRS - General Assembly