



## COUNTY OF LAKE

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Ref. No. 17L-020

August 31, 2016

Honorable Andrew S. Blum  
Presiding Judge of the Lake County Superior Court  
255 North Forbes Street  
Lakeport, CA 95453

Dear Judge Blum,

In accordance with Penal Code §933, subd. (c) and §933.05, I offer the following response to the 2015-2016 Grand Jury Final Report.

### **Pension Plan Reviews**

*Finding 1 and 2 - "It is difficult for the public to determine the overall cost of pensions as well as percentage because the data is not currently summarized, presented or published....there is no single point of contact in the County as three departments share administrative responsibility". Recommendation - "A summary Annual Pension Report be compiled and reported annually to the governing bodies...This Annual Pension Report be posted and made available to plan participants and the public". Response - I disagree in part with this finding. Although the specific bullet points identified as necessary data are not identically presented in our annual Comprehensive Annual Financial Report (CAFR), much of that data is contained in Note 9 (pages 63-67 in the 2014-2015 CAFR) and the Required Supplementary Information (pages 75-76 in the 2014-2015 CAFR). This annual report is an audited report that is published both in book form and via the internet, as well as being presented to the County Audit Committee. The suggested format contained in Appendix D and E will be reviewed and incorporated in annual reporting as appropriate.*

*Finding 3 - "There is no directive or policy relative to minimum level of pension liability funding". Recommendation - "One department in the County be assigned primary administrative responsibility for pension management". Response - I disagree in part with this finding. The County Administrative Office (CAO) is the administrator of County retirement plans on behalf of the Board of Supervisors. The Human Resources Department provides support and is tasked with employee benefit maintenance, employee information dissemination and assists the CAO with contract amendments. The Auditor-Controller's Office provides fiscal support for calculation, collection and payment of employee/employer contributions. The segregation of these functions provides a solid internal control framework that is necessary for efficient operation of the County retirement plans.*

*Finding 4 - "There is no Pension Committee that oversees pension plan administration, compliance or costs". Recommendation - "The County...establish a specific percentage of funding by next fiscal year...that goal and actual achievement would be reported as identified in Find #3". Response - I agree that additional oversight and funding goals may be beneficial. I would be happy to support and assist with this as is recommended by the County Board of Supervisors.*

*Finding 5 - "The role of pension plans in total employee compensation is not clearly articulated". Recommendation - "A policy statement be developed to serve as a guide.....and as a communication aid to participants and the public". Response - I disagree in part that this is not currently communicated. The County pension plan is communicated in a variety of ways including but not limited to job announcements, the County website, the State Controller's website, the CAFR, employee Memoranda of Understanding, as well as detailed during new hire orientation. Combining this into one consolidated policy statement would be at the direction of the Board of Supervisors, in concert with Human Resources and Auditor-Controller.*

*Finding 6 - "Employee satisfaction with their pension plans is unknown". Recommendation - "An employee survey be conducted biannually of both active and retired employees to assess the cost/benefit*