August 14, 2013

NOTICE OF PUBLIC MEETING

To: Internal Governance Committee:
   Maria De Anda, Chair
   Joan Clendenin, Trustee
   Donna Riley, Trustee

From: Rick Santos, Executive Director

SUBJECT: StanCERA INTERNAL GOVERNANCE COMMITTEE

The Internal Governance Committee will meet at 1:00 p.m., Wednesday, August 14, 2013.

The Committee will meet in the Conference Room at StanCERA's Office, located at 832 12th Street, Suite 600, 6th Floor, Modesto.

AGENDA

1. Annual Financial Audit - Macias Gini & O'Connell, CPAs
   a. Entrance Conference View
   b. Salary Band for Executive Director View
July 9, 2013

To the Audit Committee
Stanislaus County Employees’ Retirement Association
832 12th Street, Suite 600
Modesto, CA 95354

We are engaged to audit the financial statements of Stanislaus County Employees’ Retirement Association (StanCERA) for the year ended June 30, 2013. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with the Finance Committee Chair and Chairman of the Board to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated July 9, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of StanCERA. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of StanCERA’s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests is not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.
We expect to begin our audit on approximately August 19, 2013 and issue our report on approximately
November 5, 2013.

This information is intended solely for the use of the Audit Committee and management of StanCERA
and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

MACIAS GINI & O'CONNELL LLP
Certified Public Accountants and
Management Consultants

By:

Richard A. Green, CPA
Partner
For the Retirement Board meeting
Held on August 14, 2013

TO: Internal Governance Committee

FROM: Kathy Herman, Operations Manager

I. SUBJECT: Salary band for the position of Executive Director

II. ITEM TYPE: Discussion and Action

III. STAFF RECOMMENDATION: Recommend to the Board of Retirement a new salary band for the position of Executive Director

IV. ANALYSIS:

History

In the summer of 2011 the Board of Retirement began the search for a new Administrator. During the search it became clear that many aspects of the position had changed and the Board of Retirement wanted an Executive Director with advanced education and skills.

Article 1.9 of the StanCERA Bylaws, Statement of Independent Operations approved by the Board of Supervisors on August 8, 2005 gives the Board of Retirement the full authority to make this decision and to determine the compensation. However, the County would need to make some changes to its payroll system to accommodate the new salary. This became apparent in November of 2012, when the County was not willing to implement the Executive Director’s salary increase approved by the Board of Retirement. Since then StanCERA staff has been working with County staff to find a solution. The County now has determined it may be able to accommodate the Board of Retirement decision by moving the Executive Director position to a classification with a different salary range.

Current Action

This item is asking the Committee to discuss and weigh the information at hand and to make a recommendation to the Board of Retirement for approval regarding the salary range that most closely matches the responsibilities, qualifications, credentials and education level required of the position of Executive Director. Once the salary range has been decided, staff will then take this back to the County for implementation.

Note that this item is neither an assessment nor an endorsement of the skills or past performance of the Director. It merely sets the salary range for the position. After which, the Compensation Committee will decide where within the band the Director’s salary should reside.
Attachments

Attached to this item are the following documents that may be of use for the Committee in deciding what classification is appropriate:

1. Available County Salary Ranges
2. Stanislaus County Salary Survey

V. RISK: None

VI. STRATEGIC PLAN: Goal 3. Board and Staff Development. StanCERA will maintain excellence in governance and customer service through continuous organizational improvement.

VII. BUDGET IMPACT: None

__________________________
Rick Santos, Executive Director

__________________________
Kathy Herman, Operations Manager
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Information is from PeopleSoft Job Classification Salary Report as of 7/30/2013
### Stanislaus County Salary Survey for Retirement Administrator as of 7/30/13

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**Average**
- Low Hourly: $70.80
- Mid Hourly: $76.50
- High Hourly: $86.48
- Low Annually: $100,006.40
- High Annually: $150,009.60

### Comparison to Average Current Salary Range

- **$ Difference**: -22.72, -16.40, -14.36
- **% Difference**: -47.2%, -27.3%, -19.9%

**Stanislaus County**
- Low Hourly: $61.66
- Mid Hourly: $77.07
- High Hourly: $92.48
- Low Annually: $128,252.80
- High Annually: $192,358.40

**Comparison to Average**
- **$ Difference**: -9.14, 0.57, 6.00
- **% Difference**: -14.8%, 0.7%, 6.5%

**Stanislaus County**
- Low Hourly: $64.74
- Mid Hourly: $80.90
- High Hourly: $97.10
- Low Annually: $134,659.20
- High Annually: $201,968.00

**Comparison to Average**
- **$ Difference**: 65.21, 81.17, 97.30
- **% Difference**: 100.7%, 100.3%, 100.2%

**Stanislaus County**
- Low Hourly: $75.41
- Mid Hourly: $94.26
- High Hourly: $113.11
- Low Annually: $156,852.80
- High Annually: $235,268.80

**Comparison to Average**
- **$ Difference**: 75.41, 94.26, 113.11
- **% Difference**: 100.0%, 100.0%, 100.0%