



RESULTS OF SBCERA'S FINANCIAL STATEMENT AUDIT

for the Fiscal Year Ended
June 30, 2023



BROWN ARMSTRONG ACCOUNTANCY CORPORATION
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November 16, 2023

Audit Committee

San Bernardino County Employees' Retirement Association

348 W. Hospitality Lane, Suite 100

San Bernardino, CA 92408

We are pleased to present to you the results of our audit of the San Bernardino County Employees' Retirement Association (SBCERA) financial statements for the fiscal year ended June 30, 2023.

We look forward to presenting the results of the audit and addressing your questions.

Sincerely,

Neeraj Datta, CPA, CGMA,

Audit Engagement Partner

Brooke Baird, CPA

Audit Engagement Manager

BROWN ARMSTRONG ACCOUNTANCY CORPORATION



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SCOPE OF SERVICES

Audit of SBCERA's financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards (GAS), issued by the Comptroller General of the United States

Other communications and reports required by professional standards including:

- Required Communication at the Conclusion of an Audit in Accordance with Professional Standards (SAS 114)
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters in Accordance with GAS
- Agreed Upon Conditions Report Designed to Improve Efficiency, Internal Controls, and/or Financial Reporting (Management Letter)



AUDIT TIMELINE & CRITICAL DATES

- First Week of Fieldwork – June 19, 2023
 - Remote Testing of Internal Controls
 - Walkthroughs and Understanding of Key Accounting Areas
 - Update Minutes and Agreements
- Second Week of Fieldwork – September 18, 2023
 - Substantiate all Accounts and Balances
 - Review Confirmation Responses
- ACFR Review and Draft Reports – October 2023
- Audit Opinions Issued – November 3, 2023



AUDIT AREAS OF FOCUS

SIGNIFICANT RISK AREA

BROWN ARMSTRONG'S RESPONSE

Revenue recognition

- Test of controls was performed over contribution amounts as part of participant data
- Confirmations from third parties
- Other substantive analytics were also performed

Management override of controls

- An understanding of controls over journal entries was obtained and a sample testing of individual journal entries was performed
- Inquiries performed with individual(s) involved in the financial reporting process, and ensuring no inappropriate or unusual activity was noted relating to journal entry processing
- Performed walkthroughs of significant audit areas to review adequate segregation of duties

AUDIT AREAS OF FOCUS (CONTINUED)

SIGNIFICANT AUDIT AREA	BROWN ARMSTRONG'S RESPONSE
Investments and related earnings	<ul style="list-style-type: none"> • Walkthrough of controls performed • High level analytics performed on investment income • Confirmation with custodian, investment manager, and consultant • Reviewed GASB Statement No. 72 valuation inputs and testing of level determinations • Obtained audited financial statements and SOC reports
Employer and employee contributions	<ul style="list-style-type: none"> • Walkthrough and test of controls • Testing of contributions • High level analytics



AUDIT AREAS OF FOCUS (CONTINUED)

SIGNIFICANT AUDIT AREA

BROWN ARMSTRONG'S RESPONSE

Participant data and actuary

- Walkthrough and test of controls
- Testing of participant data, including active and terminated members, and employer payroll
 - Confirmed with actuary, employers, and sample of participants
- GASB Statement No. 67
 - Money-weighted return
 - RSI and other information schedules

Benefit payments

- Walkthrough and test of controls
- Testing of benefit payments
- High level analytics



REPORT

SUMMARY OF OPINION / REQUIRED COMMUNICATION

Report on Financial Statements
(Opinion)

- Unmodified (Clean)

Required Communication to the Board
of Retirement and Audit Committee in
Accordance with Professional
Standards (SAS 114)

- New Accounting Standards Implemented – None
- Significant Estimates and Sensitive Disclosures Reviewed
 - Fair Value of Investments
 - Contributions and Net Pension Liability Estimates
 - Based on actuary assumptions
- Corrected and Uncorrected Misstatements – None
- Disagreements with Management – None

Report on Internal Control Over
Financial Reporting and on
Compliance and Other Matters Based
on an Audit of Financial Statements
Performed in Accordance With
Government Auditing Standards

- No noncompliance noted
- No material weaknesses, significant deficiencies, or control deficiencies identified

Agreed Upon Conditions Report
Designed to Improve Efficiency, Internal
Controls, and/or Financial Reporting
(Management Letter)

- Current year status of agreed upon condition and recommendation identified in the prior year
 - Agreed Upon Condition 1 – Access Termination Form

RESULTS OF THE AUDIT



FINANCIAL STATEMENT REVIEW PROCESS

- Review Process
 - Administrative Review
 - Engagement Team Review
 - GFOA Review
 - Quality Control Review



THANK YOU! QUESTIONS?



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