



San Bernardino County Employees Retirement Association

SCOPE OF SERVICES PRESENTATION

PROPOSED AUDIT PLAN FOR THE June 30, 2025 FISCAL YEAR END

BROWN ARMSTRONG ACCOUNTANCY CORPORATION
4200 Truxtun Avenue, Suite 300, Bakersfield, CA 93309
T: (661) 324-4971 | F: (661) 324-4997 | www.ba.cpa

Contact: Brooke Baird, CPA | bbaird@ba.cpa



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The Audit Committee
San Bernardino County Employees' Retirement Association

We are pleased to have the opportunity to present to you our plan for the audit of San Bernardino County Employees' Retirement Association (SBCERA) for the fiscal year ended June 30, 2025

This presentation has been prepared to discuss the scope of the audit of SBCERA and gives the Audit Committee the opportunity to review, discuss, and comment on our plan. Some modifications of the scope of our plan may be required as we execute our audit. We will advise the Audit Committee of any significant changes.

We look forward to presenting this information, addressing your questions, and discussing any other matters of interest to the management of SBCERA and the Audit Committee.

Sincerely,

Brooke Baird, CPA
Audit Engagement Partner

Brown Armstrong Accountancy Corporation

AGENDA

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SUMMARY

This document outlines our audit strategy and approach for the June 30, 2025 audit of San Bernardino County Employees' Retirement Association and gives management the opportunity to review, discuss, and comment on our plan.

This document provides:

- The engagement team and the proposed audit timeline.
- An overview of our audit approach.
- Plan for continuous, two-way communication and reporting to the Audit Committee and management.
- Management's responsibilities in relation to the audit.
- The reports that will be issued.

Some modifications of the scope of our plan may be required as we execute our audit. We will advise the Audit Committee of any significant changes.

AUDIT OBJECTIVES

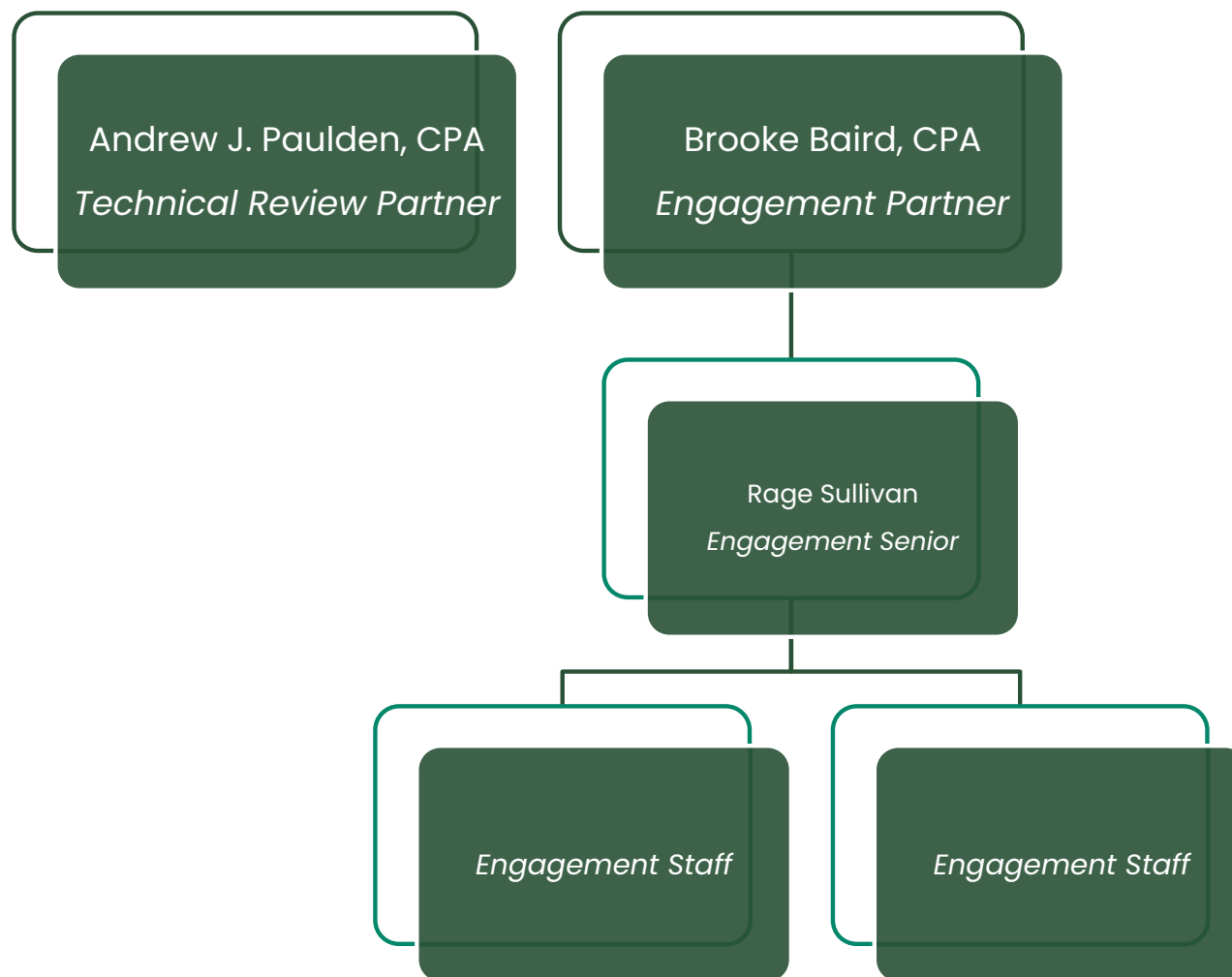
As the auditor for SBCERA, we are responsible for reporting on the financial statements of SBCERA for the fiscal year ended June 30, 2025. Our engagement is focused on delivering our services at three levels:

For the public and SBCERA	Independent opinions and reports that provide assurance on the financial information released by SBCERA.
For the Audit Committee/Board of Retirement	Assistance in discharging their fiduciary responsibilities.
For management	Observations and advice on financial reporting, accounting, and internal control issues from our professionals.

Our primary objective is the expression of an opinion on SBCERA's financial statements and internal control over financial reporting 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* issued by the Comptroller General of the United States, which includes:

- Obtaining reasonable assurance as to whether the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and are free of material misstatements, whether caused by error or fraud; and
- Considering SBCERA's internal control over financial reporting as a basis for designing audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SBCERA's internal control.

THE ENGAGEMENT TEAM



2025 PROPOSED AUDIT TIMELINE

- Population and Information Requests – May 2025
- Scope of Services Presentation – June 2025
- Interim Audit Fieldwork – Week of June 16, 2025
 - Entrance Meeting with Management
 - Testing of Internal Controls
 - Walkthroughs and Understanding of Key Accounting Areas
 - Update Minutes and Agreements
- Final Audit Fieldwork – Week of September 15, 2025
 - Substantiate Material Accounts and Balances
 - Review Confirmation Responses
 - Exit Meeting with Management
- Draft Financial Statements – Early October 2025
- Draft Audit Reports and Recommendations, if any – Early October 2025
- Audit Opinions Issued – Late October 2025
- Audit Presentation of Audit Results – November 2025

AUDIT TIMELINE AND STRATEGY

Phase I	Phase II	Phase III	Phase IV
May	June	September	October – November
<i>Planning</i>	<i>Interim Field Work</i>	<i>Final Field Work</i>	<i>Completion</i>
Familiarize ourselves with operating environment	Assess internal control environment and identify strengths and weaknesses	Continually educate staff about upcoming GASB standards/audit regulations that will need to be implemented	Perform completion procedures, including manager, partner, and technical reviews
Perform risk assessment procedures	Perform SAS 99 (fraud evaluation) procedures	Plan and perform substantive audit procedures substantiating all amounts and disclosures in the financial statements	Obtain GASB Statement No. 67/68 valuation performing completion procedures
Determine planning materiality	Perform walkthroughs of significant audit areas	Review and test valuations of fair value investments	Perform review of ACFR and related disclosure checklists
Perform preliminary analytical review	Evaluate design and implementation of selected controls	Consider audit evidence sufficiency	Obtain legal confirmations
Develop the audit plan	Test controls over financial reporting and participant data	Conclude on critical accounting matters	Draft reports to be issued
Identify significant audit areas and confirmation procedures	Understand accounting and reporting activities	Conduct final analytical review	Draft and obtain signed management representation letter
Determine nature and extent of audit procedures	Conduct exit conference with management to discuss preliminary results based on the test of controls performed	Conduct Exit Conference with management, including a discussion of proposed audit adjustments, internal control and compliance findings, and management letter	Issue auditor's reports and management letter
Audit Committee meeting; Presentation of Scope of Services	Reevaluate the progress of the audit and make any changes on audit approach and procedures, if necessary		Audit Committee meeting; Presentation of Audit and Compliance Reports

AUDIT AREAS OF FOCUS

Significant Risk Areas	Brown Armstrong's Response
Revenue recognition	<ul style="list-style-type: none"> • Test of controls will be performed over contribution amounts as part of participant data • Confirmations from third parties • Other substantive analytics will also be performed
Management override of controls	<ul style="list-style-type: none"> • An understanding of controls over journal entries will be obtained and a sample of individual journal entries will be tested • Inquiries will be performed with individual(s) involved in the financial reporting process, and ensure no inappropriate or unusual activity relating to journal entry processing • Perform walkthroughs of significant audit areas to review adequate segregation of duties
Investments and related earnings	<ul style="list-style-type: none"> • Walkthrough of controls to be performed • High level analytics to be performed on investment income • Confirmation with custodian, managers, and consultants • Review GASB Statement No. 72 valuation inputs and testing of Level determinations • Obtain audited financial statements and SOC reports

AUDIT AREAS OF FOCUS (CONT'D)

Significant Risk Areas	Brown Armstrong's Response
Participant data and actuary	<ul style="list-style-type: none"> • Walkthrough and test of controls • Test participant data, including active and terminated members, and employer payroll <ul style="list-style-type: none"> • Confirm with actuary and employers • GASB Statement No. 67 and 68 <ul style="list-style-type: none"> • Money-weighted return • Required Supplementary Information (RSI) and Other Information schedules
Employer and employee contributions	<ul style="list-style-type: none"> • Walkthrough and test of controls • Confirm with employers • High level analytics
Benefit payments	<ul style="list-style-type: none"> • Walkthrough and test of controls • Test benefit payments • High level analytics

REPORTS EXPECTED TO BE ISSUED

Government Auditing Standards			
Generally Accepted Auditing Standards			
Independent Auditor's Report (Opinion) on Financial Statements	Required Communication to the Board of Retirement and Audit Committee in Accordance with Professional Standards (SAS 114)	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> (Yellow Book Report)	Report on Agreed Upon Conditions Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting (Management Letter)

CURRENT ACCOUNTING PRONOUNCEMENTS

Standard	Title	Effective Date	Year End Effective Date	Effect on SBCERA?
GASB Statement No. 101	Compensated Absences	Fiscal years beginning after December 15, 2023	July 1, 2024 – June 30, 2025	The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement will be evaluated and implemented.
GASB Statement No. 102	Certain Risk Disclosures	Fiscal years beginning after June 15, 2024	July 1, 2024 – June 30, 2025	The primary objective of GASB 102 is to provide users of government financial statements with essential information about risks related to a state or local government's vulnerabilities due to certain concentrations or constraints that could affect their ability to deliver services or meet obligations. . This statement will need to be evaluated and implemented.

FUTURE ACCOUNTING PRONOUNCEMENTS

Standard	Title	Effective Date	Year End Effective Date	Effect on SBCERA?
GASB Statement No. 103	Financial Reporting Model Improvements	Fiscal years beginning after June 15, 2025	July 1, 2025 – June 30, 2026	The primary objective of GASB Statement No. 103 is to enhance the effectiveness of the financial reporting model for state, local, and tribal governments by improving key components to provide essential information for decision-making and assessing a government's accountability. SBCERA's potential impact upon implementation has not been determined.
GASB Statement No. 104	Disclosure of Certain Capital Assets	Fiscal years beginning after June 15, 2025	July 1, 2025 – June 30, 2026	The primary objective of GASB Statement No. 104 is to provide users of government financial statements with essential information about certain types of capital assets, including lease assets, intangible right-to-use assets, subscription assets, and capital assets held for sale, through enhanced disclosure requirements.. SBCERA's potential impact upon implementation has not been determined.



QUESTIONS?

We are looking forward to working closely with you and the management team during the June 30, 2025 audit.

Thank you!



Brooke Baird, CPA
Audit Engagement Partner