



Audit Committee Meeting

Sacramento County Employees' Retirement System

Agenda Item 3

MEETING DATE: June 17, 2025

SUBJECT: Annual Independent Financial Statement Audit Timeline

SUBMITTED FOR: X Information Action

RECOMMENDATION:

Discussion of the timeline related to SCERS' Annual Independent Financial Statement Audit as of and for the fiscal year ended June 30, 2025, as presented by Brown Armstrong Accountancy Corporation. Information only.

Prepared by:

/S/

Margo Allen
Chief Operations Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer

ATTACHMENT

- Brown Armstrong Presentation



Sacramento County Employees Retirement System

SCOPE OF SERVICES PRESENTATION

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

BROWN ARMSTRONG ACCOUNTANCY CORPORATION
2423 W. March Lane, Suite 202, Stockton, California 95207
T: (661) 324-4971 | F: (661) 324-4997 | www.ba.cpa

Contact: Ashley Green, CPA | agreen@ba.cpa



June 17, 2025

The Audit Committee of the
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900, Sacramento, CA 95814

We are pleased to have the opportunity to present to you our plan for the audit of Sacramento County Employees' Retirement System (SCERS) for the fiscal year ended June 30, 2025.

This presentation has been prepared to discuss the scope of the audit of SCERS 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 SCERS and the Audit Committee.

Sincerely,

Ashley Green, CPA
Audit Engagement Partner

Brown Armstrong Accountancy Corporation

AGENDA

	<u>Page</u>
○ Audit Objectives	4
○ The Engagement Team	5
○ Audit Timeline and Strategy	6
○ Proposed Changes in Audit Plan from Prior Year	7
○ Reports Expected to be Issued	8
○ Current Accounting Pronouncements	9
○ Future Accounting Pronouncements	10
○ Questions	11

AUDIT OBJECTIVES

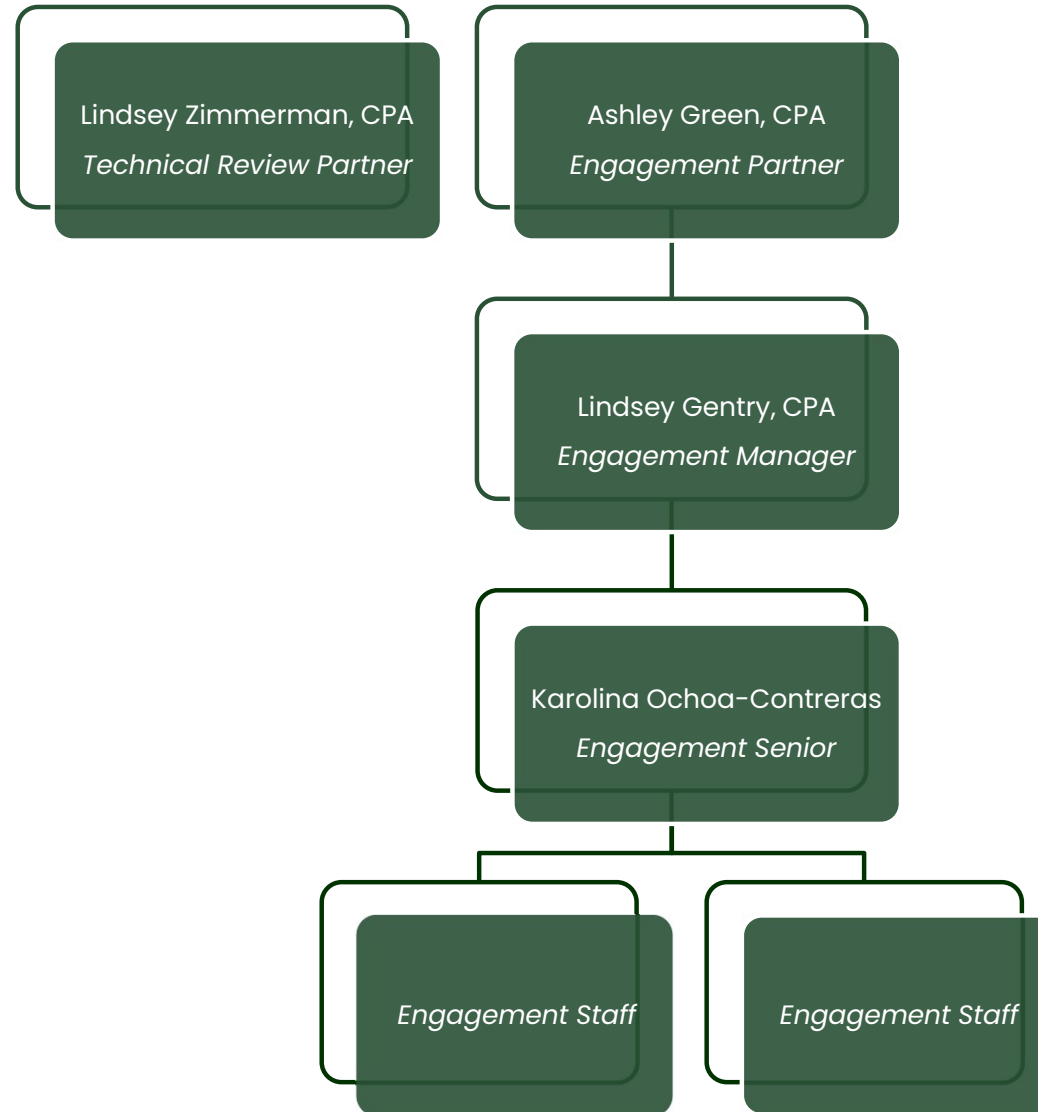
As the auditor for SCERS, we are responsible for reporting on the financial statements of SCERS for the fiscal year ended June 30, 2025. Our engagement is focused on delivering our services at three levels:

For the public and SCERS	Independent opinions and reports that provide assurance on the financial information released by SCERS.
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 SCERS'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 SCERS'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 SCERS's internal control.

THE ENGAGEMENT TEAM



AUDIT TIMELINE AND STRATEGY

Phase I	Phase II	Phase III	Phase IV
May – June	July	October	October – November
<i>Planning</i>	<i>Interim Fieldwork</i>	<i>Final Fieldwork</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 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

PROPOSED CHANGES IN AUDIT PLAN FROM PRIOR YEAR

7

- Travel expense testing

REPORTS EXPECTED TO BE ISSUED

Government Auditing Standards			
Generally Accepted Auditing Standards			
Independent Auditor's Report (Opinion) on Financial Statements	Required Communication to the Members of the Audit Committee and Board of Retirement in Accordance with Professional Standards (SAS 114)	Independent Auditor's 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)	Agreed Upon Conditions Report 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 SCERS?
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. SCERS has early-implemented this standard.
GASB Statement No. 102	Certain Risk Disclosures	Fiscal years beginning after June 15, 2024	July 1, 2024 – June 30, 2025	The objective of this Statement is to better meet the information needs of financial statement users by improving disclosures related to concentrations or constraints. SCERS's potential impact upon implementation has not been determined.

FUTURE ACCOUNTING PRONOUNCEMENTS

Standard	Title	Effective Date	Year End Effective Date	Effect on SCERS?
GASB Statement No. 103	Financial Reporting Model Improvements	Fiscal years beginning after June 15, 2025	July 1, 2025 – June 30, 2026	The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. SCERS'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 objective of this Statement is to improve transparency and ensure users understand the nature and financial impact of capital assets. SCERS'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!



Ashley Green, CPA
Audit Engagement Partner



Lindsey Gentry, CPA
Audit Engagement Manager