RESULTS OF SBCERS' FINANCIAL STATEMENT AUDIT

for the Fiscal Year Ended June 30, 2023



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December 13, 2023

Board of Retirement Santa Barbara County Employees' Retirement System 130 Robin Hill Road, Suite 100 Goleta, California 93117

We are pleased to present to you the results of our audit of the Santa Barbara County Employees' Retirement System (SBCERS) 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 Quality Control Reviewer

BROWN ARMSTRONG ACCOUNTANCY CORPORATION



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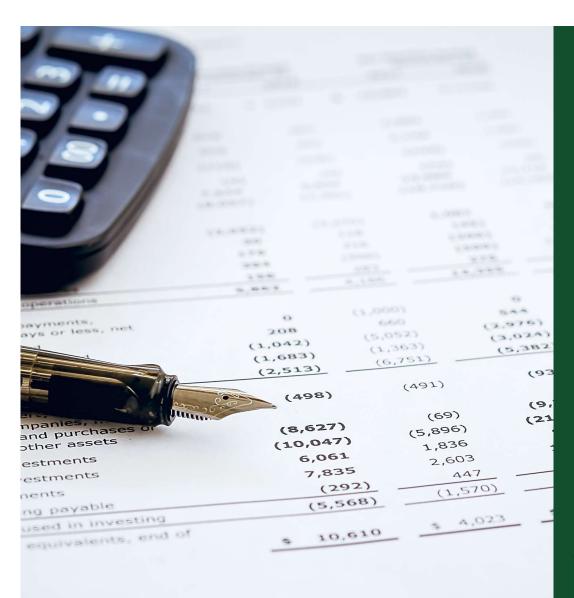


SCOPE OF SERVICES

Audit of SBCERS' 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





AUDIT TIMELINE & CRITICAL DATES

- First Week of Fieldwork July 31, 2023
 - Remote Testing of Internal Controls
 - Walkthroughs and Understanding of Key Accounting Areas
 - Update Minutes and Agreements
- Second Week of Fieldwork September 25, 2023
 - Substantiate all Accounts and Balances
 - Review Confirmation Responses
- ACFR Review and Draft Reports November 2023
- Audit Opinion Issued December 1, 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	 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	Walkthrough and test of controlsTesting of contributionsHigh 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 a sample of participants with the actuary and employers GASB Statements No. 67 and No. 74 Money-weighted return RSI and other information schedules
Benefit payments	 Walkthrough and test of controls Testing of benefit payments High level analytics



RESULTS OF THE AUDIT

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 Adopted None
- Significant Estimates and Sensitive Disclosures Reviewed
 - Fair Value of Investments
 - Contributions, Net Pension Liability and Net OPEB Liability Estimates
 - Based on actuary assumptions
- Corrected and Uncorrected Misstatements None
- Disagreements with Management None
- Other Audit Findings or Issues 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



FINANCIAL STATEMENT REVIEW PROCESS

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



THANK YOU! QUESTIONS?



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