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# 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



# AGENDA

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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

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- 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

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SIGNIFICANT RISK AREA	BROWN ARMSTRONG'S RESPONSE
Revenue recognition	<ul style="list-style-type: none"><li>• Test of controls was performed over contribution amounts as part of participant data</li><li>• Confirmations from third parties</li><li>• Other substantive analytics were also performed</li></ul>
Management override of controls	<ul style="list-style-type: none"><li>• An understanding of controls over journal entries was obtained and a sample testing of individual journal entries was performed</li><li>• 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</li><li>• Performed walkthroughs of significant audit areas to review adequate segregation of duties</li></ul>



## AUDIT AREAS OF FOCUS (CONTINUED)

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



## AUDIT AREAS OF FOCUS (CONTINUED)

SIGNIFICANT AUDIT AREA	BROWN ARMSTRONG'S RESPONSE
Participant data and actuary	<ul style="list-style-type: none"> <li>• Walkthrough and test of controls</li> <li>• Testing of participant data, including active and terminated members, and employer payroll               <ul style="list-style-type: none"> <li>◦ Confirmed a sample of participants with the actuary and employers</li> </ul> </li> <li>• GASB Statements No. 67 and No. 74               <ul style="list-style-type: none"> <li>◦ Money-weighted return</li> <li>◦ RSI and other information schedules</li> </ul> </li> </ul>
Benefit payments	<ul style="list-style-type: none"> <li>• Walkthrough and test of controls</li> <li>• Testing of benefit payments</li> <li>• High level analytics</li> </ul>



# RESULTS OF THE AUDIT

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REPORT	SUMMARY OF OPINION / REQUIRED COMMUNICATION
Report on Financial Statements (Opinion)	<ul style="list-style-type: none"> <li>• Unmodified (Clean)</li> </ul>
Required Communication to the Board of Retirement and Audit Committee in Accordance with Professional Standards (SAS 114)	<ul style="list-style-type: none"> <li>• New Accounting Standards Adopted – None</li> <li>• Significant Estimates and Sensitive Disclosures Reviewed               <ul style="list-style-type: none"> <li>◦ Fair Value of Investments</li> <li>◦ Contributions, Net Pension Liability and Net OPEB Liability Estimates                   <ul style="list-style-type: none"> <li>▪ Based on actuary assumptions</li> </ul> </li> </ul> </li> <li>• Corrected and Uncorrected Misstatements – None</li> <li>• Disagreements with Management – None</li> <li>• Other Audit Findings or Issues – None</li> </ul>
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	<ul style="list-style-type: none"> <li>• No noncompliance noted</li> <li>• No material weaknesses, significant deficiencies, or control deficiencies identified</li> </ul>



# FINANCIAL STATEMENT REVIEW PROCESS

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



# THANK YOU! QUESTIONS?



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