



San Joaquin County Employees Retirement Association

A G E N D A

AUDIT COMMITTEE MEETING SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION BOARD OF RETIREMENT FRIDAY, MARCH 14, 2025

IMMEDIATELY FOLLOWING BOARD MEETING

Location: SJCERA Board Room, 220 East Channel Street, Stockton, California

Persons who require disability-related accommodations should contact SJCERA at (209) 468-9950 or ElainaP@sjcera.org at least forty-eight (48) hours prior to the scheduled meeting time.

1.0 ROLL CALL

2.0 PUBLIC COMMENTS

The public is welcome to address the Committee during this time on matters within the Committee's jurisdiction. Members of the public are encouraged to complete a Public Comment form, which can be found near the entry to the Board Room. Speakers are limited to three minutes, and are expected to be civil and courteous. Public comment on items listed on the agenda may be heard at this time, or when the item is called, at the discretion of the Chair.

Except as otherwise permitted by the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), no deliberation, discussion or action may be taken by the Committee on items not listed on the agenda. Members of the Committee may, but are not required to: (1) briefly respond to statements made or questions posed by persons addressing the Committee; (2) ask a brief question for clarification; or (3) refer the matter to staff for further information.

3.0 2024 AUDIT ENTRANCE CONFERENCE

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| 3.01 Scope of Services Presentation by Ashley Green, CPA of Brown Armstrong Accountancy Corporation | 2 |
| 3.02 Audit Engagement Letter dated December 16, 2024 from Brown Armstrong Accountancy Corporation for audit objectives and procedures | 17 |
| 3.03 Committee to discuss and give direction to auditor and staff as appropriate | |

4.0 COMMENTS

- 4.01** Comments from the Committee Members

5.0 NEXT MEETING OF THE AUDIT COMMITTEE

- 5.01** May 9, 2025 immediately following the Board of Retirement meeting in the SJCERA Boardroom

6.0 ADJOURNMENT



San Joaquin County Employees Retirement Association

SCOPE OF SERVICES PRESENTATION

PROPOSED AUDIT PLAN FOR THE December 31, 2024 FISCAL YEAR END

BROWN ARMSTRONG ACCOUNTANCY CORPORATION
4200 Truxtun Avenue, Suite 300, Bakersfield, CA 93309
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



March 14, 2025

The Audit Committee
San Joaquin County Employees' Retirement Association

We are pleased to have the opportunity to present to you our plan for the audit of San Joaquin County Employees' Retirement Association (SJCERA) for the fiscal year ended December 31, 2024.

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

Sincerely,

Ashley Green, CPA
Audit Engagement Partner

Brown Armstrong Accountancy Corporation

AGENDA

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SUMMARY

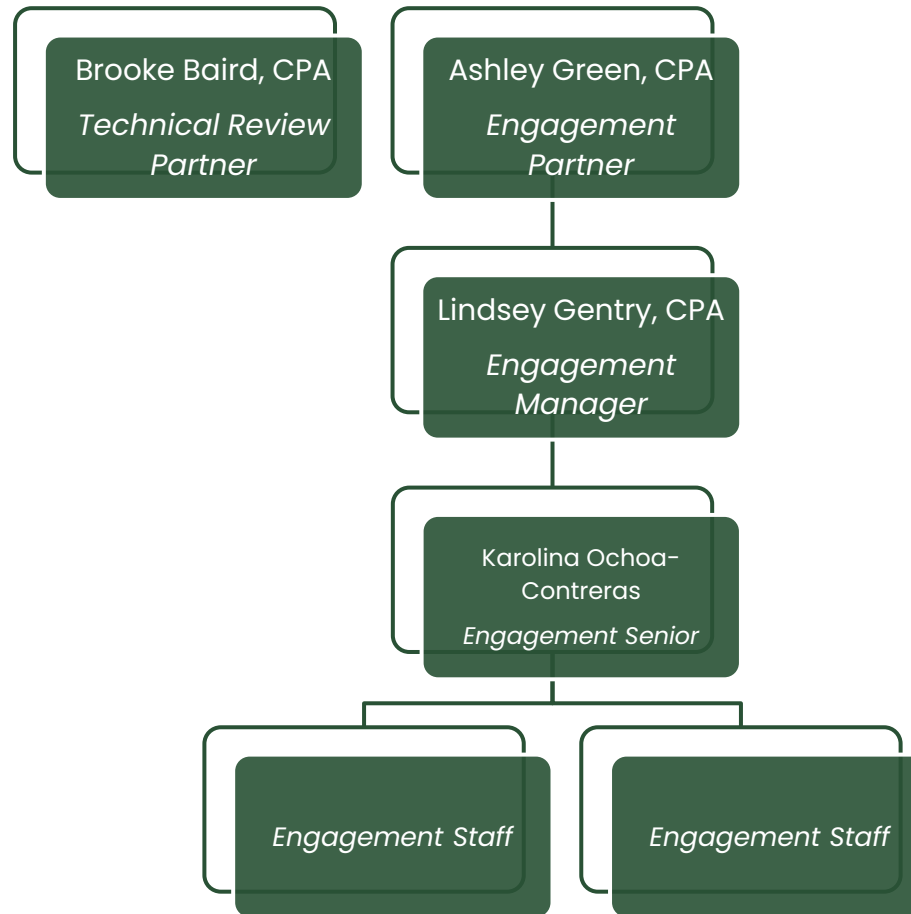
This document outlines our audit strategy and approach for the December 31, 2024 audit of San Joaquin County Employees' Retirement Association and gives management the opportunity to review, discuss, and comment on our plan.

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.

THE ENGAGEMENT TEAM



AUDIT OBJECTIVES

As the auditor for SJCERA, we are responsible for reporting on the financial statements of SJCERA for the fiscal year ended December 31, 2024. Our engagement is focused on delivering our services at three levels:

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

2024 PROPOSED AUDIT TIMELINE

- Population and Information Requests – January 2025
- Scope of Services Presentation – March 14, 2025
- Interim Audit Fieldwork – Week of March 17, 2025 (Onsite)
 - Entrance Meeting with Management
 - Testing of Internal Controls
 - Walkthroughs and Understanding of Key Accounting Areas
 - Update Minutes and Agreements
- Final Audit Fieldwork – Week of April 7, 2025 (Remote)
 - Substantiate Material Accounts and Balances
 - Review Confirmation Responses
 - Exit Meeting with Management
- Draft Financial Statements – April 2025
- Draft Audit Reports and Recommendations, if any – April 2025
- Audit Opinions Issued – May 2025
- Audit Presentation of Audit Results – May 2025

AUDIT TIMELINE AND STRATEGY

Phase I	Phase II	Phase III	Phase IV
January – February	March	April	May
<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 • Confirmations with employers • High level analytics
Benefit payments	<ul style="list-style-type: none"> • Walkthrough and test of controls • Test benefit payments • High level analytics

PROPOSED CHANGES IN AUDIT PLAN FROM PRIOR YEAR

- Sampling for Investment Manager Confirmations
- Staff turnover and changes made to internal control processes by Management we will review changes during our walkthrough procedures
- Follow up on prior year recommendations
 - Finding 1 – Terminated Investment Accounts
 - Finding 2 – Custodial Fund Reconciliation

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 SJCERA?
GASB Statement No. 100	Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62	Fiscal years beginning after June 15, 2023	January 1, 2024 – December 31, 2024	The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement will need to be evaluated to see if it is applicable to SJCERA.
GASB Statement No. 101	Compensated Absences	Fiscal years beginning after December 15, 2023	January 1, 2024 – December 31, 2024	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 need to be evaluated to see if it is applicable to SJCERA.

FUTURE ACCOUNTING PRONOUNCEMENTS

Standard	Title	Effective Date	Year End Effective Date	Effect on SJCERA?
GASB Statement No. 102	Certain Risk Disclosures	Fiscal years beginning after June 15, 2024	January 1, 2025 – December 31, 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. SJCERA's potential impact upon implementation has not been determined.
GASB Statement No. 103	Financial Reporting Model Improvements	Fiscal years beginning after June 15, 2025	January 1, 2026 – December 31, 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. SJCERA'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	January 1, 2026 – December 31, 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.. SJCERA'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 December 31, 2024 audit.

Thank you!



Ashley Green, CPA
Audit Engagement Partner

December 16, 2024

Board of Retirement
c/o Mr. Michael Duffy, Audit Committee Chair, and
Ms. Renee Ostrander, Chief Executive Officer
San Joaquin County Employees' Retirement Association
220 E. Channel Street
Stockton, California 95202

Dear Board of Retirement, Mr. Duffy, and Ms. Ostrander:

We are pleased to confirm our understanding of the services we are to provide the San Joaquin County Employees' Retirement Association (SJCERA), a pension trust fund of the County of San Joaquin, for the year ended December 31, 2024.

Audit Scope and Objectives

We will audit the financial statements of SJCERA and the disclosures, which collectively comprise the basic financial statements of SJCERA as of and for the year ended December 31, 2024. Accounting principles generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement SJCERA's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to SJCERA's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by accounting standards generally accepted in the United States of America and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Changes in Net Pension Liability and Related Ratios
- 3) Schedule of Contributions from the Employers and Other Contributing Sources – Defined Benefit Pension Plan
- 4) Schedule of Investment Returns

We have also been engaged to report on supplementary information other than RSI that accompanies SJCERA's financial statements for the Annual Comprehensive Financial Report (ACFR). We will subject the following supplementary information to the auditing procedures applied in our audit of the financial

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

Board of Retirement
c/o Mr. Michael Duffy, Audit Committee Chair, and
Ms. Renee Ostrander, Chief Executive Officer
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statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of Administrative Expenses
- 2) Schedule of Investment Expenses
- 3) Schedule of Payments of Consultants

Additionally, we have been engaged to audit the other information that accompanies SJCERA's financial statements for the ACFR as described:

- 1) Schedule of Cost Sharing Employer Allocations
- 2) Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan

The following additional information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that additional information.

- 1) Introductory Section
- 2) Investment Section
- 3) Actuarial Section
- 4) Statistical Section

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

Government Auditing Standards require that we communicate, during the planning stage of an audit, certain information to officials of the audited entity and certain other parties. That information follows.

Board of Retirement
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We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of SJCERA and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the SJCERA or to acts by management or employees acting on behalf of SJCERA. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the SJCERA's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain

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internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of SJCERA and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under American Institute of Certified Public Accountants (AICPA) professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of SJCERA's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

In addition, we will perform certain procedures directed at considering SJCERA's compliance with applicable Internal Revenue Service (IRS) requirements for tax exempt status. However, you should understand that our audit is not specifically designed for and should not be relied upon to disclose matters affecting plan qualifications or compliance IRS requirements. If during the audit we become aware of any instances of any such matters or ways in which management practices can be improved, we will communicate them to you.

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Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with GAAP, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the SJCERA from whom we determine it necessary to obtain audit evidence. You are also responsible for maintaining a current plan instrument, including all plan amendments; for administering SJCERA and determining that SJCERA's transactions that are presented and disclosed in the financial statements are in conformity with SJCERA's provisions, including maintaining sufficient records with respect to each of the participants to determine the benefits due or which may become due to such participants. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the SJCERA involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the SJCERA received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the SJCERA complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

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You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You are required to disclose in the financial statements the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. You agree that you will not date the subsequent event note earlier than the date of the management representation letter.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regards to publishing the financial statements on your website. You understand that websites are a mean of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be probably delivered and read only be the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

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c/o Mr. Michael Duffy, Audit Committee Chair, and
Ms. Renee Ostrander, Chief Executive Officer
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Other Services

We will also assist in preparing the financial statements and related notes of SJCERA in conformity with GAAP based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and result of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, preparing confirmations, and will locate any documents selected by us for testing. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

We will provide copies of our reports to SJCERA; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Brown Armstrong Accountancy Corporation and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Brown Armstrong Accountancy Corporation personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the United States Government Accountability Office.

Board of Retirement
c/o Mr. Michael Duffy, Audit Committee Chair, and
Ms. Renee Ostrander, Chief Executive Officer
San Joaquin County Employees' Retirement Association
December 16, 2024
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Ashley Green is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. To ensure that Brown Armstrong Accountancy Corporation's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussion with any of our personnel. We expect to begin our audit on approximately March 17, 2025, and to issue our reports no later than May 30, 2025.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, confirmation service provider fees, etc.) except that we agree that our gross fee, including expenses, will not exceed \$55,150. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

All disputes under this agreement shall be submitted to mediation. Each party shall designate an executive officer empowered to attempt to resolve the dispute. Should the designated representatives be unable to agree on a resolution, a competent and impartial third party acceptable to both parties shall be appointed to mediate. Each disputing party shall pay an equal percentage of mediator's fees and expenses. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. In the event that the dispute is required to be litigated, the court shall be authorized to assess litigation costs against any party found not to have participated in the meditation process in good faith.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Reporting

We will issue a written report upon completion of our audit of SJCERA's financial statements. Our report will be addressed to the Board of Retirement and Audit Committee of SJCERA. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if

Board of Retirement
c/o Mr. Michael Duffy, Audit Committee Chair, and
Ms. Renee Ostrander, Chief Executive Officer
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necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of SJCERA's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SJCERA's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that SJCERA is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Our relationship with you is limited to that described in this letter. As such, you understand and agree that we are acting solely as independent accountants. We are not acting in any way as a fiduciary or assuming any fiduciary responsibilities for you. We are not responsible for the preparation of any report to any governmental agency, or any other form, return, or report or for providing advice or any other service not specifically recited in this letter.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

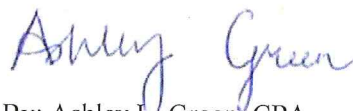
Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our peer review report dated June 30, 2022, accompanies this letter.

Board of Retirement
c/o Mr. Michael Duffy, Audit Committee Chair, and
Ms. Renee Ostrander, Chief Executive Officer
San Joaquin County Employees' Retirement Association
December 16, 2024
Page Ten

We appreciate the opportunity to be of service to SJCERA and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



By: Ashley L. Green, CPA

ALG:lpg:jav

Enclosure

Pfx Engagement/73960 Audit 12/31/2024 PSR-02-2 Audit Engagement Letter

RESPONSE:

This letter correctly sets forth the understanding of SJCERA.

Management signature:  _____

Title: Chief Executive Officer

Date: 12/20/2024

Governance signature:  _____

Title: _____

Date: _____



6025 SOUTH QUEBEC STREET, SUITE 260
CENTENNIAL, COLORADO 80111
303-792-3020 (O) | 303-792-5153 (F)
WWW.WCRCPA.COM

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 30, 2022

To the Shareholders of
Brown Armstrong Accountancy Corporation
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Brown Armstrong Accountancy Corporation has received a peer review rating of *pass*.

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC

San Joaquin County Employees' Retirement Association
Critical Dates List
For the year ended December 31, 2024

Item	Prior Year Due Date	Current Year Due Date	Status
PLANNING:			
AUDITOR to provide information request to SJCERA	Monday, January 29, 2024	Monday, January 27, 2025	
SJCERA to provide participant populations to AUDITOR	Monday, February 5, 2024	Monday, February 3, 2025	
SJCERA to return Actuary & Employer Confirmations to AUDITOR for mailing	Monday, February 12, 2024	Monday, February 10, 2025	
SJCERA to return Custodian, Investment Managers and all other confirmations along with updated Confirmation Log to AUDITOR for mailing	Friday, March 1, 2024	Friday, February 28, 2025	
SJCERA to provide responses to IT Survey to AUDITOR	Friday, March 1, 2024	Friday, February 28, 2025	
Audit Entrance Conference (Audit Partner; SJCERA Audit Committee and SJCERA Staff)	Friday, March 8, 2024 ~11:00 AM	TBD	
SJCERA to provide responses to Inquiries/Questionnaires, updated Walkthrough Documentation, SAS 99 Populations, etc. to AUDITOR (See IRL)	Monday, March 11, 2024	Monday, March 10, 2025	
INTERIM FIELDWORK:			
Beginning of interim audit fieldwork (Onsite)	Monday, March 18, 2024	Monday, March 17, 2025	
SJCERA to provide items on Interim Fieldwork Information Request Lists to AUDITOR	Monday, March 18, 2024	Monday, March 17, 2025	
AUDITOR to send 2nd Requests for Custodian, Investment Managers, and all other confirmations via email (except for Legal)	Friday, March 29, 2024	Friday, March 28, 2025	
FINAL FIELDWORK PLANNING:			
SJCERA to provide draft 12/31/2024 trial balance and Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position to AUDITOR and ACTUARY	Monday, April 1, 2024	Monday, March 31, 2025	
SJCERA to provide items on Final Fieldwork Information Request Lists to AUDITOR	Monday, April 1, 2024	Monday, March 31, 2025	
AUDITOR to send 2nd Requests for Actuary	Friday, April 5, 2024	Friday, April 4, 2025	
FINAL FIELDWORK:			
Beginning of final fieldwork (Remote)	Monday, April 8, 2024	Monday, April 7, 2025	
SJCERA to provide signed Legal Letter Confirmations to AUDITOR for mailing	Monday, April 8, 2024	Monday, April 7, 2025	
Expected completion date of fieldwork and approval of draft financial statements	Monday, April 22, 2024	Monday, April 21, 2025	
AUDITOR to provide SJCERA with Draft Annual Financial Report	Monday, April 29, 2024	Monday, April 28, 2025	
AUDITOR to provide SJCERA management with the following reports in <u>draft</u> format (forward to Audit Committee): Independent Auditors Report Agreed Upon Conditions Report SAS 114 Report Independent Auditors Report on Compliance and Internal Controls	Monday, April 29, 2024	Monday, April 28, 2025	
Audit Status Meeting with SJCERA Management	Tuesday, April 30, 2024 11:00 AM	TBD	
AUDIT WRAP-UP & PRESENTATION:			
SJCERA to provide input/edits to AUDITOR on initial Draft Annual Financial Report (without GASB 67/68)	Wednesday, May 1, 2024	Wednesday, April 30, 2025	
SJCERA to provide AUDITOR with the Draft GASB 67/68 Report	Friday, May 3, 2024	Friday, May 2, 2025	
Legal Letters due to AUDITOR (within 10 days of audit report)	Monday, May 6, 2024	Monday, May 5, 2025	
AUDITOR to provide revised Draft Annual Financial Report with GASB 67/68 to SJCERA for review	Tuesday, May 7, 2024	Tuesday, May 6, 2025	
SJCERA to provide input/edits to AUDITOR on revised Draft Annual Financial Report (with GASB 67/68)	Thursday, May 9, 2024	Thursday, May 8, 2025	
AUDITOR to provide Draft Audit Reports to SJCERA for disbursement to Audit Committee	Monday, May 13, 2024	Monday, May 12, 2025	
SJCERA to provide draft courtesy copy of report to County Auditor-Controller	Monday, May 13, 2024	Monday, May 12, 2025	
County Auditor-Controller to provide questions/concerns to SJCERA	Friday, May 17, 2024	Friday, May 16, 2025	
Audit Exit Conference (SJCERA Audit Committee & Staff and Brown Armstrong)	Friday, May 17, 2024 ~ 12:30 PM	TBD	
AUDITOR and SJCERA to perform final review/clean up of Draft Annual Financial Report	Wednesday, May 22, 2024	Wednesday, May 21, 2025	
AUDITOR to provide Final Draft Audit Reports to SJCERA	Friday, May 24, 2024	Friday, May 23, 2025	
AUDITOR to provide SJCERA with the following reports in <u>final</u> format: Independent Auditor's Report Agreed Upon Conditions Report SAS 114 Report Independent Auditors Report on Compliance and Internal Controls	Wednesday, May 29, 2024	Wednesday, May 28, 2025	
Copy of Financial Statements and BOS Packet to County Administrator To provide the draft to CAO office by 5/30/2025	Thursday, May 30, 2024	Thursday, May 29, 2025	
SJCERA Board of Retirement Acceptance of final reports	Friday, June 7, 2024	Friday, June 6, 2025	
SJCERA Management report to BOS for accepting & filing of reports	Tuesday, June 18, 2024	Tuesday, June 17, 2025	

Created: LPG 12/19/24
Reviewed: ALG 12/19/24
Approved by client:
Revised:
Revised:

San Joaquin County Employees' Retirement Association

Critical Dates List		2025		SJCERA Owner		Status	
Item							
PLANNING:							
AUDITOR to provide information request to SJCERA		Monday, January 27, 2025		Kristin			
SJCERA to provide participant populations to AUDITOR		Monday, February 3, 2025		Kristin			
SJCERA to return Actuary & Employer Confirmations to AUDITOR for mailing		Monday, February 10, 2025		Kristin			
SJCERA to return Custodian, Investment Managers and all other confirmations along with updated Confirmation Log to AUDITOR for mailing		Friday, February 28, 2025		Kristin			
SJCERA to provide responses to IT Survey to AUDITOR		Friday, February 28, 2025		Adnan			
SJCERA to provide data to Cheiron		Monday, March 3, 2025		Adnan			
SJCERA to provide responses to Inquiries/Questionnaires, updated Walkthrough Documentation, SAS 99 Populations, etc. to AUDITOR (See IRL)		Monday, March 10, 2025		Kristin			
Audit Entrance Conference (Audit Partner, SJCERA Audit Committee and SJCERA Staff) ~11:00 AM		Friday, March 14, 2025		Kristin			
INTERIM FIELDWORK:							
Beginning of interim audit fieldwork (Onsite)		Monday, March 17, 2025		Kristin			
SJCERA to provide items on Interim Fieldwork Information Request Lists to AUDITOR		Monday, March 17, 2025		Kristin			
Cheiron to provide data questions to SJCERA		Monday, March 17, 2025		Kristin			
AUDITOR to send 2nd Requests for Custodian, Investment Managers, and all other confirmations via email (except for Legal)		Monday, March 24, 2025		Adnan			
FINAL FIELDWORK PLANNING:							
SJCERA to provide draft 12/31/2024 final balance and Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position to AUDITOR and ACTUARY		Monday, March 31, 2025		Kristin			
SJCERA to provide items on Final Fieldwork Information Request Lists to AUDITOR		Monday, March 31, 2025		Kristin			
AUDITOR to send 2nd Requests for Actuary		Friday, April 4, 2025		Kristin			
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SJCERA to provide signed Legal Letter Confirmations to AUDITOR for mailing		Monday, April 7, 2025		Kristin			
SJCERA to return questions from Cheiron		Monday, April 7, 2025		Adnan			
SJCERA to provide preliminary financial statement report: reserve account balances and Contributions by Employers to Cheiron		Friday, April 18, 2025		Kristin			
Expected completion date of fieldwork and approval of draft financial statement:		Monday, April 21, 2025		Kristin			
Cheiron to provide preliminary data to SJCERA		Monday, April 21, 2025		Kristin			
AUDITOR to provide SJCERA with Draft Annual Financial Report		Monday, April 21, 2025		Kristin			
AUDITOR to provide SJCERA management with the following reports in draft format (forward to Audit Committee):		Monday, April 28, 2025		Kristin			
Independent Auditors Report							
Agreed Upon Conditions Report							
SAS 114 Report							
Independent Auditors Report on Compliance and Internal Controls							
Audit Status Meeting with SJCERA Management		Tuesday, April 29, 2025		Kristin			
AUDIT WRAP-UP & PRESENTATION:							
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SJCERA to provide AUDITOR with the Draft GASB 67/68 Report		Friday, May 2, 2025		Kristin			
Cheiron to provide GASB 67/68 Draft for audit review		Friday, May 2, 2025		Kristin			
Legal Letters due to AUDITOR (within 10 days of audit report)		Monday, May 5, 2025		Kristin			
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