



Executive Staff:

Eric Stern
Chief Executive Officer

Steve Davis
Chief Investment Officer

Stephen Lau
General Counsel

Mario Sierras
Chief Benefits Officer

Stephen Hawley
Chief Strategy Officer

Members of the Board of Retirement

Rick Fowler, President
Appointed by the Board of Supervisors

John B. Kelly, Vice President
Appointed by the Board of Supervisors

Keith DeVore, Vice President
Appointed by the Board of Supervisors

James Diepenbrock
Appointed by the Board of Supervisors

Ben Lamera
Ex-Officio, Director of Finance

Dave Comerchero
Elected by the Miscellaneous Members

Diana Gin
Elected by the Miscellaneous Members

Martha J. Hoover
Elected by the Retired Members

Matt Petersen
Elected by the Safety Members

Kathy O'Neil
Elected by the Retired Member

MINUTES

MEETING OF THE AUDIT COMMITTEE OF THE BOARD OF RETIREMENT SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

THURSDAY, NOVEMBER 19, 2020
2:00 P.M.

Location:
BlueJeans Teleconference

OPEN SESSION

- Item 1. Call to Order**—The Meeting was convened at 2:03 p.m. Mr. Lamera stated that the meeting was occurring via teleconference under Executive Order N-25-20 which relaxed provisions of the Brown Act to make it easier for local government boards to conduct board meeting without convening in the same physical location.
- Item 2. Public Comment**—None.
- Item 3. Annual Independent Financial Statement Audit**

Andy Paulden and Ashley Casey presented the results of SCERS' financial statement audit for the fiscal year ended June 30, 2020. Ms. Casey highlighted the audit timeline and critical dates, and stated that the audit opinion would be issued on November 23, 2020. Ms. Casey noted that the entire audit was performed remotely and thanked SCERS staff for their assistance throughout the audit. Ms. Casey reported that they issued an unmodified or a "clean" opinion on SCERS' financial statements. Ms. Casey also reported that they did not identify any noncompliance, material weaknesses, significant deficiencies, or control deficiencies. Finally, Ms. Casey presented communications required by professional standards and noted no new accounting policies, no difficulties encountered in performing the audit, and no disagreements with management. Ms. Casey summarized the significant estimates and sensitive disclosures embedded in the financial statements, and reported on the uncorrected financial statement misstatements as a result of SCERS' cut off procedure for financial reporting purposes.

Mr. Lamera asked about uncorrected misstatements; Mr. Paulden responded that the issue should not have a negative connotation but relates to the timing delay in receiving quarter-end financial reports from several alternative asset managers, which he said is seen frequently in governmental pension plans. Ms. Chan added this was due to SCERS moved up the financial statement preparation and audit timeline in anticipating that SCERS' financial statements would be included in the County's CAFR resulting from implementation of a new GASB standard. This timing difference could be expected in future years; however the auditors would have to evaluate the amounts each year to determine whether the amounts would rise to the level to be included in the required communications report.

Item 4. Discussion with Brown Armstrong and Audit Committee Members

The Audit Committee approved a motion to accept the June 30, 2020 Audited Comprehensive Annual Financial Report, Required Communications Report, and 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 *Government Auditing Standards* (3-0).

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:27 p.m.

COMMITTEE

MEMBERS PRESENT: Ben Lamera, James A. Diepenbrock, and Martha Hoover

OTHERS PRESENT: Eric Stern, Chief Executive Officer; Debbie Chan, Senior Accounting Manager; Joycy Escobar, Accounting Manager; Xee Vang, Accounting Manager; Andy Paulden and Ashley Casey, Brown Armstrong

Respectfully submitted,

/S/

Eric Stern
Chief Executive Officer and
Secretary of the Retirement Board

APPROVED: _____

Ben Lamera, Chair

DATE: _____