

**SONOMA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION BOARD
AUDIT COMMITTEE MINUTES**

Thursday, June 13, 2024

9:02 a.m.

Presiding: Erick Roeser, Chair

Present: Trustees Travis Balzarini, Amos Eaton, and Joe Tambe; Chief Executive Officer Julie Wyne, Assistant CEO/Chief Legal Counsel Cristina Hess, Finance and Retiree Services Manager Cheryl Enold, and Administrative Aide Julia Smith

Present via

Zoom: Ashley Green and Alaina Vandermade (of Brown Armstrong)

Absent: Trustee Greg Jahn

Committee members are Travis Balzarini, Amos Eaton, Greg Jahn, Erick Roeser, and Joe Tambe.

I. ELECTION OF COMMITTEE CHAIR

New Committee Chair and Vice Chair to be selected by majority vote of the members.

Recommendation: Select a Committee Chair and Vice Chair.

A motion was made by Trustee Tambe, seconded by Trustee Balzarini, to select Erick Roeser as Committee Chair, and Travis Balzarini as Committee Vice Chair. The motion carried 4-0-0-1, with voting as follows:

Mr. Balzarini	Aye
Mr. Eaton	Aye
Mr. Jahn	Absent
Mr. Roeser	Aye
Mr. Tambe	Aye

II. MINUTES APPROVAL

Approval of the December 14, 2023, Audit Committee Meeting Minutes.

Recommendation: Approve the December 14, 2023, Minutes.

A motion was made by Trustee Eaton, seconded by Trustee Balzarini, to approve the December 14, 2023, meeting minutes. The motion carried 4-0-0-1, with voting as follows:

Mr. Balzarini	Aye
Mr. Eaton	Aye
Mr. Jahn	Absent
Mr. Roeser	Aye
Mr. Tambe	Aye

III. ANNUAL FINANCIAL AUDIT OF SCERA

A. Partner Ashley Green and Manager Alaina Vandermade of Brown Armstrong reviewed the results of the annual financial audit of SCERA for the year ended December 31, 2023. They noted that SCERA received an unmodified opinion which is the highest level of opinion that an organization can receive. SCERA agreed to a Management Letter recommendation to increase efficiency, internal controls, or financial reporting which noted that SCERA should document each time a journal entry is reviewed. Finance and Retiree Services Manager Cheryl Enold informed the Committee that while SCERA was continuing to review each journal entry, staff was not logging these reviews during a window of time when SCERA was transitioning to a new accounting system and that SCERA began implementing the documentation of journal entry review immediately after being notified of the recommendation. Ms. Enold further noted that SCERA's new accounting system went live at the end of May 2024, contains journal entry workflow approval for internal controls in all but one area of review, and that SCERA has noted this and will document a work around to ensure we are properly documenting all review steps. The auditors found no material weaknesses, significant deficiencies, or control deficiencies in their audit of SCERA's financial information.

Recommendation: Recommend acceptance of the annual financial audit to the full Board.

A motion was made by Trustee Tambe, seconded by Trustee Balzarini, to recommend acceptance of the annual financial audit to the full Board. The motion carried 4-0-0-1, with voting as follows:

Mr. Balzarini	Aye
Mr. Eaton	Aye
Mr. Jahn	Absent
Mr. Roeser	Aye
Mr. Tambe	Aye

B. Annual Comprehensive Financial Report (ACFR) for the plan year ended December 31, 2023 – Finance and Retiree Services Manager Cheryl Enold reviewed the ACFR. Ms. Enold noted that the ACFR was a heavy lift this year because it aligned with welcoming two new staff members, and the implementation of an accounting

system. Ms. Enold reported that the ACFR content is materially consistent with the prior year, noting the favorable performance results from investment returns of 13.63%. Ms. Enold further noted that this is the second year SCERA's actuaries, Segal, have provided review and feedback on the ACFR to ensure that the most accurate actuarial information is presented to the users of the ACFR. Trustees congratulated Ms. Enold for SCERA's receipt of the Government Finance Officers Association (GFOA's) *Certificate of Achievement for Excellence in Financial Reporting Program* award, which is the highest form of recognition in governmental accounting and financial reporting and a significant honor. Trustees pointed out that they appreciated the detail and thought that went into the creation of the ACFR, as it is a valuable tool that explains the thinking and processes of our organization.

IV. GENERAL DISCUSSION MATTERS

Opportunity was given to advise the Audit Committee of new matters and for Committee members to ask questions for clarification, provide information to staff, request staff to report back on a matter, or direct staff to place a matter on a subsequent agenda.

CEO, Julie Wyne, asked about the transition from Great Plains to Microsoft Dynamics 365 Business Central and whether SCERA will engage Brown Armstrong to test the new system. Ms. Enold responded that staff will work with the auditors to determine the scope of any additional testing. Trustees asked about disaster recovery overall and staff described the switch to cloud based applications and the ability to stand up a mobile retirement system from any location and trigger a retiree payroll with a phone call under our Business Continuity Plan, which is regularly tested.

V. PUBLIC COMMENT

Opportunity was given for public comment on non-agenda items within the jurisdiction of the Audit Committee.

There were no public comments.

VI. NEXT MEETING

Thursday, November 21, 2024, at ~12:00 p.m. in the SCERA Board Room located at 433 Aviation Boulevard, Suite 100 in Santa Rosa, CA, and broadcast via Zoom unless otherwise noted.

VII. ADJOURNMENT

With no further business to conduct, the meeting adjourned at 9:28 a.m.

VIII. APPROVAL

The above minutes from the June 13, 2024, Audit Committee meeting were approved at the Audit Committee meeting on November 21, 2024.

ERICK ROESER, CHAIR