

## Executive Team

**Dominic D. Brown, CPA, CFE**  
Chief Executive Officer

**Daryn Miller, CFA**  
Chief Investment Officer

**Jennifer Zahry, JD**  
Chief Legal Officer

**Matthew Henry, CFE**  
Chief Operations Officer



## Board of Retirement

Tyler Whitezell, Chair  
Phil Franey, Vice-Chair  
Jeanine Adams  
David Couch  
Juan Gonzalez  
Joseph D. Hughes  
Jordan Kaufman  
Rick Kratt  
John Sanders  
Dustin Contreras, Alternate  
Chase Nunneley, Alternate  
Robb Seibly, Alternate

June 22, 2023

Members, Board of Retirement  
Employee Bargaining Units  
Requesting News Media  
Other Interested Parties

Subject: Meeting of the Kern County Employees' Retirement Association Finance Committee

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Finance Committee will be held on Wednesday, June 28, 2023 at 1:00 p.m. in the KCERA Boardroom, 11125 River Run Boulevard, Bakersfield, California, 93311.

### **How to Participate: Listen to or View the Board Meeting**

To listen to the live audio of the Board meeting, please dial one of the following numbers (for best audio a landline is recommended) and enter ID# 878 3252 1205

- (669) 900-9128; U.S. Toll-free: (888) 788-0099 or (877) 853-5247

To access live audio and video of the Board meeting, please use the following:

- <https://us02web.zoom.us/j/87832521205?pwd=TKFuNzhLK1VCdHgwd1lvd3lyT2tpQT09>
- Passcode: 949067

Items of business will be limited to the matters shown on the attached agenda. If you have any questions or require additional service, please contact KCERA at (661) 381-7700 or send an email to [administration@kcera.org](mailto:administration@kcera.org).

Sincerely,

Dominic D. Brown  
Chief Executive Officer

Attachments

**AGENDA:**

All agenda item supporting documentation is available for public review on KCERA's website at [www.kcera.org](http://www.kcera.org) following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**AMERICANS WITH DISABILITIES ACT  
(Government Code §54953.2)**

Disabled individuals who need special assistance to listen to and/or participate in the meeting of the Board of Retirement may request assistance by calling (661) 381-7700 or sending an email to [administration@kcera.org](mailto:administration@kcera.org). Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two (2) days in advance of a meeting whenever possible.

**CALL TO ORDER**

**ROLL CALL (IN PERSON)**

**AB 2449 REMOTE APPEARANCE(S)**

*Items 1 and/or 2 withdrawn from agenda if no trustees will have a need to appear via teleconference:*

The first two items on the agenda are reserved for trustees who have a need to appear via teleconference due to a "just cause" need or an "emergency circumstance." Trustees who have notified this Committee before agenda-posting will be called upon and will provide a general description of their need to attend via teleconference as allowed by law. Trustees who were not able to notify the Committee in advance of posting and have a need to attend via teleconference will state their notification or request when called upon to do so. All trustees appearing via teleconference will need to disclose any adult person(s) present in the room of their remote location and their relationship to such person(s). Trustees appearing remotely are reminded to keep their camera on throughout the meeting.

1. JUST CAUSE CIRCUMSTANCE(S):

- a) The following Trustee(s) have notified the Committee of a "Just Cause" to attend this meeting via teleconference. (See Government Code § 54953).
  - NONE
- b) Call for Trustee(s) who wish to notify the Committee of a "Just Cause" to attend this meeting via teleconference. (See Government Code § 54953).

2. EMERGENCY CIRCUMSTANCE(S):

a) The following Trustee(s) have requested the Committee approve their attendance of this meeting via teleconference due to an “Emergency Circumstance.” (See Government Code § 54953).

- NONE

b) Call for Trustee(s) requesting the Committee approve their attendance of this meeting via teleconference due to an “Emergency Circumstance.” (See Government Code § 54953).

TAKE ACTION ON REQUEST(S) FOR REMOTE APPEARANCE

3. [Presentation on the audit plan for the FY 2022-23 Financial Statement Audit](#), presented by Jason Ostroski, CPA, Principal, and Tim Rawal, CPA, Senior Manager, UHY LLP – APPROVE

**PUBLIC COMMENTS**

4. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation.

**REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS**

5. On their own initiative, Committee members may make a brief announcement, refer matters to staff, subject to KCERA’s rules and procedures, or make a brief report on their own activities.

6. Adjournment

# Kern County Employees' Retirement Association

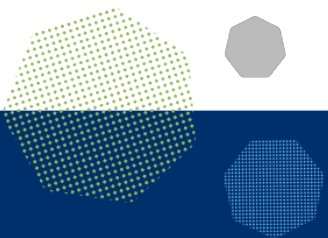
June 30, 2023 Financial Statement Audit

*June 28, 2023*



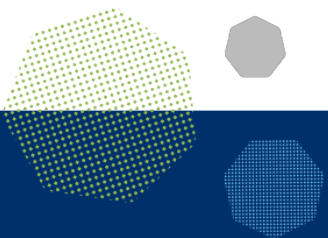
# Overview

- Requirements and Deliverables
- Required Governance Communication
- Audit Plan, Significant Audit Areas and Timeline
- Finance Committee Discussion



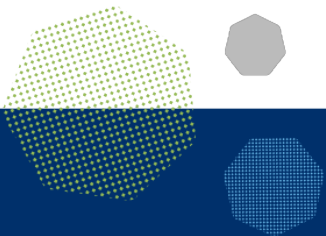
# Requirements and Deliverables

- **Audit Engagement Requirements and Deliverables**
  - Conduct an audit of the basic financial statements of the Kern County Employees' Retirement Association (KCERA) for the year ending June 30, 2023 in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards (GAS).
  - Issue an opinion on the fairness of the basic financial statements.
  - Issue a management letter on operational, internal control and financial matters as required under Governmental Auditing Standards.
  - Provide consultation services, as requested, to assist KCERA staff in preparation of the basic financial statements.
  - Expand testing in selected areas and/or examine special areas of concern throughout the engagement and upon the request of the Board of Retirement or Finance Committee.
  - Ensure that transactions that could have a direct and material effect on the financial statements are executed in accordance with applicable laws and regulations.



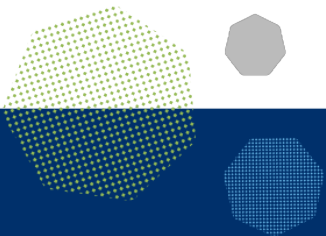
# Required Governance Communications

- Auditor's Responsibilities - Opinion
  - Responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with generally accepted accounting principles in the United States of America.



# Required Governance Communications

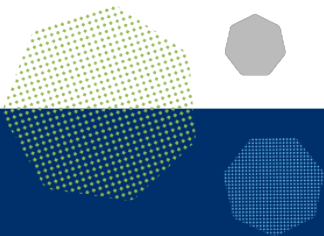
- Auditor's Responsibilities - Standards
  - Responsible for performing the audit in accordance with generally accepted auditing standards. The audit is designed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement.





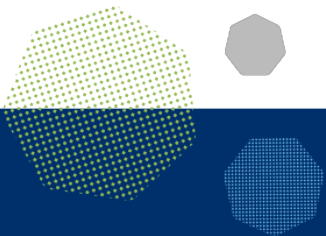
# Required Governance Communications

- Auditor's Responsibilities – Other
  - Exercise professional judgment and maintain professional skepticism
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness KCERA's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
  - Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the KCERA's ability to continue as a going concern for a reasonable period of time.



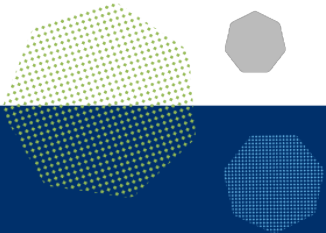
# Required Governance Communications

- Management Responsibilities
  - Preparation and fair presentation of the financial statements and GASB 68 schedules.
  - The design, implementation and maintenance of internal controls relevant to the fair presentation of the financial statements and GASB 68 schedules.



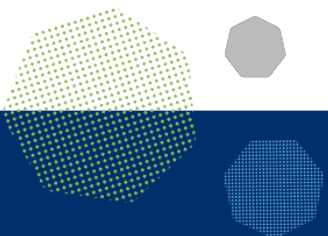
# Audit Plan

- Phased Approach – Planning, Internal Control, Substantive Test Work and Reporting



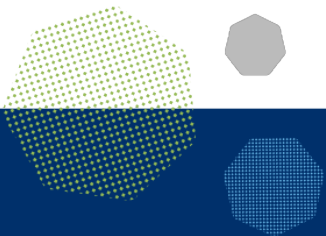
# Significant Audit Areas

- We have identified the following areas as significant audit areas and processes:
  - **Investments and Investment Income**
    - Investments – Alternative/Non-Custodial
    - Investments – Publicly Traded/Custodial
  - **Contributions/Member Testing**
    - Employer and Member
  - **Benefit Payments**
    - Annuity and lump sum benefit payment testing
    - Data analytic procedures over benefit payments
  - **TPL, NPL and Related Disclosures**
    - Demographic and informational testing over employer census data
    - Data analytic procedures over census files
  - **Financial Statement Process**



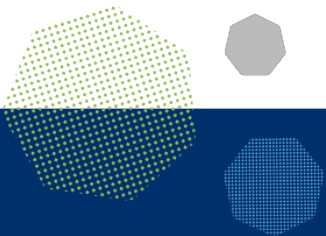
# Timeline

Key Milestones	Dates
Planning	August 2023
Understanding and Testing of Internal Controls	August 2023
Substantive Procedures	September to December 2023
Issue Financial Statement Audit Reports	Early December 2023
GASB 68 Audit Procedures	April to May 2024
Issue GASB 68 Audit Report	May 2024



# Finance Committee Discussion

- Recognizing the importance of two-way communication, we encourage you to provide us with information you consider relevant to the audit. This may include, but is not limited to the following:
  - KCERA's objectives and strategies and the related business risks that may result in material misstatements.
  - Your understanding of risks of fraud and controls in place to prevent and detect fraud.
  - Other matters you believe are relevant to the audit of the financial statements.





**Jason Ostroski, CPA**  
Principal  
jostroski@uhy-us.com  
410-423-4839

**Tim Rawal, CPA**  
Senior Manager  
trawal@uhy-us.com  
651-238-1941

