NOTICE OF PUBLIC MEETING

To: Internal Governance Committee:
   Jim DeMartini, Chair
   Jeff Grover
   Joan Clendenin

From: Rick Santos, Executive Director

SUBJECT: StanCERA INTERNAL GOVERNANCE COMMITTEE

The Internal Governance Committee will meet at 1:15 p.m., Wednesday, August 12, 2015.

The Committee will meet in the Conference Room at StanCERA’s Office, located at 832 12th Street, Suite 600, 6th Floor, Modesto.

AGENDA

1. Annual Financial Audit – Brown Armstrong, CPA’s
   a. Entrance Conference View
BROWN ARMSTRONG
Certified Public Accountants

June 9, 2015

Mr. Rick Santos, Executive Director, and
Internal Governance Committee of
Stanislaus County Employees’ Retirement Association
832 12th Street #600
Modesto, California 95354

Dear Mr. Santos and Internal Governance Committee:

We are pleased to confirm our understanding of the services we are to provide Stanislaus County Employees’ Retirement Association for the year ended June 30, 2015. We will audit the financial statements, including the related notes to the financial statements, which collectively comprise the basic financial statements of Stanislaus County Employees’ Retirement Association as of and for the year ended June 30, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management’s discussion and analysis, to supplement Stanislaus County Employees’ Retirement Association’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 Stanislaus County Employees’ Retirement Association’s RSI in accordance with auditing standards generally accepted in the United States of America. 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 evidence to express an opinion or provide any assurance. The following RSI is required by accounting principles 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 Employers’ Net Pension Liability
3) Schedule of Changes in Net Pension Liability and Related Ratios
4) Schedule of Employer Contributions
5) Schedule of Investment Returns
6) Notes to Required Supplementary Information

We have been engaged to report on other supplemental information other than RSI that accompanies Stanislaus County Employees’ Retirement Association’s financial statements for the Comprehensive Annual Financial Report (CAFR). We will subject the following other supplemental information to the auditing procedures applied in
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our audit of the financial 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 auditing standards generally accepted in the United States of America, and we will
provide an opinion on it in relation to the financial statements as a whole, in a report combined with our
auditor’s report on the financial statements:

1) Schedule of Administrative Expenses
2) Schedule of Investment Management Fees and Other Investment Expenses

The following 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 information.

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

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly
presented, in all material respects, in conformity with accounting principles generally accepted in the
United States of America and to report on the fairness of the other supplemental information referred to in
the second paragraph when considered in relation to the financial statements as a whole. Our audit will be
conducted in accordance with auditing standards generally accepted in the United States of America 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 the accounting records of Stanislaus County
Employees’ Retirement Association and other procedures we consider necessary to enable us to express
such opinions. We will issue a written report upon completion of our audit of Stanislaus County
Employees’ Retirement Association’s financial statements. Our report will be addressed to the Board of
Retirement of Stanislaus County Employees’ Retirement Association. We cannot provide assurance that
unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify
our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial
statements 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 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
include a paragraph that states (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 Stanislaus County Employees’ Retirement Association’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 Stanislaus County Employees’ Retirement Association’s internal control and
compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Stanislaus County Employees’ Retirement Association 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 auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute 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 Stanislaus County Employees’ Retirement Association or to acts by management or employees acting on behalf of Stanislaus County Employees’ Retirement Association. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting 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 a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America 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, any fraudulent financial reporting, or misappropriation of assets that come 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, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, direct confirmation of investments, plan obligations, and certain other assets and liabilities by correspondence with selected individuals, actuaries, financial institutions, and other third parties. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. 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 agreements; and other responsibilities required by the auditing standards generally accepted in the United States of America.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of Stanislaus County Employees’ Retirement Association and its environment, including internal control, sufficient to assess the risks of material
misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. 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.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. 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 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 Stanislaus County Employees’ Retirement Association’s compliance with the provisions of applicable laws, regulations, contracts, and agreements. 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 Stanislaus County Employees’ Retirement Association’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.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including 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 agreements. You are also responsible for the selection and application of accounting principles; for establishing an accounting and financial reporting process for determining fair value measurements; for the acceptance of the actuarial methods and assumptions used by the actuary; and for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. 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, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within Stanislaus County Employees' Retirement Association from whom we determine it necessary to obtain audit evidence.

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 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 Stanislaus County Employees' Retirement Association 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 Stanislaus County Employees' Retirement Association received in communications from employees, former employees, sponsors, regulators, or others. In addition, you are responsible for identifying and ensuring that Stanislaus County Employees' Retirement Association complies with applicable laws, regulations, contracts, and agreements and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or agreements, or abuse that we report.

You are responsible for the preparation of the other supplemental information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the other supplemental information in any document that contains and indicates that we have reported on the other supplemental information. You also agree to include the audited financial statements with any presentation of the other supplemental 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 other supplemental information in accordance with accounting principles generally accepted in the United States of America; (2) you believe the other supplemental information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America; (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 other supplemental information.

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 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 regard to using the auditor’s report you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.
With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You are required to disclose 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 your management representation letter.

You agree to assume all management responsibilities relating to the financial statements and related notes, actuarial services, 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 results of those services; and accept responsibility for them.

**Engagement Administration, Fees, and Other**

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 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.

We understand that your personnel will prepare schedules, analyses, and all cash, contribution, investment manager or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to Stanislaus County Employees’ Retirement Association; 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 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 U.S. Government Accountability Office.

We expect to begin our audit on approximately August 10, 2015, and to issue our reports no later than
November 2, 2015. Andrew J. Paulden is the engagement partner and is responsible for supervising the
engagement and signing the reports or authorizing another individual to sign them.

In accordance with our agreement, our gross fee, including expenses, will not exceed $30,000. 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 the mediator’s fees and
expenses. No suit or arbitration proceedings shall be commenced under this agreement 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 to have
participated in the mediation process in good faith.

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.

You have requested that we provide you with a copy of our most recent external peer review report and
any subsequent reports received during the contract period. Accordingly, our peer review report dated
February 8, 2013, accompanies this letter.
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June 9, 2015
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We appreciate the opportunity to be of service to Stanislaus County Employees’ Retirement Association
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 enclosed copy and return it to us.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

[Signature]

By: Andrew J. Paulden

AJP:lar:jav
Enclosure

RESPONSE:

This letter correctly sets forth the understanding of Stanislaus County Employees’ Retirement Association.

Executive Director

Signature: [Signature]

Title: Executive Director, Stan CERA

Date: 7/10/15
System Review Report

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

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation (the firm) applicable to non SEC issuers in effect for the year ended October 31, 2012. 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. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm’s compliance therewith based upon our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation applicable to non SEC issuers in effect for the year ended October 31, 2012, 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.

W. Mark Tidwell, CPA
WEAVER AND TIDWELL, L.L.P.
Dallas, Texas
February 8, 2013