



NOTICE OF PUBLIC MEETING

To: Internal Governance Committee

From: Rick Santos, Executive Director

SUBJECT: StanCERA INTERNAL GOVERNANCE COMMITTEE

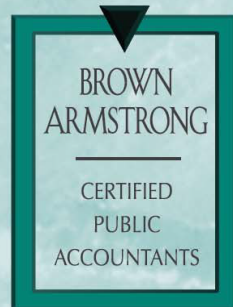
The Internal Governance Committee will meet at 9:00 a.m., Thursday, August 3, 2017.

The Committee will meet in the Large 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

**Stanislaus County Employees' Retirement Association
Internal Governance Committee
June 30, 2017 Audit Entrance Meeting
By: Ashley Casey, CPA
August 3, 2017
9:00 A.M.**

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(MAIN OFFICE)**

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REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

1. Audit and GASB 68 Engagement Letters – See Attached
2. Required Communication to the Internal Governance Committee in Accordance with Professional Standards – See Attached
3. Overview and Summary of Audit Plan
 - a.) Timeline coordination with StanCERA staff – See Attached Critical Dates List
 - b.) Understanding and evaluation of StanCERA internal controls through inquiry and observation of significant audit areas using a risk based approach
 - i. Investments and related earnings
 - ii. Participant data and actuarial information
 - iii. Employee and employer contributions
 - iv. Benefit payments
 - c.) Confirmation of account balances, legal, custodian, consultant, active and retired participants, employer payroll, and actuary
 - d.) Interim fieldwork
 - e.) Final fieldwork
 - f.) Report presentation
4. Questions and/or Comments?

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Certified Public Accountants

June 21, 2017

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

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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, 2017. 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, 2017. 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 Changes in Net Pension Liability and Related Ratios
- 3) Schedule of Employer Contributions
- 4) Schedule of Investment Returns
- 5) 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 and Internal Governance Committee 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*

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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.

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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.

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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.

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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 that 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, participant, 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

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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 July 31, 2017, and to issue our reports no later than November 1, 2017. 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.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letters of comment, and any subsequent peer review reports and letters of comment received during the contract period. Accordingly, our peer review report dated January 29, 2016, accompanies this letter.

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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

By: Andrew J. Paulden

AJP:cbs

Enclosure

Pfx.../78460/STANCERA Audit 2017/PSR-02-2/Engagement Letter 2017 - Draft

RESPONSE:

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

Executive Director

Signature: _____

Title: _____

Date: _____



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 engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2015. 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 engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2015, 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*.

Weaver and Tidwell, LLP
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 29, 2016

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June 21, 2017

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

Re: GASB 68 Engagement

Dear Mr. Santos and Internal Governance Committee:

Brown Armstrong Accountancy Corporation is pleased to provide Stanislaus County Employees' Retirement Association (hereinafter "you" or "your") with the professional services described below. This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

We will assist you in certain applicable provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 (*Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*) along with related amendments as applicable (hereafter defined as GASB 68) as requested by you, and as described in the scope of the engagement section below.

Scope of Engagement

We will assist you in the following:

- Perform procedures to the Employers, as listed in Attachment 1, to accumulate sufficient audit evidence necessary to provide an unmodified opinion for cost-sharing multiple-employer plans whose auditors opine/report on the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer. The opinion will be for the measurement date of June 30, 2017 (for employer reporting as of June 30, 2018).

Our work will be limited to the scope agreed upon. The engagement cannot be relied on to disclose errors, irregularities, or illegal acts, including fraud or theft.

We will not perform management functions or make management decisions on your behalf. However, we may provide advice and recommendations to assist your management in performing its functions and making decisions.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope and estimated cost of these additional services. Engagements for additional services

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may necessitate that we amend this letter or issue a separate engagement letter to reflect the obligations of both parties. In the absence of any other written communications from us documenting additional services, our services will be limited to and governed by the terms of this engagement letter.

Client Responsibilities

You authorize us to accept instructions from your representative for this engagement. As a condition to our performing the services described above, you agree to:

- Make all management decisions and perform all management functions.
- Designate an individual who possesses suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services, who will serve and be held accountable as the main contact.
- You are responsible for the presentation of the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer.
- Evaluate the adequacy and results of the services performed.
- Accept responsibility for the results of the services.
- Establish and maintain internal controls over the procedures and monitor ongoing activities.

You agree that your management and employees are responsible for the proper recording of transactions in the records, for the safekeeping of assets, and the accuracy of the financial statements. We have no responsibility to identify and communicate deficiencies or material weaknesses in your internal control as part of this engagement.

Brown Armstrong Accountancy Corporation Responsibilities

We will perform our services in accordance with applicable professional standards promulgated by the American Institute of Certified Public Accountants. This engagement is limited to the professional services outlined above. Brown Armstrong Accountancy Corporation, in its sole professional judgment, reserves the right to refuse to take any action that could be construed as making management decisions or performing management functions.

The above professional services will be performed based on data and information you provide to us. Therefore, our engagement cannot be relied upon to disclose errors, fraud, or theft.

Timing of Engagement

We will begin the above engagement upon approval of this engagement letter, and will conclude based on a date agreed upon between the parties.

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Fees and Billings

Our fees for the services outlined above will be billed monthly at the standard billing rate for each of the professionals performing the work, plus out-of-pocket expenses. Our fees will not exceed \$15,000. Invoices are due within 30 days of the date on the billing statement. Our fee is based upon the complexity of the work to be performed and our professional time to complete the work. Additionally, this fee is dependent on the timely delivery, availability, quality, and completeness of the information you provide to us.

If the necessary information you provide is not submitted in a timely manner or is incomplete or unusable, we reserve the right to charge additional fees and expenses for services required to correct the problem. If this occurs, we will contact your representative to discuss the matter and the anticipated delay in performing our services.

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. We reserve the right to suspend or terminate our work. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet government and other deadlines, for any penalties or interest that may be assessed against you resulting from the failure to meet such deadlines, and for any other damages (including consequential damages) incurred as a result of the suspension or termination of our work.

Termination and Other Terms

We reserve the right to withdraw from this engagement without completing the work if you fail to comply with the terms of this engagement letter. If any portion of this agreement is deemed invalid or unenforceable, the finding shall not invalidate the remainder of the terms set forth in this engagement letter.

Staffing of Engagement

Andrew J. Paulden, CPA, will lead the team assigned to service your account and will serve as the primary contact with you for this engagement. The team will include professional staff or other members of the firm.

Conflict of Interest

If we, in our sole discretion, believe a conflict has arisen affecting our ability to service Stanislaus County Employees' Retirement Association in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to suspend or terminate our services.

Record Retention Policy

Our records retention policy requires us to return all original records and documents that you have given us to you at the conclusion of the engagement. Your records are the primary records for your operations and comprise the backup and support for your financial reports. Our records and files are our property and are not a substitute for your own records. Our firm destroys our engagement files and workpapers after a period of 7 years. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Mr. Rick Santos, Executive Director, and
Internal Governance Committee of
Stanislaus County Employees' Retirement Association
June 21, 2017
Page Four

Electronic Communication

In the interest of facilitating our services to your organization, we may communicate by electronic mail over the Internet. Such communications may include information that is confidential to you. Our firm employs measures in the use of computer technology designed to maintain data security. While we will use reasonable efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these electronic devices during this engagement.

Alternative Dispute Resolution

If a dispute arises out of or relates to this contract or engagement letter, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under the Dispute Resolution Rules for Professional Accounting and Related Services Disputes before resorting to arbitration, litigation, or some other dispute-resolution procedure. The costs of any mediation proceedings shall be shared equally by all parties.

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 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 mediation process in good faith.

Conclusion

We appreciate the opportunity to be of service to Stanislaus County Employees' Retirement Association. Please date and sign the enclosed copy of this engagement letter and return it to us in the envelope provided to acknowledge your agreement with its terms. It is our policy to initiate services after we receive the signed copy of this engagement letter from you.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



By: Andrew J. Paulden


AJP:alc:cbs

Enclosures

P:\Engagement\78460\GASB 68 Audit - 06/30/17 Measurement date\1200-2\StanCERA GASB 68 Engagement Letter

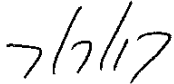
Mr. Rick Santos, Executive Director, and
Internal Governance Committee of
Stanislaus County Employees' Retirement Association
June 21, 2017
Page Five

Accepted by:

A handwritten signature in black ink, appearing to be "R. Santos", written over a horizontal line.

Stanislaus County Employees' Retirement Association

Date:

A handwritten date "7/7/17" in black ink, written over a horizontal line.

ATTACHMENT 1

Employers

Stanislaus County

City of Ceres

Stanislaus Superior Court

Stanislaus County Council of Governments

East Side Mosquito Abatement District

Salida Sanitary District

Keyes Community Services District

Hills Ferry Cemetery District

BROWN
ARMSTRONG

CERTIFIED
PUBLIC
ACCOUNTANTS

**BAKERSFIELD OFFICE
(MAIN OFFICE)**

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92563
TEL 949.652.5422

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

BROWN ARMSTRONG

Certified Public Accountants

To the Internal Governance Committee of
Stanislaus County Employees' Retirement Association
832 12th Street #600
Modesto, California 95354

We are engaged to audit the financial statements of Stanislaus County Employees' Retirement Association (StanCERA) for the year ended June 30, 2017. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards

As stated in our engagement letter dated June 21, 2017, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of StanCERA. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of StanCERA's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Accounting principles generally accepted in the United States of America provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions, schedule of investment returns, and notes to required supplementary information, which supplement the basic financial statements, is to apply certain limited procedures in accordance with auditing standards generally accepted in the United States of America. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the schedule of administrative expenses and schedule of investment management fees and other investment expenses, which accompany the financial statements but are not RSI. Our responsibility for this other supplemental information, as described by professional standards, is to evaluate the presentation of the other supplemental information in relation to the financial statements as a whole and to report on whether the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the introductory section, investment section, actuarial section, and statistical section, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope, Timing of the Audit, and Other

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.

Our audit will include obtaining an understanding of the StanCERA 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. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to StanCERA or to acts by management or employees acting on behalf of the StanCERA. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on approximately July 31, 2017, and issue our report on approximately November 1, 2017. Andrew J. Paulden is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Internal Governance Committee and management of StanCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
June 21, 2017

Stanislaus County Employees Retirement Association
Critical Dates List
For the year ended June 30, 2017

Item	Due Dates
PLANNING:	
AUDITOR to provide StanCERA with Population request email	Friday, April 28, 2017
AUDITOR to provide Info Request email to StanCERA	Tuesday, May 16, 2017
Active, Retiree, Deferred, and Purchased Service Credit populations provided to AUDITOR for confirmation purposes	Wednesday, June 14, 2017
AUDITOR to provide StanCERA with samples for confirmation purposes	Friday, June 16, 2017
Active/Retired Participant, Actuary, and Employer payroll Confirmations returned to AUDITOR for mailing	Friday, June 23, 2017
StanCERA to provide AUDITOR with May 31, 2017 Preliminary Financials and trial balance	Friday, July 7, 2017
StanCERA to provide Custodian, Investment Managers, and all other confirmations (Except for Legal, Participant, Cash and Contributions) to AUDITOR for mailing	Friday, July 7, 2017
Actuary, Employer and Participant confirmation responses due to AUDITOR, AUDITOR to send out second requests	Friday, July 21, 2017
Remaining participant populations due to AUDITOR (if any)	Monday, July 24, 2017
INTERIM FIELDWORK:	
Beginning of interim audit fieldwork at StanCERA's office. Please provide space for three auditors	Monday, July 31, 2017
Items on Interim Fieldwork Information Request Lists due	Monday, July 31, 2017
StanCERA to provide confirmations to Auditor for Cash and Contributions	Monday, July 31, 2017
AUDITOR to meet with STANCERA's Internal Governance Committee - Entrance meeting between AUDITOR and STANCERA staff (at your discretion)	Thursday, August 3, 2017 at 9:00am
Expected completion date of interim fieldwork, and exit conference with StanCERA Management	Thursday, August 3, 2017
FINAL FIELDWORK PLANNING:	
Confirm responses for all (Except Legal, Alternatives, Real Estate, Cash, and Contributions) due to AUDITOR. AUDITOR to send out second requests	Friday, August 11, 2017
Confirm responses for Cash, Contributions, Alternative and Real Estate investments due to AUDITOR. AUDITOR to send out second requests	Friday, August 18, 2017
StanCERA to provide actuary with draft financial data for actuary report	Monday, August 21, 2017
Items on Final Fieldwork Information Request Lists due. Begin audit work in BA offices.	Monday, August 21, 2017
StanCERA to provide 6/30/2017 trial balance in electronic format	Monday, August 21, 2017
StanCERA to provide AUDITOR with draft Statement of Net Position and Statement of Changes in Net Position	Monday, August 21, 2017
StanCERA to provide responses to Investment Inquiries Memo	Thursday, August 24, 2017

FINAL FIELDWORK:

Beginning of final fieldwork at StanCERA's office. Please provide space for four auditors.

Monday, August 28, 2017

StanCERA to provide responses to General Question Memo

Wednesday, August 30, 2017

StanCERA to provide AUDITOR with legal confirmations for mailing/emailing

Thursday, August 31, 2017

StanCERA to provide draft Financial Section to AUDITOR

Friday, September 8, 2017

Expected completion date of fieldwork and exit conference with StanCERA management

**Tuesday, September 12, 2017
Time TBD**

AUDIT WRAP-UP & PRESENTATION:

AUDITOR will provide all recommendations, revisions & suggestions for improvement to draft of Financial Section of CAFR

Monday, September 18, 2017

AUDITOR will provide Letter to Management in draft format

Monday, September 18, 2017

StanCERA to receive Actuary GASB 67/68 report for inclusion in the CAFR

Week of September 27th

StanCERA to provide AUDITOR with responses to findings included in Letter to Management

Friday, September 29, 2017

StanCERA to provide AUDITOR with a complete draft of CAFR

Friday, September 29, 2017

Friday, October 6, 2017

AUDIT Manager will provide all recommendations, revisions & suggestions for improvement to the CAFR

Monday, October 9, 2017

AUDITOR to provide StanCERA management with the following reports in draft format:

Independent Auditors Report

Report on Compliance and Internal Control

Internal Governance Committee Report (SAS 114 letter)

StanCERA to provide AUDITOR with complete revised draft of CAFR

Friday, October 13, 2017

StanCERA to provide approval of all AUDITOR reports

Wednesday, October 18, 2017

StanCERA to provide AUDITOR with final revised CAFR. AUDITOR to submit for Partner/Cold review

Friday, October 20, 2017

Legal confirmation responses due to AUDITOR

Friday, October 20, 2017

AUDITOR to provide StanCERA management with the Soft Copy of the following reports in final format:

Friday, October 27, 2017

Independent Auditors Report

Letter to Management

Report on Compliance and Internal Control

Internal Governance Committee Report (SAS 114 letter)

AUDITOR to provide StanCERA with "packets" of the above reports for Board meeting

Wednesday, November 1, 2017

AUDITOR presentation/delivery to StanCERA Internal Governance Committee

**Tuesday, November 7, 2017
at 9:00am**

Created: ALC 4/12/17

Approved by Client: 5/8/17

Revised:

Revised:

Revised: