

SACRS Business Meeting Agenda

Friday, November 11, 2016

9:45 a.m.

**Renaissance Resort and Spa, Indian Wells, CA
Crystal Ballroom**

**SACRS Parliamentarian – Lance Kjeldgaard
Sergeant at Arms – Derwin Brown, Los Angeles CERA**

1. County Roll Call

Art Goulet, SACRS Secretary

2. Secretary's Report – Receive and File

- May 2016 SACRS Business Meeting Minutes

3. Treasurer's Report – Receive and File

Larry Walker, SACRS Treasurer

- SACRS Financials July 1, 2016 – August 31, 2016

4. Board of Director's Report – No Action

Dan McAllister, SACRS President

- Board of Directors Update

5. SACRS Strategic Consultant Report – No Action

Jim Lites, Strategic Consultant

- Projects for 2015-2016

6. SACRS Legislative Proposals 2017 – Action Item

Richard Stensrud, Legislative Committee Chair

- **Merced #1** – Alternate Retiree Voting. This measure would modify alternate retiree trustee voting rights allowing for the absence of 2 board members at a meeting to provide additional voting rights to the Alternate Retiree in a case where there is no alternate safety member.

Recommendation: The Committee declined to recommend this proposal for SACRS sponsorship. The Committee found the proposal would impact a single system, and thus did not meet the criteria for SACRS legislative proposals to have multi-systems benefits or impacts.

- **Ventura #1** – Transfers of Leave Balances during Implementation of Independent Operating Authority. This proposal would clarify that the leave balances may be transferred for any retirement system employees who shift to BOR employment from county employment during implementation of independent operating authority.

Recommendation: Conditionally Approved. This proposal was approved for sponsorship IF the Governor signs AB 1853, which is the current 2016 SACRS-sponsored measure that provides system operating authority. AB 1853 is now pending on the Governor's desk. If the Governor does not sign AB 1853, the Committee's recommendation will be for Ventura to pursue clarification legislation as a single-system effort. The Governor has until September 30th to act upon all 2016 legislation.

7. SACRS Audit Committee Report – Receive and File

Steve Delaney, SACRS Audit Committee Chair

- SACRS Annual 2014 - 2015 Audit

8. SACRS Nomination Committee – No Action

Yves Chery, Nomination Committee Chair

- Schedule for the Spring 2017 Board of Directors Election

DEADLINE	DESCRIPTION
February 1, 2017	Nominating Committee receives nominations from SACRS membership
March 1, 2017	Nominating Committee submits its recommended ballot to each 1937 Act Board
March 25, 2017	Nominating Committee receives nominations from any 1937 Act Board
April 1, 2017	Nominating Committee submits final ballot to each 1937 Act Board – ballot consists of recommended ballot plus anybody else who is nominated but not recommended by the Nominating Committee (April 1 is a Saturday; next business day applies)
May 19, 2017	Conduct elections during the SACRS Business Meeting (at end of the May 2017 conference)
May 19, 2017	Board of Directors take office for 1 year

9. SACRS Committee & Breakout Reports:

Committee	Breakout Reports
Affiliate	Administrators
Audit	Counsels
Bylaws	Disability
Education	Internal Auditors
Legislative	Investment Officers
Nomination	Operations & Benefits
Program	Safety Trustees
	General Trustees

10. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 19, 2017 at the Napa Valley Marriott.

SACRS Business Meeting Minutes
Friday, May 13, 2016
10:00 AM- Until Adjournment
Westin South Coast Plaza Hotel
Costa Mesa, CA

SACRS Parliamentarian – Lance Kjeldgaard
Sergeant at Arms – Derwin Brown, Los Angeles CERA

Meeting called to order at 10:02 am

Board members present:

Yves Chery, Gabe Rodrigues, Art Goulet, Dan McAllister, and Michael Bowman
(Affiliate Advisor to the Board)

Absent: Ray McCray

1. County Roll Call

Art Goulet, SACRS Secretary

10:06 am - 18 Systems present, Los Angeles and San Bernardino absent

10:20 am – 18 Systems present at quorum call, absent Alameda and Sonoma

10:28 am – 19 Systems present, Fresno departed

2. Secretary's Report – Receive and File

Art Goulet, SACRS Secretary

A. November 2015 SACRS Business Meeting Minutes

Motion: A motion to receive and file the SACRS November 2015 Business Meeting Minutes was made by San Diego.

2nd: Santa Barbara

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura.

No: 0

Absent: San Bernardino

Motion Passed

3. Treasurer's Report – Receive and File

Dan McAllister, SACRS Treasurer

A. July 2015 – February 2016

Motion: A motion to receive and file the SACRS Treasurers report was made by Tulare.

2nd: Los Angeles

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura.

No: 0

Absent: San Bernardino

Motion Passed

At this time a request for a quorum count was submitted by Sacramento at 10:20 am.

Attendance: Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Stanislaus, Tulare, Ventura.

Absent: Alameda, Sonoma

Quorum 18 present, 2 absent

4. SACRS President Report –Yves Chery, SACRS President

No Action was taken, no report was given

5. SACRS Audit Report –Steve Delaney, SACRS Audit Committee Chair

A. Update on 2014-2015 Audit

No Action was taken, verbal update as to the status of the audit was reported.

6. SACRS Legislative Committee Update – Vote

Richard Stensrud, SACRS Legislative Committee Chair

A. AB 1853 (Cooper) – 1937 Act Operating Authority

Motion: A motion to support AB 1853 was made by Sacramento.

2nd: Orange

Yes: Fresno, Imperial, Kern, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, Stanislaus, Tulare, Ventura

No: Mendocino, Merced, San Mateo, Santa Barbara

Abstain: Contra Costa, Los Angeles, Marin

Absent: Alameda, Sonoma

Motion Passed

At this time Sacramento called for a quorum count 10:28 am.

Attendance: Alameda, Contra Costa, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura.

Absent: Fresno

Quorum 19 present, 1 absent

B. AB 2376 (Assembly PERS Committee) – SDCERA Proposal

Motion: A motion to approve supporting AB 2376 was made by Sacramento.

2nd: San Diego

Discussion: Jim Lites gave a brief explanation of the bill, Chris Prevatt asked why the need for sponsoring the bill and could the language be sent back to committee for reconsideration. It was noted that CRCEA supports the bill.

Yes: Alameda, Imperial, Kern, Los Angeles, Marin, Merced, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Sonoma, Stanislaus, Tulare, Ventura

No: Mendocino

Abstain: Contra Costa, Orange, Santa Barbara

Absent: Fresno

Motion Passed

C. 2016 SACRS Legislation Update – No action taken

D. Jim Lites, SACRS Consultant Update

CERL Index & UC Berkeley

Jim Lites gave a verbal report on the status of the UC Berkeley program Ad Hoc committee recommendations. The Ad Hoc Committee recommended every other year rotation of the current program with an alternating advanced class that includes updated curriculum/more advanced information presented. Jim also updated the membership on the development of the CERL Index project. The draft information will be available to the Legislative committee by the end of Summer. The committee will review, edit if necessary and then present to Attorneys Breakout for their feedback. Once reviewed, the Legislative Committee will present to the Board for their review. No action was taken.

7. SACRS Bylaws Committee Report

Vivian Gray, SACRS Bylaws Committee Chair

A. Amendment to Article IV - Delegates

Motion: A motion was made by Los Angeles to approve the bylaw amendments as presented by Chair Vivian Gray. The proposed bylaws address Article IV Delegates and section 3 voting by delegates/Alternate Delegates.

2nd: Alameda

Discussion:

Chris Prevatt, Orange CERS, asked questions regarding meeting schedules and notification of information as a committee member. Dave Kehler, Tulare, asked for clarification as to the intent of the changes. Cindy Garman, San Joaquin, and Louis Fiorino also had questions regarding the proposed language and necessity for the updates.

Yes: Alameda, Contra Costa, Imperial, Kern, Los Angeles, Marin, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Tulare, Ventura

No: Mendocino

Abstain: Merced, Orange, Stanislaus

Absent: Fresno

Motion Passed

8. SACRS Nomination Committee – 2016-2017 SACRS BOD Elections

Ray McCray, Nomination Committee Chair

A. SACRS BOD 2016 – 2017 Ballot

Motion: A motion to approve the Nomination committee recommended names for the 2016-2017 SACRS Board of Directors was made by San Bernardino.

2nd: Marin

Yes: Alameda, Contra Costa, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura

Absent: Fresno

No: 0

Motion Passed

9. SACRS Committee & Breakout Reports:

Committee	Chair	Breakout Reports	Representative
Affiliate	Michael Bowman	Administrators – no report	Linda Webb
Audit – no report	Steve Delaney	Attorneys – great turnout, good speakers, San Bernardino to help in the Fall at the conference	David Lantzer
Bylaws – agenda item served as report	Vivian Gray	Disability – no report	Cristal Rodriguez
Education – 13 attendees participated in assisting the committee tabulate evaluations. 25 sessions, over 300 evals	Christie Porter	Internal Auditors – no report	Harsh Jadhav

received, lots of positive feedback on the conference			
Legislative – agenda item served as report	Richard Stensrud	Investment Officers – room was too large, too many people attended that should have been in other breakouts. Good discussion, liked the extra time allotted to the breakouts	Steve Marsh
Nomination – agenda item served as report. Chair was absent from meeting	Ray McCray	Ops & Benefits – San Diego to help with the Fall conference	Jeannine Smart
Program	Gabe Rodrigues	Safety Trustees – no report	Tracy Towner
		General Trustees- Michele Tamayo was well received and attendees really enjoyed the discussion	Vivian Gray

Meeting adjourned at 11:24 am

Next scheduled SACRS Association Business Meeting will be held Friday, November 11, 2016, at the Renaissance Esmeralda Resort & Spa, Indian Wells, CA.

**State Association of County Retirement Systems
Balance Sheet
As of August 31, 2016**

	<u>Total</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 · Community 1st Bank - Checking	152,465.00
1001 · BofA Interest Checking 4389	113,931.19
1003 · Banner Bank - Checking	76,233.07
1106 · Banner Bank - CD FLEX #0642	57,185.30
Total Checking/Savings	<u>399,814.56</u>
Other Current Assets	
1100 · CalTrust - Medium Term	1,117,992.41
1101 · CalTrust - MMA	756,936.86
Total Other Current Assets	<u>1,874,929.27</u>
Total Current Assets	<u>2,274,743.83</u>
TOTAL ASSETS	<u><u>2,274,743.83</u></u>
LIABILITIES & EQUITY	
Equity	
32000 · Retained Earnings	2,237,795.50
Net Income	36,948.33
Total Equity	<u>2,274,743.83</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,274,743.83</u></u>

State Association of County Retirement Systems
Budget vs. Actuals
July through August 2016

	<u>Jul - Aug 16</u>	<u>Annual Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4100 · Membership Dues				
4101 · Membership Dues - Affiliates	188,000.00	215,000.00	-27,000.00	87.44%
4102 · Membership Dues - Non Profit	5,250.00	8,000.00	-2,750.00	65.63%
4103 · Membership Dues - Systems	62,000.00	94,000.00	-32,000.00	65.96%
Total 4100 · Membership Dues	255,250.00	317,000.00	-61,750.00	80.52%
4200 · Conference Registration				
4201 · Affiliates - Early	57,360.00			
4203 · Affiliates - Late/Onsite	7,690.00			
4204 · Non Profit	500.00			
4205 · Systems	3,260.00			
4206 · Non-Members	48,110.00			
4200 · Conference Registration - Other	0.00	1,020,000.00	-1,020,000.00	0.0%
Total 4200 · Conference Registration	116,920.00	1,020,000.00	-903,080.00	11.46%
4250 · Product Income				
4256 · Conference DVDs	25.00			
4250 · Product Income - Other	0.00	500.00	-500.00	0.0%
Total 4250 · Product Income	25.00	500.00	-475.00	5.0%
4270 · UC Berkeley Program				
4271 · Registrations	35,000.00	75,000.00	-40,000.00	46.67%
4272 · Sponsorships	24,000.00	65,000.00	-41,000.00	36.92%
Total 4270 · UC Berkeley Program	59,000.00	140,000.00	-81,000.00	42.14%
Total Income	431,195.00	1,477,500.00	-1,046,305.00	29.18%
Gross Profit	431,195.00	1,477,500.00	-1,046,305.00	29.18%
Expense				
Administrative Fee - SYAi	28,357.86	152,375.00	-124,017.14	18.61%
Administrative Services	4,737.16	21,000.00	-16,262.84	22.56%
Audio/Visual Equipment	29,450.00	85,000.00	-55,550.00	34.65%

**State Association of County Retirement Systems
Budget vs. Actuals
July through August 2016**

	Jul - Aug 16	Annual Budget	\$ Over Budget	% of Budget
Awards	0.00	1,000.00	-1,000.00	0.0%
Bank Charges/Credit Card Fees	4,597.47	45,000.00	-40,402.53	10.22%
Berkeley & Symposium	20,503.46	190,000.00	-169,496.54	10.79%
CERL	0.00	25,000.00	-25,000.00	0.0%
Commissions & Fees	0.00	5,000.00	-5,000.00	0.0%
Consulting	0.00	42,000.00	-42,000.00	0.0%
Dues & Subscriptions	0.00	3,700.00	-3,700.00	0.0%
Hotels	239,081.47	500,000.00	-260,918.53	47.82%
Insurance	0.00	6,000.00	-6,000.00	0.0%
Legal & Professional Fees	22,274.16	25,000.00	-2,725.84	89.1%
Legislative Advocacy	8,982.84	55,244.00	-46,261.16	16.26%
Magazine	0.00	25,000.00	-25,000.00	0.0%
Meals and Entertainment	886.62	100,000.00	-99,113.38	0.89%
Office Expenses	0.00	1,000.00	-1,000.00	0.0%
Postage	2,530.93	3,000.00	-469.07	84.36%
Printing/badges	300.00			
Program Material	1,579.75	50,000.00	-48,420.25	3.16%
Speakers	14,489.68	60,000.00	-45,510.32	24.15%
Stationery & Printing	642.00	1,500.00	-858.00	42.8%
Strategic Facilitator	425.00	25,000.00	-24,575.00	1.7%
Supplies	0.00	1,500.00	-1,500.00	0.0%
Taxes & Licenses	0.00	100.00	-100.00	0.0%
Travel	8,855.02	50,000.00	-41,144.98	17.71%
Website	9,000.00	189,775.00	-180,775.00	4.74%
Total Expense	396,693.42	1,663,194.00	-1,266,500.58	23.85%
Net Ordinary Income	34,501.58	-185,694.00	220,195.58	-18.58%
Other Income/Expense				

**State Association of County Retirement Systems
Budget vs. Actuals
July through August 2016**

	<u>Jul - Aug 16</u>	<u>Annual Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Other Income				
Interest Earned	<u>2,446.75</u>			
Total Other Income	<u>2,446.75</u>			
Net Other Income	<u>2,446.75</u>			
Net Income	<u>36,948.33</u>	<u>-185,694.00</u>	<u>222,642.33</u>	<u>-19.9%</u>

**State Association of County Retirement Systems
Profit & Loss
August 2016**

	<u>Aug 16</u>
Ordinary Income/Expense	
Income	
4100 · Membership Dues	
4101 · Membership Dues - Affiliates	154,000.00
4102 · Membership Dues - Non Profit	5,000.00
4103 · Membership Dues - Systems	58,000.00
Total 4100 · Membership Dues	<u>217,000.00</u>
4200 · Conference Registration	
4201 · Affiliates - Early	44,050.00
4203 · Affiliates - Late/Onsite	3,840.00
4204 · Non Profit	500.00
4205 · Systems	1,940.00
4206 · Non-Members	42,770.00
Total 4200 · Conference Registration	<u>93,100.00</u>
4270 · UC Berkeley Program	
4271 · Registrations	22,500.00
4272 · Sponsorships	19,000.00
Total 4270 · UC Berkeley Program	<u>41,500.00</u>
Total Income	<u>351,600.00</u>
Gross Profit	<u>351,600.00</u>
Expense	
Administrative Fee - SYAi	13,913.08
Administrative Services	4,737.16
Bank Charges/Credit Card Fees	3,376.65
Hotels	52,500.00
Legal & Professional Fees	573.00
Legislative Advocacy	4,491.42
Meals & Entertainment	638.55
Postage	444.55
Program Material	379.75
Speakers	920.20
Stationary & Printing	642.00
Travel	994.97
Total Expense	<u>83,611.33</u>
Net Ordinary Income	<u>267,988.67</u>
Other Income/Expense	
Other Income	
Interest Earned	1,236.82
Total Other Income	<u>1,236.82</u>
Net Other Income	<u>1,236.82</u>
Net Income	<u><u>269,225.49</u></u>

YEAR 2017 SACRS LEGISLATIVE PLATFORM WORKSHEET

PLEASE COMPLETE AND RETURN BY SEPTEMBER 7, 2016

Title of Issue: Voting Rights of Alternate Retirement Member

Association: Merced County Employees Retirement Association (MCERA)

Contact Person: Angelo Lamas

Phone #: (209) 725-2724

Email #: ALamas@co.merced.ca.us

Please answer the following questions as fully as possible:

1. Description of issue. The passage of AB 1853 added certain voting responsibilities for the Retired Alternate Trustee. However, in the absence of the Alternate Safety Member, these voting responsibilities do not come into play unless two other elected board members are absent as well. Currently Merced CERA does not have an Alternate Safety Board member which caused one meeting to be cancelled due to lack of a quorum.
2. Recommended solution. With the proposed legislative language, the Alternate Retiree Board member would be allowed to vote if the Alternate Safety Member and one other elected board member are absent from a board meeting. With this language, if the Alternate Safety Member were present, that member would have priority over the Alternate Retiree Member and vote for any absent elected board member other than the Retiree Member. If two elected members were absent, both the Alternate Safety and Alternate Retiree Members would be able to vote on board agenda items.
3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers. See underlined and bold amendments to the code below.

GOVERNMENT CODE - GOV

TITLE 3. GOVERNMENT OF COUNTIES [23000 - 33205]

(Title 3 added by Stats. 1947, Ch. 424.)

DIVISION 4. EMPLOYEES [31000 - 33017]

(Division 4 added by Stats. 1947, Ch. 424.)

PART 3. RETIREMENT SYSTEMS [31200 - 33017]

(Part 3 added by Stats. 1947, Ch. 424.)

CHAPTER 3. County Employees Retirement Law of 1937 [31450 - 31898]

(Chapter 3 added by Stats. 1947, Ch. 424.)

ARTICLE 3. Retirement Board [31520 - 31543]
(Article 3 added by Stats. 1947, Ch. 424.)

31520.5.

(a) Notwithstanding Section 31520.1, in any county subject to Articles 6.8 (commencing with Section 31639) and 7.5 (commencing with Section 31662), the board of retirement may, by majority vote, appoint, from a list of nominees submitted by a recognized retiree organization, an alternate retired member to the office of the eighth member, who shall serve until the expiration of the current term of the current eighth member. Thereafter, the alternate retired member shall be elected separately by the retired members of the association in the same manner and at the same time as the eighth member is elected.

(b) The term of office of the alternate retired member shall run concurrently with the term of office of the eighth member. The alternate retired member shall vote as a member of the board only in the event the second, third, seventh or eighth member is absent from a board meeting for any cause and if the alternate seventh board member is absent from said meeting. In the event that both alternate seventh safety member and alternate retired member are present at the board meeting and if the second, third, or seventh member is absent, the alternate seventh member shall vote for the absent board member. In the event that both the alternate safety member and alternate retired member are present at a board meeting and if two or more of the second, third, seventh, or eighth members are absent from a board meeting, both alternate safety member and alternate retired member shall be able to vote for the absent board members. If there is a vacancy with respect to the eighth member, the alternate retired member shall fill that vacancy for the remainder of the eighth member's term of office.

4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association? With twenty CERL county retirement systems, several other counties have Alternate Retired Board Trustee's. The proposed legislation would give all Alternate Retiree Trustee's enhanced voting rights and more of an active role in the actions taken by the retirement board.
5. Do you anticipate that the proposed legislation would create any major problems, such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations? NO
6. Who will support or oppose this proposed change in the law? CERL Counties Support; No known opposition.
7. Who will be available from your association to testify before the Legislature? Scott Johnson

E-mail or mail your legislative proposals to:

YEAR 2017 SACRS LEGISLATIVE PLATFORM WORKSHEET

PLEASE COMPLETE AND RETURN BY SEPTEMBER 7, 2016

Title of Issue: **Transfer of accrued leave balances**

Association: **Ventura County Employees' Retirement Association (VCERA)**

Contact Person: **Tracy Towner, Board Chair**

Phone #: **805-947-7967**

Fax #:

Please answer the following questions as fully as possible:

1. Description of issue. **See attached #1**
2. Recommended solution. **Amend the 1937 Act to provide clear authorization.**
3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers. **See attached #2**
4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association? **To provide clear authority.**
5. Do you anticipate that the proposed legislation would create any major problems, such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations? **No**
6. Who will support or oppose this proposed change in the law? **See attached #3**
7. Who will be available from your association to testify before the Legislature? **Tracy Towner or Art Goulet**

E-mail or mail your legislative proposals to:

Jim Lites
California Strategies & Advocacy, LLC
980 9th Street, Suite 2000
Sacramento, CA 95814
Phone (916) 266-4575
E-mail: jlites@calstrat.com

Attachment to VCERA Legislative Platform

#1. When VCERA attempted to implement the provisions of AB 1291 (Williams) and employ certain county employees, the county argued that the transfer of those employees to VCERA constituted a termination of county employment and the county was obligated to pay the employees the cash value of any leave accruals, as required by sec. 227.3 of the Labor Code. VCERA desired to have leave accruals transferred, but the county would not cooperate, citing risk.

#2. Assuming AB 1853 is passed and signed into law, amend Government Code sec. 31522.75 (g)(3) by designating the current text as subdivision (A), and adding a new subdivision (B) to read:

*(B) All leave balances accrued by County employees appointed by a board of retirement as retirement system employees under any provision of this Act shall be transferred from the county to the retirement system, including full payment to the retirement system on those balances to the extent not already a financial obligation of the retirement system, and such employees shall not be deemed to have terminated employment under Labor Code section 227.3.
This subdivision is declaratory of existing law.*

#3. Supporters: VCERA and any other system exercising the provisions of AB 1853.
Labor Unions.
Opponents (likely): CSAC

**STATE ASSOCIATION OF
COUNTY RETIREMENT SYSTEMS**

**FINANCIAL STATEMENT
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2015 AND 2014**

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2015

EXECUTIVE COMMITTEE

Yves Chery
President

Gabe Rodrigues
Vice President

Dan McAllister
Treasurer

Art Goulet
Secretary

Ray McCray
Immediate Past President

Michael Bowman
Affiliate Chair

*** * * ***

Sulema Peterson,
Shaw / Yoder / Antwih, Inc.
Association Management

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2015

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL SECTION	
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS	3
NOTES TO THE FINANCIAL STATEMENT	4
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS	7
GRAPHICAL PRESENTATION OF CASH RECEIPTS	8
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS	10
CONFERENCE SUMMARY REPORT	12



James Marta & Company LLP
Certified Public Accountants

Accounting Auditing Tax and Consulting

INDEPENDENT AUDITOR'S REPORT

Board of Directors
State Association of County Retirement Systems
Sacramento, California

Report on the Financial Statement

We have audited the accompanying statement of cash receipts and disbursements, of the State Association of County Retirement Systems (SACRS) for the fiscal years ended June 30, 2015 and 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the State Association of County Retirement Systems for the years ended June 30, 2015 and 2014, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 to the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report, on pages 7 to 12, are presented for purposes of additional analysis and are not a required part of the financial statement.

The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 7 to 11, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 7 to 11 is fairly stated in all material respects in relation to the financial statement as a whole.

The Conference Summary Report, on page 12, has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Restricted Use

This report is intended solely for the information and use of management and the board of directors of State Association of County Retirement Systems and is not intended to be and should not be used by anyone other than these specified parties.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
August 16, 2016

FINANCIAL SECTION

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2014-15</u>	<u>2013-14</u>
<u>Cash Receipts</u>		
Dues	\$ 313,500	\$ 318,000
Conference		
Fall	600,200	564,390
Spring	509,860	483,250
Seminars	130,500	145,000
Other Admin Receipts	446	269
Other Conference Receipts	22,065	6,300
Interest	3,688	2,041
Total Cash Receipts	<u>1,580,259</u>	<u>1,519,250</u>
<u>Cash Disbursements</u>		
Conference		
Fall - 2014 and 2013		
Hotel and meals	259,226	328,405
Audio and visual	38,118	36,800
Program materials	22,546	46,591
Spring - 2015 and 2014		
Hotel and meals	-	86,618
Audio and visual	10,000	41,759
Program materials	13,078	35,892
Seminars	212,516	205,617
Conference Administration	18,108	17,136
Prior Year and Other Expenses	81,853	199,830
Total conference disbursements	<u>655,445</u>	<u>998,648</u>
Administration	310,093	274,954
Legislative representation	511	281
Lobbying	81,300	76,375
Newsletters	11,581	-
Committee meetings	2,267	1,911
Special projects	25,255	26,435
Total administration disbursements	<u>431,007</u>	<u>379,956</u>
Total Cash Disbursements	<u>1,086,452</u>	<u>1,378,604</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	493,807	140,646
Cash and Investments, Beginning	<u>1,731,263</u>	<u>1,590,617</u>
Cash and Investments, Ending	<u>\$ 2,225,070</u>	<u>\$ 1,731,263</u>
<i>Supplementary Information</i>		
<u>Cash and Investments at June 30,</u>	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 1,119,080	\$ 1,731,263
Current portion of investments	-	-
Non current portion of investments	<u>1,105,990</u>	<u>-</u>
Total Cash and Investments	<u>\$ 2,225,070</u>	<u>\$ 1,731,263</u>

The accompanying notes are an integral part of this financial statement.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

State Association of County Retirement Systems (SACRS) is a not-for-profit association of 20 California county retirement systems, enacted under the County Employees Retirement Law of 1937. SACRS was formed in the early 1970's to provide forums for disseminating knowledge of, and developing expertise in, the operation of county retirement systems existing under current law, as well as to foster and take an active role in the legislative process. To accomplish SACRS' mission of addressing issues of importance to members, SACRS, contracting with Strategic Local Government Services, provides a variety of association management services, including three magazines a year, membership directory, semi-annual conferences, and oversight of SACRS.org. The Association is supported primarily through membership dues and conference fees.

B. BASIS OF ACCOUNTING

The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Under that basis, the only assets recognized are cash and investments, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding dues and obligations for assessments unpaid at the date of the financial statement are not included in the financial statement.

Management has elected to use the cash basis of accounting for this entity given the nature of its receipts and disbursements: revenue is almost always received and earned in the same period (e.g. at the beginning of the year for annual memberships, and shortly prior to events for conference attendance) and most expenses are incurred evenly over the year, with the exception of the billing for the conference hotel expense. Financial results by conference are presented in the Conference Summary Report in the Supplementary Information section of this document.

C. INCOME TAXES

The Association is exempt from federal and state income taxes under Section 501(c)(4) of the Internal Revenue Code and Section 23701f of the California Revenue and Taxation Code.

D. CONTRACTUAL AGREEMENTS

The Association has entered into various contractual agreements for professional services. These agreements include compensation for services rendered to the Association.

E. COMPARATIVE DATA

Comparative data for the prior year have been presented in certain sections of the accompanying financial statement in order to provide an understanding of changes in the Association's financial position and operations.

Since SACRS uses the cash basis of accounting, the timing of events and the ultimate settlement of bills may vary from year to year. For example; the Spring conference costs could be settled by June (by year end) or be extended into the subsequent year. Also the timing of events could affect when payments are made from year to year. Payments after year end will be paid out of the surplus generated out of the prior year conference receipts. So the surplus cash at year end may have future demands for prior expenses. Management prepares a conference summary report that reconciles these payments when settled; this report is presented as supplementary information.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

2. CASH AND INVESTMENTS

Cash and Cash Equivalents

SACRS considers short-term highly liquid investments to be cash equivalents provided that they are both readily convertible to cash and had an original maturity of three months or less when purchased. The balance in cash and cash equivalents at June 30 include:

	2015	2014
Bank accounts	\$ 307,529	\$ 619,631
Bank certificates of deposit	57,106	357,634
Money market accounts	754,445	753,998
Total cash and cash equivalents	<u>\$ 1,119,080</u>	<u>\$ 1,731,263</u>

Cash in bank accounts at June 30, 2015 consisted of the following:

	Bank of America	Bank of Sacramento	Total
Per bank	\$ 139,911	\$ 169,642	\$ 309,553
Checks outstanding	(2,024)	-	(2,024)
Deposits in transit	-	-	-
Total bank accounts	<u>\$ 137,887</u>	<u>\$ 169,642</u>	<u>\$ 307,529</u>

Cash in bank accounts at June 30, 2014 consisted of the following:

	Bank of America	Bank of Sacramento	Total
Per bank	\$ 268,311	\$ 343,848	\$ 612,159
Checks outstanding	-	(10,578)	(10,578)
Deposits in transit	-	18,050	18,050
Total bank accounts	<u>\$ 268,311</u>	<u>\$ 351,320</u>	<u>\$ 619,631</u>

Cash balances on interest-bearing accounts held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The amount in excess of FDIC as of June 30, 2015 and 2014 was \$0 and \$112,159 respectively.

Investments

In March 2015, SACRS invested in the CalTRUST Medium-Term Fund (the "Fund"), depositing \$1,104,130. The balance as of June 30, 2015 presented in the financial statement is \$1,105,990; this balance includes reinvested interest income totaling \$1,860, but does not include changes in fair market value for the year ended June 30, 2015 totaling (\$3). The fair market value of SACRS' investment in the Fund at June 30, 2015 is \$1,105,987. The current portion of the investment account represents underlying securities which are immediately redeemable (e.g. equities), or will mature within one year. The current portion of investments at June 30, 2015 was \$0. The Fund is not rated or insured. Total return on Fund was 0.65% for the year ended June 30, 2015.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

3. CONTRACTS

SACRS has entered into contracts with various hotels to reserve facilities and guest rooms for its upcoming conferences and events. Cancellation fees associated with these contracts vary by date of notice. All hotel contracts specify the total number of guest room nights reserved at a group rate. If guest nights attributed to the convention fall below a specified minimum, SACRS is obligated to pay a room attrition rate for every guest night below the contracted minimum; standard room rates exceed the attrition rate. The organization is also responsible for food and beverage minimums as specified below. Hotel contracts entered into as of the audit date are summarized here:

Conference	Cancellation Fees	Food and Beverage Minimums	Guest Room Nights Reserved	Guest Room Nights Minimum	Rooms Attrition
Fall 2015	\$57,659-\$230,635	\$75,000	990	792	\$229 plus tax
Spring 2016	\$28,432-\$213,240	\$99,000	842	674	\$226 plus tax
Fall 2016	\$50,544-\$299,674	\$80,000	888	710	\$229 plus tax
Spring 2017	\$28,373-\$283,733	\$100,000	817	654	\$225 plus tax
Fall 2017	\$187,162-\$274,324	\$100,000	995	796	\$219 plus tax
Spring 2018	\$44,868-\$179,473	\$150,000	935	748	\$192 plus tax
Fall 2018	\$55,418-\$286,672	\$100,000	968	774	\$226 plus tax

4. DONATED SERVICES

Directors and officers have made a significant contribution of their time to develop the organization and its programs. No amounts have been recognized in the accompanying statement of cash receipts and disbursements as no cash changed hands as a result of the donated services.

5. SUBSEQUENT EVENTS

SACRS' management has evaluated subsequent events through August 16, 2016, the date which the financial statement was issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statement.

SUPPLEMENTARY INFORMATION

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

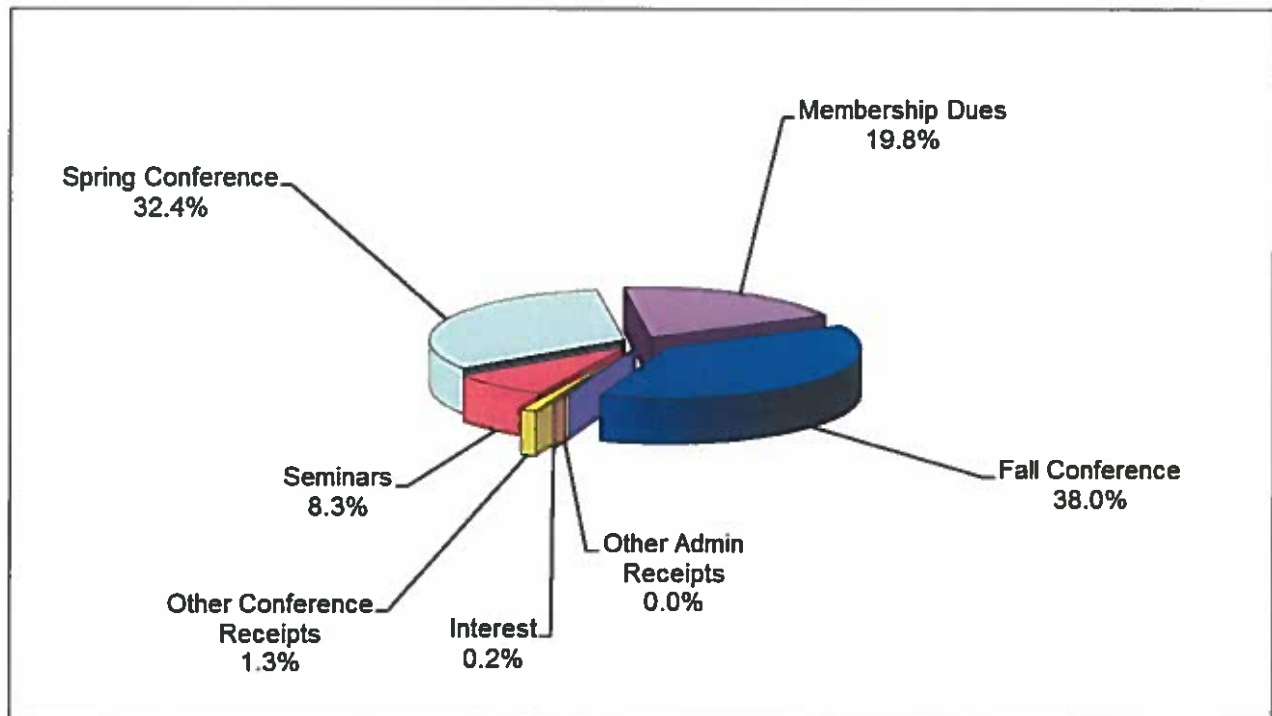
	<u>Conference</u>	<u>Administration</u>	<u>Total</u>
<u>Cash Receipts</u>			
Dues	\$ -	\$ 313,500	\$ 313,500
Conference			
Fall	600,200	-	600,200
Spring	509,860	-	509,860
Seminars	130,500		130,500
Other Admin Receipts	-	446	446
Other Conference Receipts	22,065	-	22,065
Interest	3,688	-	3,688
Total Cash Receipts	<u>1,266,313</u>	<u>313,946</u>	<u>1,580,259</u>
<u>Cash Disbursements</u>			
Conference			
Fall - 2014			
Hotel and meals	259,226	-	259,226
Audio and visual	38,118	-	38,118
Program materials	22,546	-	22,546
Spring - 2015			
Hotel and meals	-	-	-
Audio and visual	10,000	-	10,000
Program materials	13,078	-	13,078
Seminars	212,516	-	212,516
Conference Administration	18,108	-	18,108
Prior Year and Other Expenses	81,853	-	81,853
Total conference disbursements	<u>655,445</u>	<u>-</u>	<u>655,445</u>
Administration	-	310,093	310,093
Legislative representation	-	511	511
Lobbying	-	81,300	81,300
Newsletters	-	11,581	11,581
Committee meetings	-	2,267	2,267
Special projects	-	25,255	25,255
Total administration disbursements	<u>-</u>	<u>431,007</u>	<u>431,007</u>
Total Cash Disbursements	<u>655,445</u>	<u>431,007</u>	<u>1,086,452</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	610,868	(117,061)	493,807
Cash and Investments, Beginning	<u>1,973,026</u>	<u>(241,763)</u>	<u>1,731,263</u>
Cash and Investments, Ending	<u>\$ 2,583,894</u>	<u>\$ (358,824)</u>	<u>\$ 2,225,070</u>

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CASH RECEIPTS BY SOURCE

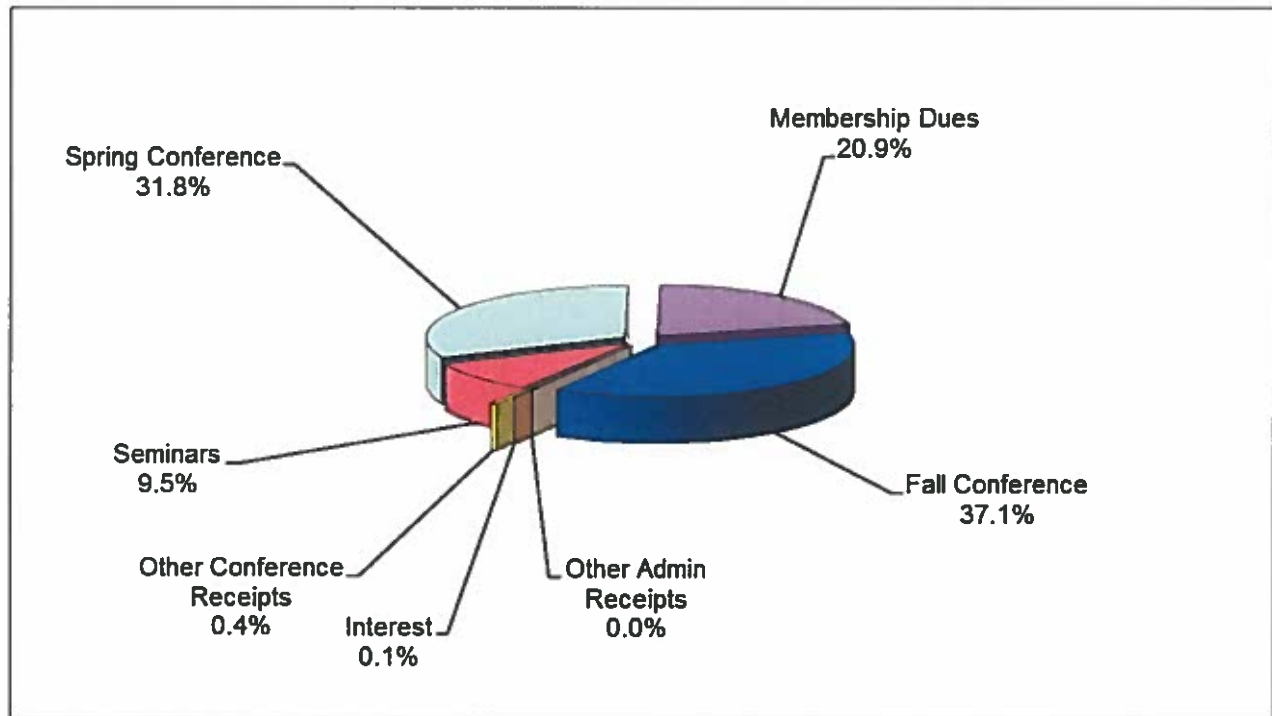


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

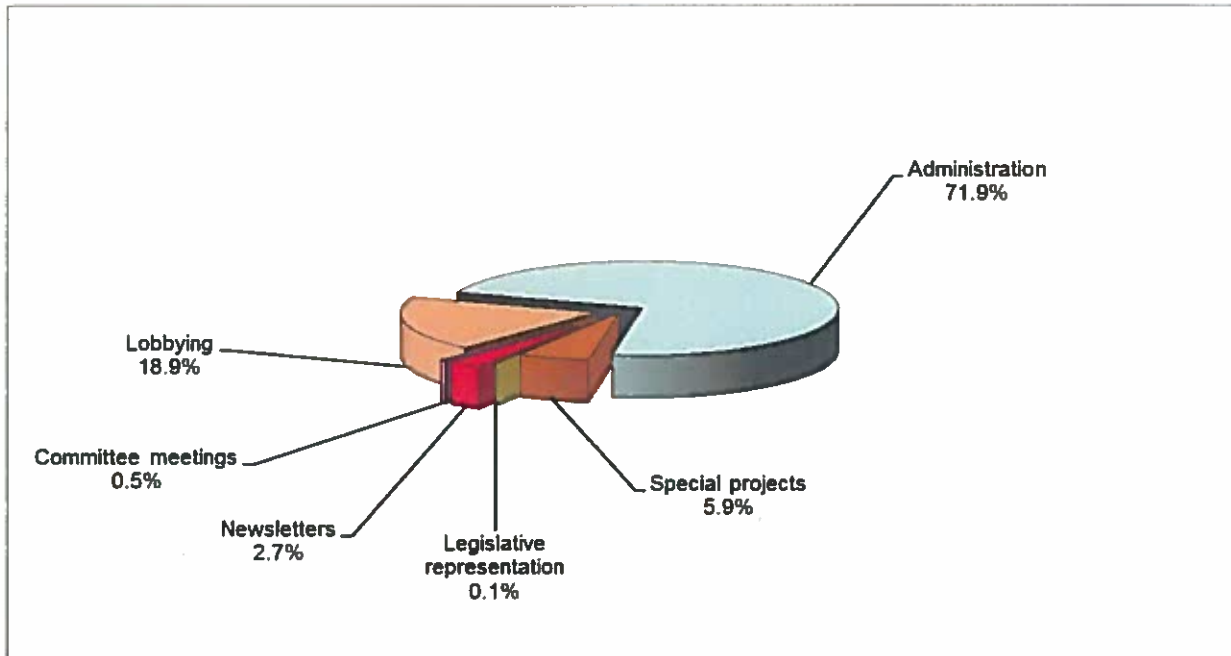
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CASH RECEIPTS BY SOURCE

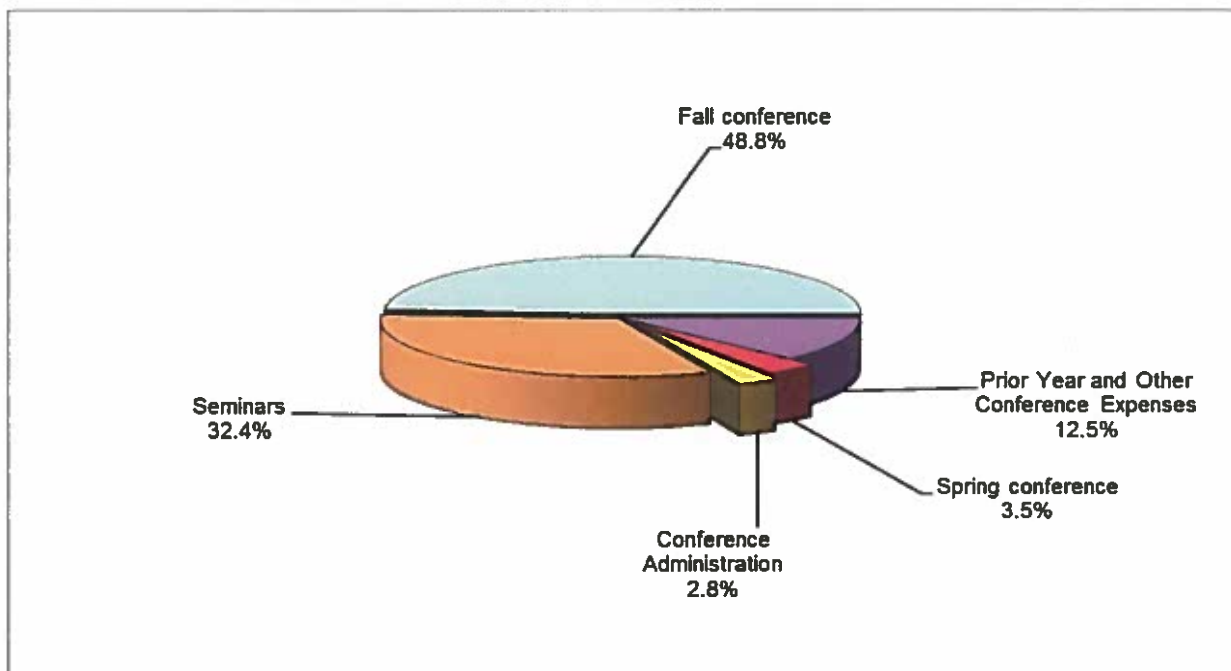


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

ADMINISTRATION CASH DISBURSEMENTS

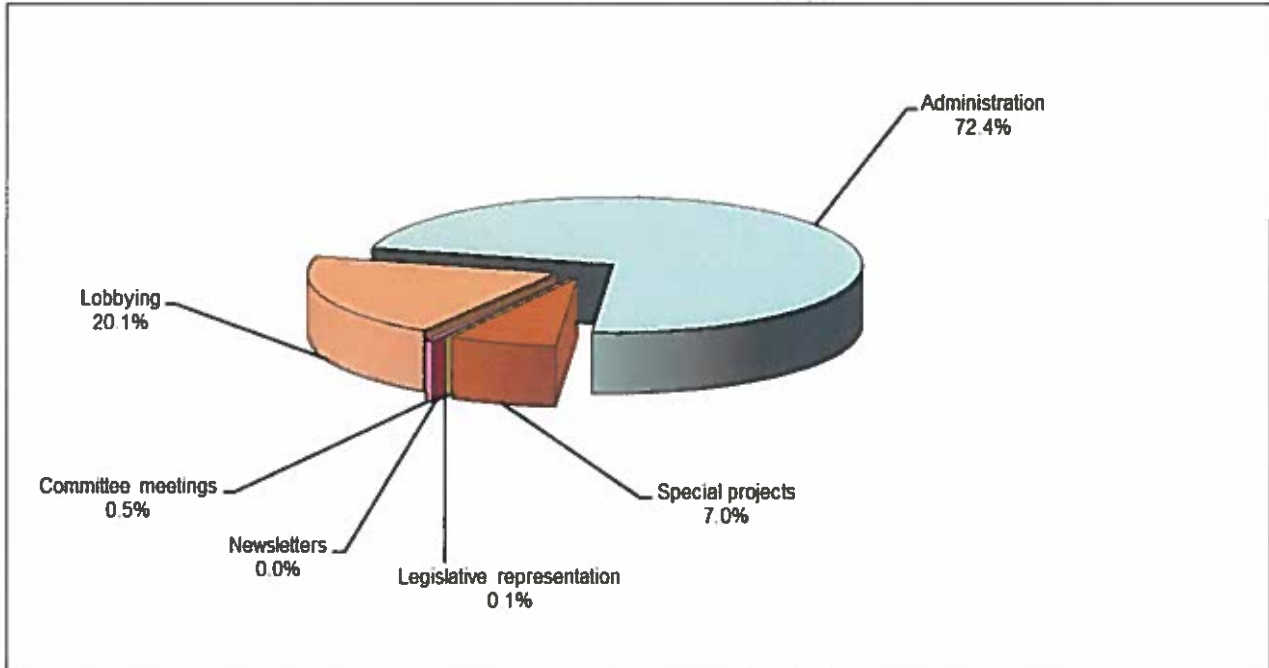


CONFERENCE CASH DISBURSEMENTS

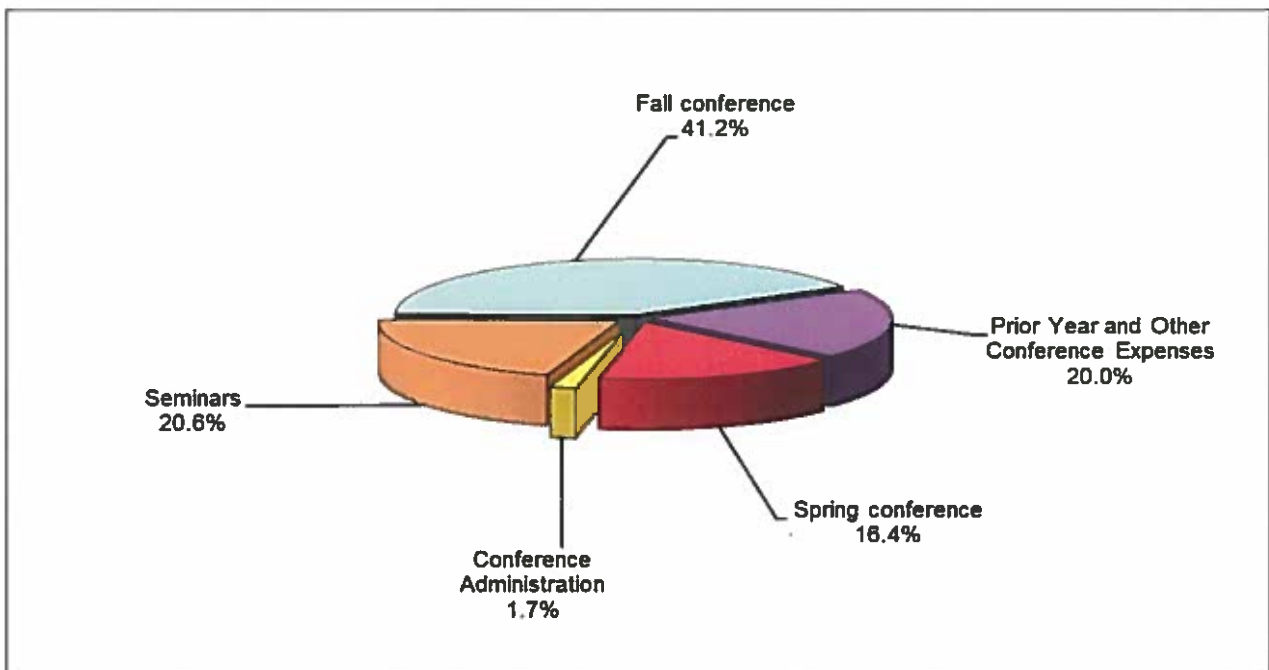


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ADMINISTRATION CASH DISBURSEMENTS



CONFERENCE CASH DISBURSEMENTS



STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
CONFERENCE SUMMARY REPORT

	Spring 2015 <u>Anaheim</u>	Fall 2014 <u>Monterey</u>	Spring 2014 <u>Sacramento</u>	Fall 2013 <u>Indian Wells</u>	Spring 2013 <u>Napa</u>	Fall 2012 <u>Hollywood</u>
Cash receipts						
Conference	\$ 525,675	\$ 600,405	\$ 503,655	\$ 564,440	\$ 536,295	\$ 561,480
Total cash receipts	<u>525,675</u>	<u>600,405</u>	<u>503,655</u>	<u>564,440</u>	<u>536,295</u>	<u>561,480</u>
Cash disbursements						
Hotel and meals	242,932	256,075	154,322	328,405	189,939	257,884
Audio and visual	40,980	38,118	42,031	36,800	36,800	37,725
Program materials	32,726	25,711	42,182	46,851	38,822	44,073
Conference Administration	12,788	10,201	9,322	16,800	13,448	9,131
Other	-	4,466	1,750	-	2,601	-
Total cash disbursements	<u>329,426</u>	<u>334,571</u>	<u>249,607</u>	<u>428,856</u>	<u>281,610</u>	<u>348,813</u>
Net cash provided by conference	<u>\$ 196,249</u>	<u>\$ 265,834</u>	<u>\$ 254,048</u>	<u>\$ 135,584</u>	<u>\$ 254,685</u>	<u>\$ 212,667</u>
Total attendees	604	664	570	631	612	636



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

MANAGEMENT LETTER

To the Management
State Association of County Retirement Systems
Sacramento, CA, 95814

We have recently completed the audit of the financial statement of State Association of County Retirement Systems (SACRS) and have issued our report thereon dated August 16, 2016. In planning and performing our audit of your financial statement for year ending June 30, 2015, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of your internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Although our audit was not designed to provide assurance on the internal control structure and its operation, we noted certain matters that we are submitting for your consideration for the improvement of SACRS' accounting and financial reporting functions. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. We will review the status of these comments during our next audit engagement. This letter does not affect our report dated August 16, 2016 on the financial statement of the State Association of County Retirement Systems.

Current Year Recommendations

2015-1 Beginning Equity

Observation:

The beginning balance of equity per the books differed from the prior year audited figure by \$7,770. This was due to the auditor's reclassification of prepaid expenses to expense at June 30, 2014, in accordance with the cash basis of accounting.

Recommendation:

While this timing difference between fiscal year 2014 and 2015 will not affect future periods, we recommend that SACRS adjust for the difference so that its financial records match the audit.

Management Response:

In accordance with the auditors' prior year recommendation the Bookkeeper no longer uses the general ledger code for prepaid expense and no adjustment will be recorded for this timing difference.

Status of Prior Year Recommendations

2013-1 Classification of Revenue

Observation:

Fall 2013 conference revenues totaling \$9,150 were posted to the "General" Class in QuickBooks. This revenue should have been posted to the "Fall Conference" Class.

Recommendation:

We recommend reclassifying the income as of the original deposit date, similar to our RJE-1.

Management Response:

Bookkeeper identified this item independent of the audit and reclassified accordingly.

Status: Implemented

2013-2 Prepaid Expenses

Observation:

At June 30, 2014 and 2013, we noted activity in the "Prepaid Expenses" account on QuickBooks. SACRS uses the cash basis of accounting, no accrual of prepaid expenses is necessary.

Recommendation:

While we have detailed our reclassification of the prepaid expenses in RJE-2, we do not recommend adjustment to SACRS' books at this time. All of the underlying transactions are captured on the books, only the timing of the expense recognition will differ slightly from the audit.

Management Response:

Bookkeeper will no longer use the general ledger code for "Prepaid Expenses".

Status: Implemented

2011-2 Cash Management Policy

Observation:

The Cash Management Policy approved by the board on March 10, 2009 states that "one primary bank will have a commercial account for check responsibilities of the association...other three banks will be used for holding the association's reserves." As of June 30, 2011, SACRS had deposits in only two banks: Bank of America and Bank of Sacramento. Deposits with Bank of America were in excess of FDIC insured limits by \$532,212 at June 30, 2011.

Recommendation:

Auditor recommends that accounts be maintained with balances below the federally insured limits – i.e. no more than \$250,000 on deposit per institution. Further, the cash management policy and management's compliance with the policy should be reviewed at least annually by the Treasurer to ensure that the policy represents current facts and circumstances and that cash is being managed consistent with the policy.

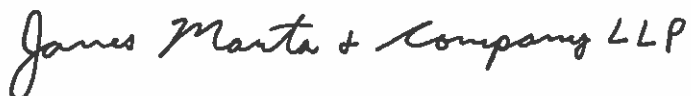
Status: Implemented

We believe that the implementation of these recommendations will provide State Association of County Retirement Systems with a stronger system of internal accounting control while also making its operations more efficient.

Management's responses to our recommendations are described above. We did not audit the Management's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, and others within the association and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "James Marta & Company LLP".

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
August 16, 2016



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

INDEPENDENT AUDITOR'S REPORT

Board of Directors
State Association of County Retirement Systems
Sacramento, CA

In planning and performing our audit of the financial statement of State Association of County Retirement Systems (SACRS) as of and for the years ended June 30, 2015 and 2014, in accordance with auditing standards general accepted in the United States of America, we considered SACRS' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of SACRS' internal control. Accordingly, we do not express an opinion on the effectiveness of SACRS' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We noted certain matters that we have reported to management of SACRS in a separate letter dated August 16, 2016.

This communication is solely for the information and use of management, the board of directors, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
August 16, 2016



James Marta & Company LLP
Certified Public Accountants

Accounting Auditing Tax and Consulting

**COMMUNICATION WITH THOSE CHARGED
WITH GOVERNANCE**

Board of Directors
State Association of County Retirement Systems
Sacramento, California

We have audited the financial statement of the State Association of County Retirement Systems (SACRS) for years ended June 30, 2015 and 2014, and have issued our report thereon dated August 16, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 10, 2015, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with the cash basis of accounting described in Note 1 to the financial statement. Our audit of the financial statement does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statement IS free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of SACRS solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our report on internal control over financial reporting in a separate letter to you dated August 16, 2016.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by SACRS is included in Note 1 to the financial statement. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are typically an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. As the accounting of SACRS is prepared on a cash basis, no estimates are necessary for the preparation of the financial statement.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We are not aware of any sensitive disclosures affecting SACRS' financial statement.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statement as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statement taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to SACRS' financial statement or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated August 16, 2016.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with SACRS, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as SACRS' auditors.

We are contracted to prepare the fiscal year 2015 federal Return of Organization Exempt From Income Tax, and related state filings, as well as the calendar year Forms 1099-MISC for SACRS. These returns will be prepared using audited financial data, where applicable, but our preparation of these returns does not constitute an audit. No audit opinion will be issued on the tax returns referred to above.

James Marta & Company LLP
Certified Public Accountants

This report is intended solely for the information and use of the Board of Directors, and management of State Association of County Retirement Systems and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
August 16, 2016



MANAGEMENT REPRESENTATION LETTER

August 16, 2016

James Marta & Company LLP
Certified Public Accountants
701 Howe Avenue, Suite E3
Sacramento, California 95825

This representation letter is provided in connection with your audit of the statement of cash receipts and disbursements of the State Association of County Retirement Systems (SACRS) for the fiscal year ended June 30, 2015, and the related notes to the financial statement, for the purpose of expressing an opinion on whether the financial statement is presented fairly, in all material respects, in accordance with the cash basis of accounting described in Note 1 to the financial statement.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of August 16, 2016:

Financial Statement

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 10, 2015, for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed.
- All events subsequent to the date of the financial statement which requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.



- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statement all assets under the entity's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statement, such as records, documentation, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement.
- We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statement.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statement communicated by employees, former employees, analysts, regulators, or others.
- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statement and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Supplementary Information in Relation to the Financial Statement as a Whole

With respect to the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report accompanying the financial statement:



- We acknowledge our responsibility for the presentation of the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements in accordance with the cash basis accounting as described in Note 1 to the financial statement. We acknowledge our responsibility for the presentation of the Conference Summary Report which presents all cash receipts and expenses related to a specific regardless of timing of the underlying receipt or disbursement.
- We believe the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, including its form and content, is fairly presented in accordance with the cash basis accounting as described in Note 1 to the financial statement. We believe the Conference Summary Report, including its form and content, is fairly presented and inclusive of all cash receipts and expenses related to a specific regardless of timing of the underlying receipt or disbursement.
- The methods of measurement or presentation have not changed from those used in the prior period.
- When the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report are not presented with the audited financial statement, management will make the audited financial statement readily available to the intended users of the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Additional Representations

- We have reviewed, approved, and taken responsibility for the financial statement and related notes.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statement.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- All disbursements have been properly classified in the financial statement and allocations, if any, have been made on a reasonable basis.
- Deposit and investment risks have been properly and fully disclosed.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- We have disclosed to you all guarantees, whether written or oral, under which SACRS is contingently liable.
- SACRS has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
- Regarding our tax filings prepared by James Marta & Company LLP:



- We are responsible for complying with tax filing requirements with the Internal Revenue Service, Franchise Tax Board, and other agencies, as applicable.
- We are responsible for establishing and maintaining effective internal control over compliance.
- We have performed an evaluation of the Association's compliance with tax filing requirements and we are not aware of any instances of noncompliance.
- We have reviewed and approved the tax returns prepared by your office.
- We have made available to you all documentation related to compliance with specified requirements.
- We assume all management responsibilities in regards to the tax filings and have designated an individual in management who possesses suitable skill, knowledge and experience to oversee these services.
- We have performed an evaluation of the adequacy and results of the services performed and assume all management responsibilities.
- We accept responsibility for the results of the services.



Sulema Peterson, SACRS Administrator



Dodie Wishek, SACRS Financial Services



Client: **SACRS - State Association of County Retirement Systems**
Engagement: **SACRS15 - State Association of County Retirement Systems'**
Period Ending: **6/30/2015**
Workpaper: **2506 - Adjusting Journal Entry Report**

Account	Description	Debit	Credit
Adjusting Journal Entry JE # 1			
To adjust beginning net assets to prior year ending net assets per the audit.			
2020	Retained Earnings	7,770.00	
1405	Prior Year Expenses		7,770.00
Total		7,770.00	7,770.00

October 14, 2016

To: SACRS Trustees & SACRS Administrators/CEO's
From: Yves Chery, SACRS Immediate Past President, Nominating Committee Chair
SACRS Nominating Committee
Re: SACRS Board of Director Elections 2017-2018 Elections

SACRS BOD 2016-2017 election process will begin January 2017. Please review the following timeline and distribute to your Board of Trustees, per the bylaws:

DEADLINE	DESCRIPTION
February 1, 2017	Nominating Committee receives nominations from SACRS membership
March 1, 2017	Nominating Committee submits its recommended ballot to each 1937 Act Board
March 25, 2017	Nominating Committee receives nominations from any 1937 Act Board
April 1, 2017	Nominating Committee submits final ballot to each 1937 Act Board – ballot consists of recommended ballot plus anybody else who is nominated but not recommended by the Nominating Committee
May 19, 2017	Conduct elections during the SACRS Business Meeting (At end of the May 2017 conference)
May 19, 2017	Board of Directors take office for 1 year

Per SACRS Bylaws, Article VI ~ Section 2 – Election, Qualification and Term of Office

“The officers of SACRS shall be regular members of SACRS. The officers shall be elected by majority vote of the quorum of delegates and alternate delegates present at the first meeting in each calendar year and shall hold office for one (1) year and until a successor is elected.”

Per SACRS Bylaws, Article VI ~Section 4 - Officer Elections

“...The Board of any regular member County Retirement System may submit write-in candidates to be included in the Nominating Committee’s final ballot provided the Nominating Committee receives those write-in candidates prior to March 25th.

The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's recommended ballot and final ballot to each trustee and placing the election of SACRS Officers on his or her Board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee..."

Interested candidates should submit their letter of intent and brief bio to the Nomination Committee no later than the cut-off dates listed in the schedule. The elections will be held at the SACRS Spring Conference May 16-19, 2017, at the Napa Valley Marriott in Napa, CA. Elections will be held during the Annual Business meeting on Friday, May 19, 2017.

If you have any questions, please contact me directly at y Cheryl2013@gmail.com. Thank you for your prompt attention to this timely matter.

Sincerely,

Yves Chery

Yves Chery, Los Angeles CERA Trustee
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Administrator