

## Questions received regarding the Audit Services RFP

### IMPORTANT NOTICE:

**FCERA is the sole member of FCERA Realty Group, LLC. The LLC operates on a calendar year. Proposals should include fees for audit of the LLC financial statements, starting with the 2019 audit.**

**Each question is answered for FCERA and the LLC.**

1. What were the prior year audit fees?

**FCERA:** The all-inclusive audit fees for the fiscal year ending June 30, 2018 were \$62,200 for the annual financial audit and \$8,000 for the separate GASB 68 engagement.

**LLC:** The first audit for the LLC was performed on the 2017 financial statements. The LLC audit fees were \$8860.

**Transition of the LLC audit to the selected firm would occur in 2020 with the audit of the 2019 calendar year financial statements. Proposals should include a fee quote for audit of the LLC.**

2. When will the books be closed and ready for audit?

**FCERA:** FCERA's fiscal year ends June 30. Draft financial statements are usually available early October.

**LLC:** the LLC's fiscal year ends December 31. Draft financial statements are usually available in February or March depending on the proposed audit schedule.

3. What is the desired timeline for the audit?

**FCERA:** Past timeline began in May with the interim field work and ended in December with presentation to the Board of Retirement for the FY Ending June 30.

**LLC:** Please provide a proposed timeline with the final Audit Report(s) due the 3<sup>rd</sup> Friday of March or April each year. First audit completed is available here: <https://fresnocountyretirement.org/financial/fcera-realty-group-llc-financial-statements/>. The properties of the LLC are managed by Dana Butcher Associates ("DBA") with bills processed through DBA, starting July 1, 2018.

4. When will the draft financial statement package be provided to the auditor?

**FCERA:** October 9, 2019.

**LLC:** February 13, 2019

5. What is the deadline for issuance of the final reports?

**FCERA:** Final reports will be presented to the Audit Committee in mid to late November and presented to the full Board of Retirement at the first meeting in December. We submit our CAFR with auditor's report to the GFOA by 12/31 each year.

**LLC:** 3<sup>rd</sup> Friday of March or April each year

6. How many auditors were on site for both interim and year end final work?

**FCERA:** Four

**LLC:** Two

7. How long were the auditors there?

**FCERA:** We plan for the auditors to be onsite for one week for both the interim and final field work. This year the auditors completed their field work in 4 days each time.

**LLC:** Half day two, half day one. The properties of the LLC are managed by Dana Butcher Associates (“DBA”) with bills processed through DBA, starting July 1, 2018. The on-site work might be split between FCERA and DBA locations.

8. Were there any adjusting entries last year? If so, how many?

**FCERA:** No adjusting entries for FY17-18

**LLC:** No adjusting entries were made by the auditor for 2017. Management prepared AJE’s for accrual items, such as property taxes, and stratification of miscellaneous expenses.

9. What were the prior year fees?

**FCERA and LLC:** See #1

10. How many hours were billed for the last audit?

**FCERA:** The fees were bid as an all-inclusive price (see question #1) for 560 hours inclusive of both the financial statement audit and the GASB 68 engagement.

**LLC:** bid as all-inclusive and invoiced in three parts.

11. Is there anything specific you are looking for with the successor auditors?

**FCERA:** An auditor with experience auditing government defined benefit plans, preferably experience with plans governed under California’s County Employees Retirement Law of 1937 and the California Public Employees’ Pension Reform Act of 2013.

**LLC:** An auditor with experience auditing a simple real estate holding LLC.

12. What is the budget for the engagement?

**FCERA and LLC:** We do not name a budget amount when issuing a request for proposals. Fees for the last audit were provided in answer to question #1.

13. What significant changes to the operation, transactions, information system or other issues do you anticipate over the next 3 years?

**FCERA:** There are no known significant changes to operations, transactions, information system or other areas, anticipated during the coming 3 years.

**LLC:** Property manager retained during the 2018 calendar year. Payments processed through property manager. Potential transfer of two office buildings from LLC to FCERA in 1 to 3 years.

14. Are there any GASB standards to be adopted in the coming year?

**FCERA:** To my knowledge, there are no GASB standards being adopted in FY18-19.

**LLC:** N/A

15. Are SOC reports available for the pension and general ledger systems?

**FCERA:** SOC reports are available for the firm hosting FCERA's pension system. The General Ledger system is maintained on County servers and a SOC report is not available.

**LLC:** N/A

16. How many drafts of the CAFR were provided to the auditor in the previous year?

**FCERA:** Four

**LLC:** Two