

BROWN ARMSTRONG

Certified Public Accountants

Fresno County Employees' Retirement Association
Audit Committee presentation of the June 30, 2012 audit results
By: Connie Perez, CPA and Brooke Baird, CPA
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December 19, 2012

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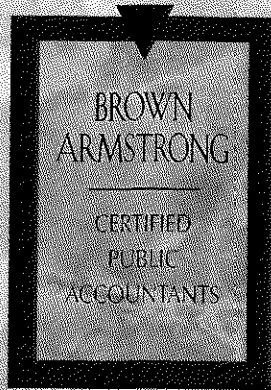
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1. Purpose of the Audit
2. The Audit Process
 - a. Timeline coordination with FCERA staff
 - b. Understanding and evaluation of FCERA internal controls through inquiry and observation
 - c. Confirmation of account balances, legal, active and retired participants, and actuary
 - d. Interim testing
 - e. Final fieldwork
 - f. Report presentation
3. Significant Audit Areas/Scope of Audit Work
 - a. Risk based approach
 - b. Investments and related earnings
 - c. Participant data and actuarial information
 - d. Employee and employer contributions
 - e. Benefit payments
4. Audit Reports
 - a. Independent Auditor's Report (opinion) on financial statements – unqualified (“clean”) opinion
 - b. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*
 - c. Required Communication to the Audit Committee in Accordance with Professional Standards – SAS 114
 - d. Agreed Upon Conditions Report Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting
5. Questions and/or Comments?



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Audit Committee and Board of Retirement of
Fresno County Employees' Retirement Association

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We have audited the financial statements of Fresno County Employees' Retirement Association (FCERA), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of FCERA is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered FCERA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FCERA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the FCERA's internal control over financial reporting.

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 FCERA's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FCERA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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We noted certain matters that we reported to management of FCERA in a separate letter dated December 12, 2012.

This report is intended solely for the information and use of the Audit Committee, Board of Retirement, and management of FCERA, 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
December 12, 2012

