

**FRESNO COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**

Report to Management

For the Fiscal Years Ended June 30, 2005 and 2004

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
REPORT TO MANAGEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND 2004

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To the Board of Retirement of
Fresno County Employees' Retirement Association
Fresno, California

We have audited the financial statements of the Fresno County Employees' Retirement Association (Association) for the years ended June 30, 2005 and 2004, and have issued our report thereon dated September 30, 2005. Professional standards require that we provide you with information related to our audit. That information is included in the Required Communications section of this report.

Also, in planning and performing our audits of the financial statements of the Association for the years ended June 30, 2005 and 2004, we considered the Association's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements. As part of our audit, we evaluated the Association's system of internal accounting controls, to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. This letter does not affect our report dated September 30, 2005, on the financial statements of the Association.

This report is intended solely for the use of members of the Association and management and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the Association's management and staff for the courtesy and cooperation extended to us during the course of our engagement.

Macias Gini & Company LLP

Certified Public Accountants

Sacramento, California
September 30, 2005

**FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
REQUIRED COMMUNICATIONS
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND 2004**

Professional auditing standards require auditors to communicate with the audit committee, or its equivalent, on a number of subjects. The following information satisfies these requirements, and is solely for use of the Board of Retirement and Association management.

I. The Auditor's Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated September 15, 2005, our responsibility as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Association. Such considerations were 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 basic financial statements are free of material misstatement, we performed tests of the Association's compliance with certain provisions of laws, regulations and contracts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

II. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Association are described in Note 2 to the basic financial statements. The Association implemented Governmental Accounting Standards Board (GASB) Statement No. 40: Deposit and Investment Risk Disclosures - An Amendment of GASB Statement No. 3., in the current year. Other than the foregoing, no new accounting standards were implemented by the Association in the current year.

We noted no transactions entered into by the Association during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

III. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are 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 significantly from those expected. Due to the nature of the operations, the Association has not reported any significant estimates.

**FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
REQUIRED COMMUNICATIONS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND 2004**

IV. Audit Adjustments

For the purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Association's financial reporting process (that is, cause future financial statements to be materially misstated). There were no audit adjustments, in our judgment, that indicate matters that could have a significant effect on the Association's financial reporting process.

We are also required to inform you about uncorrected misstatements aggregated by us during the current engagement that were determined by management to be immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole. There were no uncorrected misstatements to the financial statements as of June 30, 2005 or 2004.

V. 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 that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audits.

VI. Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

VII. Issues Discussed with Management Prior to Our Retention as Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as auditors.

VIII. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audits.