

FRESNO COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION
AUDIT REPORT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 1980

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COUNTY OF FRESNO
OFFICE OF THE AUDITOR-CONTROLLER

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LAWRENCE D. JERNAGAN, C.I.A.
AUDITOR-CONTROLLER

GARY W. PETERSON
ASSISTANT AUDITOR-CONTROLLER

September 30, 1980

Board of Retirement
Fresno County Employees'
Retirement Association
Hall of Records
Fresno, California

Members of the Board:

We have examined the statement of financial condition of the Fresno County Employees' Retirement Association as of June 30, 1980 and the related statements of operations and changes in undistributed earnings, reserves, and cash for the six months then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary under the circumstances.

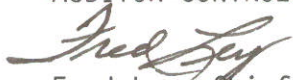
As discussed in Note 1f to the financial statements, the Association changed from the modified cash basis of accounting to the accrual basis of accounting resulting in adjustment to the beginning undistributed earnings balance.

Also discussed in Note 1d to the financial statements, the Association has deferred gains and losses on bond trades which in our opinion should be recognized as incurred. Had these gains and losses been recognized as incurred, net earnings for the current period and undistributed earnings would be significantly reduced.

In our opinion, except for the change in accounting basis, with which we concur, and the effects of deferring bond trade gains and losses as discussed in the preceding paragraphs, the financial statements referred to above present fairly the assets, liabilities, reserves and undistributed earnings of the Fresno County Employees' Retirement Association as of June 30, 1980 and the operations and changes in undistributed earnings, reserves, and cash for the six months then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Sincerely,

L. D. JERNAGAN
AUDITOR-CONTROLLER


Fred Ley, Chief
Internal Audit Division

RETIREMENT ASSOCIATION
FINANCIAL CONDITION
1980

LIABILITIES, RESERVES AND UNDISTRIBUTED EARNINGS

Liabilities

Accounts Payable \$ 151,040

Reserves

Employees' Accumulated Contributions
Regular
Miscellaneous \$ 22,132,289
Safety 3,811,207
Cost of Living
Miscellaneous 3,941,935
Safety 721,616
\$ 30,607,047

County Reserve Current Service
Miscellaneous \$ 15,708,045
Safety 3,402,264
\$ 19,110,309

Annuity Pension Reserve
Miscellaneous \$ 9,263,199
Safety 1,526,428

Current Service Pension Reserve
Miscellaneous 41,452,844
Safety 9,855,933
Survivors Death Benefit Reserve 1,357,323
Cost of Living Adjustment Reserve 8,956,253
\$ 72,411,980

\$122,129,336

Undistributed Earnings (Notes 1f, 2) \$ 5,987,587

\$128,267,963

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN UNDISTRIBUTED EARNINGS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 1980

Revenues:

Interest	\$ 4,519,537
Dividends	468,640
Net Gain on Sale of Stock	123,271
	<u>\$ 5,111,448</u>

Expenses:

Health Insurance Premiums	\$ 60,501
Investment Management Fees	26,079
Amortization of Deferred Loss (Note 1d)	23,119
	<u>\$ 109,699</u>

Net Earnings \$ 5,001,749

Undistributed Earnings, January 1, 1980 (Note 1f) \$ 5,885,739
10,887,488

Less: Transfers to Reserves (Note 2b) 4,899,901

Undistributed Earnings, June 30, 1980 (Note 2) \$ 5,987,587

The accompanying notes are an integral part of these financial statements.