

FRESNO COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 1979

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**COUNTY OF FRESNO**  
**OFFICE OF THE AUDITOR-CONTROLLER**

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March 11, 1980

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

Members of the Board:

We have examined the comparative statements of assets, liabilities, reserves, and undistributed earnings arising from cash transactions of the Fresno County Employees' Retirement Association as of December 31, 1979 and December 31, 1978 and the related comparative statements of changes in undistributed earnings and statements of cash receipts and disbursements for the years 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 described in Note 1d, the Association's policy is to prepare its financial statements on a modified basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned, certain expenses are recognized when paid rather than when the obligation is incurred and certain losses on disposal of assets are deferred and amortized in future periods rather than recognized upon occurrence. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the assets, liabilities, reserves and undistributed earnings arising from cash transactions of the Fresno County Employees' Retirement Association as of December 31, 1979 and December 31, 1978 and the changes in undistributed earnings and cash received and disbursed during the years then ended, on the basis of accounting described in Note 1d, which basis has been applied in a manner consistent with that of the preceding years.

Sincerely,

L. D. JERNAGAN  
AUDITOR-CONTROLLER

Fred Ley  
Chief, Internal Audit Division

LDJ:L:fw

- - - RECOMMENDATIONS - - -

1. The Retirement Association convert from the cash basis to the accrual basis of accounting in order to conform with generally accepted accounting principles.
2. The Retirement Association adopt a financial reporting format which will reflect compliance with generally accepted accounting principles, as prescribed by the State Controller and applicable sections of the Government Code.