

**FRESNO COUNTY ECONOMIC  
OPPORTUNITIES COMMISSION  
PENSION PLAN**

**FINANCIAL STATEMENTS  
WITH  
REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**For the Years Ended  
December 31, 2005 and 2004**

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

For the Years Ended December 31, 2005 and 2004

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KAKU & MERSINO, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Pension Committee  
Fresno County Economic  
Opportunities Commission  
Fresno, California

We have audited the accompanying statements of net assets available for benefits of the Fresno County Economic Opportunities Commission Pension Plan as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Pension Plan's trustees. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Fresno County Economic Opportunities Commission Pension Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule on page 11, referred to as "supplemental information," is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kaku + Mersino, LLP*  
KAKU & MERSINO, LLP

March 22, 2006

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**

December 31, 2005 and 2004

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
Investments, at fair value:		
Certificates of deposit	\$ 1,752,807	\$ 1,106,959
U.S. government securities	2,164,249	2,378,313
Stocks	9,790,458	9,021,686
Corporate fixed income	1,292,067	1,384,785
Mutual funds	85	84
Real estate limited partnerships	<u>0</u>	<u>25,295</u>
Total Investments	<u>14,999,666</u>	<u>13,917,122</u>
Receivables:		
Employer contributions	6,341	6,134
Accrued interest and dividends	<u>42,370</u>	<u>41,099</u>
Total Receivables	<u>48,711</u>	<u>47,233</u>
Cash and Money Market Funds	<u>851,854</u>	<u>524,281</u>
Total Assets	<u>15,900,231</u>	<u>14,488,636</u>
<u>LIABILITIES</u>		
Accounts payable	<u>4,165</u>	<u>0</u>
Total Liabilities	<u>4,165</u>	<u>0</u>
Net assets available for benefits	<u>\$ 15,896,066</u>	<u>\$14,488,636</u>

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

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Investment income:		
Net appreciation/(decrease) in fair value of investments	\$ 586,923	\$ 1,163,176
Interest	228,562	231,984
Dividends	<u>186,547</u>	<u>146,788</u>
	<u>1,002,032</u>	<u>1,541,948</u>
Contributions:		
Employer	1,214,829	1,210,068
Employees	<u>115,728</u>	<u>103,449</u>
	<u>1,330,557</u>	<u>1,313,517</u>
Total additions	<u>2,332,589</u>	<u>2,855,465</u>
Benefits paid directly to participants	812,081	418,851
Pension Plan expenses	<u>113,078</u>	<u>94,715</u>
Total deductions	<u>925,159</u>	<u>513,566</u>
Net increase/(decrease)	1,407,430	2,341,899
Net assets available for benefits:		
Beginning of year	<u>14,488,636</u>	<u>12,146,737</u>
End of year	<u>\$ 15,896,066</u>	<u>\$ 14,488,636</u>

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

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2005

**1. DESCRIPTION OF PLAN**

The following brief description of the Fresno County Economic Opportunities Commission Pension Plan (Plan) is provided for general information only. Participants should refer to the plan agreement for more complete information.

- A. *General.* The Plan is a defined contribution plan covering eligible employees of Fresno County Economic Opportunities Commission (FCEOC). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan was initially adopted on December 30, 1980.
- B. *Contributions.* FCEOC contributes to the Plan an amount equal to five percent of each eligible employee's compensation during the Plan year. Employees may make voluntary contributions to the Plan in an amount not to exceed ten percent of the participants eligible compensation during the year.
- C. *Pension Benefits.* Fresno County Economic Opportunities Commission contributions to the Plan are credited to each employee's account. The balance in each employee's account is 100% non-forfeitable. The amount in an employee's account is the total which can be paid to the employee at retirement, termination, or in the event of total or permanent disability. Employees may elect to receive their pension benefits in the form of a qualified survivor annuity.

If employees are not married or if employees have validly waived the joint and survivor form of benefit, then the benefit can be paid as follows:

- a. Voluntary contributions made by employees shall be distributed within thirty days after such participant's employment is terminated and a distribution is requested.
- b. Employer contributions can be distributed under one of the following methods.
  - i. By payment in lump sum; within thirty days after such participant's employment is terminated and a distribution is requested, or
  - ii. By payment in monthly, quarterly, or annual installments over a fixed reasonable period of time, not exceeding the life expectancy of the participant, or the joint life expectancy of the participant and his designated beneficiary, or the stated dollar value of the beneficiary's account.

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2005

**DESCRIPTION OF PLAN (Continued)**

*D. Death and Disability Benefits.*

If an active employee ceases to participate in the Plan by reason of total or permanent disability, the Plan benefits accrued shall be paid in the same manner as a retirement benefit.

If an active employee dies before normal retirement age, the accrued benefit and death benefits payable under any policies of life insurance held for the employee's benefit shall be paid to the surviving spouse in the form of a qualified pre-retirement survivor annuity. If the qualified pre-retirement survivor annuity has been effectively waived, accrued benefits shall be paid to the designated beneficiary in monthly payments over the beneficiary's life expectancy, or in a lump sum if the employee previously elected this form of benefit payment.

*E. Allocation of Gains or Losses*

Gains or losses in the fair market value of the Plan and investment earnings and/or losses are allocated pro-rata to the respective accounts of the then participants in the same proportion as the fair market value of each such participant's account as of the next preceding adjustment date.

**2. SUMMARY OF ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair values. Quoted market prices are used to value investments. Financial instruments are held for trading purposes. Purchases and sales of securities are recorded on a trade-date basis.

Payments of Benefits

Benefits are recorded when paid.

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

**3. INVESTMENTS**

The Plan's investments are held in an administered trust fund. The fair value of individual investments do not exceed five percent or more of the Plan's net assets. The following tables present investments.

The Plan's investment (including gains and losses on investments bought and sold, as well as held during the year) appreciated/(decreased) in value as follows:

	<u>2005</u>	<u>2004</u>
Certificates of Deposit	\$ (34,152)	\$ (17,824)
U.S. Government Securities	(24,555)	4,530
Corporate Fixed Income	(92,718)	(35,498)
Real Estate Limited Partnership	(2,094)	(24,705)
Common Stocks	<u>740,442</u>	<u>1,236,673</u>
	<u>\$ 586,923</u>	<u>\$ 1,163,176</u>

<u>Certificates of Deposit</u>	<u>Interest Rate</u>	<u>Date Purchased</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Fair Value</u>
Fremont Investment	5.90%	04/21/99	04/21/06	90,000	90,253
GMAC Automotive	3.25%	12/28/04	12/29/06	95,000	93,518
Washington Mutual Bank	4.20%	9/26/05	10/01/07	95,000	98,719
Lehman Brothers Comm	4.45%	10/19/05	10/26/07	100,000	99,086
Discover Bank	3.35%	10/27/04	10/29/07	95,000	92,337
Capital One Bank	3.35%	10/27/04	10/29/07	95,000	92,337
Discover Bank	4.05%	5/17/05	11/26/07	95,000	93,403
BAC Florida Bank	3.50%	12/28/04	10/29/07	94,848	92,391
Providian National Bank	6.00%	02/07/01	02/07/08	90,000	90,813
Webster Bank	4.20%	4/6/05	4/14/08	95,000	93,322
BMW Bank of North Amer	4.20%	4/6/05	4/14/08	95,000	93,322
Lehman Brothers Bank	4.20%	4/6/05	4/14/08	95,000	93,322
M&I Marshall & Lisle	5.00%	11/15/05	11/30/09	100,000	99,554
GMAC Commercial	4.25%	4/30/03	11/15/10	90,000	85,993
Citizens Bank Flint	5.00%	6/23/04	12/23/11	90,000	87,964
Safra Natl Bank	5.00%	4/30/03	9/22/14	95,000	91,449
Morgan Stanley Bank West	5.00%	9/30/04	10/15/14	95,000	91,051
First Bank Puerto Rico	5.00%	2/18/03	3/05/15	90,000	86,394
Provident Bank Cincinnati	5.50%	10/23/02	10/23/17	90,000	87,579
					<u>\$1,752,807</u>

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2005

**INVESTMENTS (Continued)**

<u>U.S. Government Securities</u>	<u>Face Value</u>	<u>Fair Value</u>
U.S. Treasury Notes & Bonds	<u>\$2,240,000</u>	<u>\$ 2,164,249</u>

<u>Stocks</u>	<u>Number of Shares</u>	<u>Fair Value</u>
AETNA Inc.	1,983	187,017
Agilent Technologies	4,004	133,293
Albertsons Inc.	3,604	76,945
Altria Group Inc.	5,236	391,234
Aon Corp	4,973	178,779
Bank of America Corp	3,106	143,342
Barrick Gold Corp.	10,311	287,368
Burlington Resources Inc.	1,601	138,006
Chevron Texaco Corp.	2,218	125,916
Citigroup, Inc	4,433	215,133
Computer Assoc Int! Inc.	12,695	357,872
ConocoPhillips	2,730	158,831
Countrywide Financial Corp	9,340	319,335
Dominion Res Inc.(New)	1,738	134,174
Fannie Mae	4,720	230,383
Genworth Financial	6,901	238,637
Hartford Fin Sers Grp, Inc.	3,327	285,756
Ingersoll Rand	4,116	166,163
International Paper Co.	3,720	125,029
JP Morgan Chase & Co.	4,668	185,273
Kerr McGee Corp	4,794	435,583
Kimberly Clark	3,750	223,688
Liberty Media CP SER A	14,044	110,526
Lockheed Martin Corp	4,179	265,910
Mgic Invt Corp.	1,739	114,461
Microsoft Corp	8,233	215,293
Motorola, Inc	7,385	166,827
Noble Energy, Inc	6,642	267,673
Northrop Grumman CP (Hldg Co)	4,239	254,806

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
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**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2005

**INVESTMENTS (Continued)**

<u>Stocks</u>	<u>Number of Shares</u>	<u>Fair Value</u>
Pitney Bowes	4,260	\$179,985
Posco Ads	1,872	92,683
Radian Group, Inc	3,396	198,972
Raytheon Co	4,952	198,823
Rio Tinto PLC SPON ADR	1,527	279,120
SBC Communications	7242	177,357
Sprint Corp	7,553	176,438
Tyson Foods Inc.	1,250	21,375
Union Pacific Corp	2,189	176,236
Verizon Communications	3,813	114,848
Viacom Inc B	11,431	372,650
Wells Fargo & Co New	3,745	235,297
Berkshire Hathaway B	22	64,581
Charles River Labs Intl. Inc.	865	36,650
Check Point Software	1,830	36,710
Cisco Sys. Inc.	2,955	50,590
Citigroup Inc.	1,410	68,427
Coca Cola Co.	1,125	45,349
Comcast Corp.	2,100	53,949
Costco Wholesale Corp	475	23,498
Dover Corp	1,250	50,613
Estee Lauder Co	1,095	36,661
First Data Corp	1,515	65,160
First Serv Inc. Wisconsin	880	38,078
Harley Davidson	765	39,390
Health Management Assoc.	1,765	38,759
Johnson & Johnson	855	51,386
Liberty Media	6,660	52,414
Liz Clairborne	650	23,283
Markel Corp (Holding Co.)	93	29,486
McDonald's Corp	1,140	38,441
MGIC Invt Corp	685	45,087
Microsoft Corp	2,580	67,467
Mohawk Industries Inc.	360	31,313
Morgan Stanley	1,045	59,293

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
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**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2005

**INVESTMENTS (Continued)**

<u>Stocks</u>	<u>Number of Shares</u>	<u>Fair Value</u>
Novartis AG	1,090	57,203
Symantec Corp	1,750	30,625
Sysco Corp	715	22,201
Target Corporation	400	21,988
United Parcel Srvs Inc.	405	30,436
Viacom Inc B	1,540	50,204
Wal Mart Stores Inc.	1,250	58,500
Walgreen Co	670	29,654
Waste Management Inc.	755	22,913
Wells Fargo & Co.	940	59,059
Truststreet properties	193	4,053
		<hr/>
		<u>\$ 9,790,458</u>
 <u>Corporate Fixed Income</u>	 <u>Face Value</u>	 <u>Fair Value</u>
Corporate Bonds	<u>\$1,400,000</u>	<u>\$ 1,292,067</u>
 <u>Mutual Funds</u>	 <u>Number of Shares</u>	 <u>Fair Value</u>
MSDW S/T U.S. Treasury TR	9	<u>\$ _____ 85</u>
 <b>TOTAL INVESTMENTS</b>		 <u><b>\$ 14,999,666</b></u>

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2005

**4. TAX STATUS**

The Internal Revenue Service has determined and informed the Company by letter dated January 3, 1994, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable provisions of the Internal Revenue Code.

**5. PLAN TERMINATION**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will remain 100 percent vested in their accounts.

**SUPPLEMENTAL INFORMATION**

Client 864-009

3/29/06

06:18PM

Statement 2  
Schedule H, Page 4, Line 4i  
Schedule Of Assets (Held At End Of Year)

Party In Interest	Identification	Description	Cost	Current Amount
	M&I MARSHALL	\$100K CD, 5.0% 11/09	\$ 100,000.	\$ 99,554.
	WASHINGTON MUTUAL	\$100K CD, 4.2% 10/07	100,000.	98,719.
	LEHMAN BROS	\$100K CD, 4.45% 10/07	100,000.	99,086.
	FED HOME LN MTG	\$100K P, 4%, 5/14	100,000.	97,988.
	GENERAL ELECTRIC	\$100K P, 4.25%, 9/16	100,000.	95,930.
	GENERAL ELECT CAPI	\$100K P, 4.25% 11/13	99,796.	73,311.
	BANK OF AMERICA CP	\$100K P, 4.75%, 10/06	100,002.	99,967.
	FED HOME LOAN BK SET	\$100K P, 5%, 4/17	100,000.	97,045.
	FED HOME MTG CORP	\$100K P, 5%, 12/14	100,000.	98,112.
	FED NATL MTG ASSN	\$100K P, 5.25%, 4/13	100,982.	98,844.
	GEN MOTORS ACC. CORP	\$100K P, 5.75%, 10/06	100,002.	95,291.
	UNITED PARCEL SERV	\$100K P, 3%, 12/10	100,000.	90,349.
	FED HOME LN BK	\$100K P, 3%, 6/13	100,005.	97,719.
	FED HOME LN BK	\$100K P, 3.125%, 7/09	100,000.	94,781.
	DOW CHEMICAL	\$100K P, 3.9%, 3/08	100,000.	96,688.
	GENERAL ELEC CORP	\$100K P, 4%, 4/10	100,000.	95,788.
	FED NATL MTG ASSN	\$100K P, 5%, 8/16	100,366.	96,688.
	SEARS ROEBUCK ACCEPT	\$100K P, 5.4%, 3/06	100,000.	99,862.
	JP MORGAN CO., INC.	\$100K P, 6.25%, 1/09	100,002.	103,465.
	GEN MOTORS ACC. CORP	\$100K P, 6.45%, 10/08	100,002.	84,997.
	FED HOME LN MTG	\$100K, 5.137%, 12/10	100,000.	99,404.
	SEARS ROEBUCK ACCEPT	\$100K P, 6.2%, 3/08	100,000.	98,440.
	FED HOME LN MTG CO	\$140K P, 5%, 2/15	140,000.	137,269.
	FED HOME LN MTG	\$150K P, 4%, 3/19	150,000.	147,266.
	GEN MOTORS ACCEPT	\$150K P, 4.95%, 10/09	150,000.	117,393.
	GENERAL ELECT CAP CP	\$150K P, 4%, 12/13	150,000.	140,586.
	FED HOME LN BK	\$150K P, 4.125%, 6/18	150,000.	144,000.
	FINANCING CORP	\$150K ZERO C, 2/11	79,895.	118,592.
	FED HOME MTG CORP	\$200K P, 5.125% 3/14	203,536.	197,694.
	FED HOME MTG CORPT	\$300K P, 5.25%, 12/14	300,010.	296,724.
	FED NATL MTG ASSN	\$350K P, 5%, 4/15	350,114.	342,125.
	CITIZENS BANK FLINT	\$90K CD, 5%, 12/11	90,000.	87,964.
	PROVIDENT BANK	\$90K CD, 5.5%, 10/17	90,000.	87,579.
	FREMONT INVESTMENT	\$90K CD, 5.9%, 4/06	90,000.	90,253.
	PROVIDIAN NATIONAL	\$90K CD, 6%, 2/08	90,000.	90,813.
	GMAC COMMERCIAL BANK	\$90K CD, 4.25%, 11/10	90,000.	85,993.
	FIRSTBANK PUERTO RIC	\$90K CD, 5%, 3/15	90,000.	86,394.
	GMAC AUTO BANK	\$95K CD, 3.25% 12/06	95,000.	93,518.
	CAPITAL ONE BANK GLE	\$95K CD, 3.35% 10/07	95,000.	92,337.
	DISCOVER BANK GREENW	\$95K CD, 3.35% 10/07	95,000.	92,337.
	DISCOVER BANK	\$95K CD, 4.05% 11/07	95,000.	93,403.
	BMW BANK	\$95K CD, 4.2% 4/08	95,000.	93,322.
	LEHMAN BROS	\$95K CD, 4.2% 4/08	95,000.	93,322.
	WEBSTER BANK	\$95K CD, 4.2% 4/08	95,000.	93,322.
	MORGAN STANLEY	\$95K CD, 5%, 10/14	95,000.	91,051.
	SAFRA NATL BANK	\$95K CD, 5%, 9/14	95,000.	91,448.
	BAC FLORIDA BANK	\$95L CD, 3.5% 12/07	94,818.	92,390.
	MSDW	CASH /MONEY MARKET	851,854.	851,854.
	MSDW US TREASURY	MUTUAL FUND 8 SHARES	83.	85.
	MSDW ACCESS ACCOUNT	PUBLIC TRADED SEC	7,487,162.	9,790,458.