

FRESNO COUNTY ECONOMIC  
OPPORTUNITIES COMMISSION  
PENSION PLAN

FINANCIAL STATEMENTS  
WITH  
REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS

For the Years Ended  
December 31, 2006 and 2005

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

For the Years Ended December 31, 2006 and 2005

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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, 2006 and 2005, 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, 2006 and 2005, 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 schedules on pages 11 & 12, 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

April 17, 2007

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**

December 31, 2006 and 2005

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Investments, at fair value:		
Certificates of deposit	\$ 2,371,055	\$ 1,752,807
U.S. government securities	2,508,070	2,164,249
Stocks	11,134,153	9,790,458
Corporate fixed income	1,046,123	1,292,067
Mutual funds	<u>88</u>	<u>85</u>
Total Investments	<u>17,059,489</u>	<u>14,999,666</u>
Receivables:		
Employer contributions	56,332	6,341
Accrued interest and dividends	<u>55,956</u>	<u>42,370</u>
Total Receivables	<u>112,288</u>	<u>48,711</u>
Cash and Money Market Funds	<u>1,416,447</u>	<u>851,854</u>
Total Assets	<u>18,588,224</u>	<u>15,900,231</u>
<u>LIABILITIES</u>		
Accounts payable	<u>0</u>	<u>4,165</u>
Total Liabilities	<u>0</u>	<u>4,165</u>
Net assets available for benefits	<u>\$ 18,588,224</u>	<u>\$ 15,896,066</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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Investment income:		
Net appreciation/(decrease) in fair value of investments	\$ 1,732,312	\$ 586,923
Interest	273,211	228,562
Dividends	<u>222,836</u>	<u>186,547</u>
	<u>2,228,359</u>	<u>1,002,032</u>
Contributions:		
Employer	1,257,781	1,214,829
Employees	<u>126,952</u>	<u>115,728</u>
	<u>1,384,733</u>	<u>1,330,557</u>
Total additions	<u>3,613,092</u>	<u>2,332,589</u>
Benefits paid directly to participants	796,773	812,081
Pension Plan expenses	<u>124,161</u>	<u>113,078</u>
Total deductions	<u>920,934</u>	<u>925,159</u>
Net increase/(decrease)	2,692,158	1,407,430
Net assets available for benefits:		
Beginning of year	<u>15,896,066</u>	<u>14,488,636</u>
End of year	<u>\$ 18,588,224</u>	<u>\$ 15,896,066</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, 2006

**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, 2006

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, 2006

**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>2006<sup>1</sup></u>	<u>2005</u>
Certificates of Deposit	\$ 3,247	\$ (34,152)
U.S. Government Securities	(10,957)	(24,555)
Corporate Fixed Income	54,056	(92,718)
Real Estate Limited Partnership	(2,094)	(2,094)
Common Stocks	<u>1,688,060</u>	<u>740,442</u>
	<u>\$ 1,732,312</u>	<u>\$ 586,923</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>
Sovereign	4.60%	2/1/2006	2/1/2007	100,000	99,916
Washington Mutual Bank	4.20%	9/26/05	10/01/07	95,000	99,134
Lehman Brothers Comm	4.45%	10/19/05	10/26/07	100,000	99,251
Discover Bank	3.35%	10/27/04	10/29/07	95,000	93,460
Capital One Bank	3.35%	10/27/04	10/29/07	95,000	93,460
Discover Bank	4.05%	5/17/05	11/26/07	95,000	93,892
BAC Florida Bank	3.50%	12/28/04	10/29/07	94,848	93,347
Providian National Bank	6.00%	02/07/01	02/07/08	90,000	90,455
Webster Bank	4.20%	4/6/05	4/14/08	95,000	93,606
BMW Bank of North Amer	4.20%	4/6/05	4/14/08	95,000	93,606
Lehman Brothers Bank	4.20%	4/6/05	4/14/08	95,000	93,606
CIT Bank	4.90%	2/22/06	4/15/2008	100,000	99,223
M&I Marshall & Lisle	5.00%	11/15/05	11/30/09	100,000	99,420
Capital One Bank	5.00%	3/22/06	3/22/10	100,000	98,971
Capmark Bank	4.25%	4/30/03	11/15/10	90,000	86,538
Vermillion State Bank	5.25%	3/15/06	3/15/11	100,000	99,110
Countrywide Bank	5.50%	9/8/06	9/8/11	100,000	100,619
Bank Hapoalim B.M.	5.05%	10/27/06	10/27/11	200,000	197,468
Amcore Bank	5.00%	11/15/06	11/15/11	100,000	98,512
Citizens Bank Flint	5.00%	6/23/04	12/23/11	90,000	88,306
Safra Natl Bank	5.00%	4/30/03	9/22/14	95,000	92,392
Morgan Stanley Bank West	5.00%	9/30/04	10/15/14	95,000	91,848
First Bank Puerto Rico	5.00%	2/18/03	3/05/15	90,000	87,230
Provident Bank Cincinnati	5.50%	10/23/02	10/23/17	90,000	<u>87,685</u>

\$2,371,055

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2006

INVESTMENTS (Continued)

<u>U.S. Government Securities</u>	<u>Face Value</u>	<u>Fair Value</u>
U.S. Treasury Notes & Bonds	<u>\$2,590,000</u>	<u>\$ 2,508,070</u>
<u>Stocks</u>	<u>Number of Shares</u>	<u>Fair Value</u>
AETNA Inc.	4,621	199,535
Agilent Technologies	4,004	139,539
Altria Group Inc.	5,323	456,820
Aon Corp	7,262	256,639
Apache Corp	1,918	127,566
AT&T	7,242	258,902
Bank of America Corp	3,106	165,829
Barrick Gold Corp.	10,311	316,548
CA Incorporated	16,175	366,364
CBS Corp	5,715	178,194
Chevron Texaco Corp.	2,218	163,090
Citigroup, Inc	6,680	372,076
Clear Channel Comm	5,214	185,306
Comcast Corp	6,827	285,915
ConocoPhillips	3,884	279,454
Countrywide Financial Corp	9,340	396,483
Fannie Mae	4,720	280,321
Genworth Financial	8,648	295,848
Hartford Fin Sers Grp, Inc.	3,965	369,974
Ingersoll Rand	4,116	161,059
International Paper Co.	3,720	126,852
JP Morgan Chase & Co.	4,668	225,464
Kimberly Clark	3,750	254,813
Liberty Media CP SER A	3,511	75,732
Liberty Media Hldg Cap	702	68,782
Lockheed Martin Corp	2,326	214,155
Mgic Invt Corp.	1,739	108,757
Microsoft Corp	8,233	245,838
Motorola, Inc	13,876	285,291
Noble Energy, Inc	6,642	325,923

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2006

INVESTMENTS (Continued)

<u>Stocks</u>	<u>Number of Shares</u>	<u>Fair Value</u>
Pitney Bowes	4,260	\$196,769
Posco Ads	1,872	154,758
Radian Group, Inc	3,396	183,078
Raytheon Co	4,952	261,466
Rio Tinto PLC SPON ADR	453	96,258
Sprint Nextel Corp	7,553	142,676
Tyson Foods Inc.	9,738	160,190
Union Pacific Corp	2,189	201,432
United Sts Stl	1,715	125,435
Verizon Communications	3,813	141,996
Viacom Inc B	9,891	405,828
Wells Fargo & Co New	7,490	266,344
Amgen	455	31,081
Berkshire Hathaway B	22	80,652
Capital One Financial	580	44,556
Charles River Labs Intl. Inc.	1,095	47,359
Cisco Sys. Inc.	2,080	56,846
Citigroup Inc.	1,410	78,537
Coca Cola Co.	1,125	54,281
Comcast Corp.	1,425	59,679
Dover Corp	1,250	61,275
Fiserv Inc. Wisconsin	920	48,226
General Electric Co	1,220	45,396
Home Depot Inc	1,455	58,433
Johnson & Johnson	1,220	80,544
Liberty Media	1,665	35,914
Linear Technology	1,485	45,025
Marsh & McLennan Cos	1,590	48,749
McDonald's Corp	1,140	50,536
MGIC Invt Corp	810	50,657
Microsoft Corp	2,580	77,038
Morgan Stanley	685	55,780

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2006

INVESTMENTS (Continued)

<u>Stocks</u>	<u>Number of Shares</u>	<u>Fair Value</u>
Novartis AG	1,090	62,610
Symantec Corp	2,295	47,851
Sysco Corp	1,540	56,610
Target Corporation	1,075	61,329
United Parcel Srvc Inc.	690	51,736
United Health	1,115	59,910
Wal Mart Stores Inc.	1,505	69,500
Walgreen Co	710	32,581
Wells Fargo & Co.	1,500	53,340
Trustreet properties	193	4,823
		<u>\$ 11,134,153</u>
 <u>Corporate Fixed Income</u>	 <u>Face Value</u>	 <u>Fair Value</u>
Corporate Bonds	<u>\$1,100,000</u>	<u>\$ 1,046,123</u>
 <u>Mutual Funds</u>	 <u>Number of Shares</u>	 <u>Fair Value</u>
MSDW S/T U.S. Treasury TR	9	<u>\$ 88</u>
 <b>TOTAL INVESTMENTS</b>		 <u><b>\$ 17,059,489</b></u>

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION  
PENSION PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2006

**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

FRESNO COUNTY ECONOMIC  
OPPORTUNITIES COMMISSION

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

Party In Interest	Identification	Description	Cost	Current Amount
	WASHINGTON MUTUAL	\$100K CD, 4.2% 10/07	\$ 100,000.	\$ 99,134.
	M&I MARSHALL	\$100K CD, 5.0% 11/09	100,000.	99,420.
	LEHMAN BROS	\$100K CD, 4.45% 10/07	100,000.	99,251.
	UNITED PARCEL SERV	\$100K P, 3%, 12/10	100,000.	90,967.
	FED HOME LN BK	\$100K P, 3%, 6/13	100,005.	98,375.
	FED HOME LN BK	\$100K P, 3.125%, 7/09	100,000.	95,625.
	DOW CHEMICAL	\$100K P, 3.9%, 3/08	100,000.	97,630.
	FED HOME LN MTG	\$100K P, 4%, 5/14	100,000.	98,178.
	GENERAL ELEC CORP	\$100K P, 4%, 4/10	100,000.	95,409.
	GENERAL ELECTRIC	\$100K P, 4.25%, 9/16	100,000.	95,660.
	FED HOME MTG CORP	\$100K P, 5%, 12/14	100,000.	97,135.
	FED HOME LOAN BK SET	\$100K P, 5%, 4/17	100,000.	95,945.
	FED NATL MTG ASSN	\$100K P, 5%, 8/16	100,366.	96,344.
	FED NATL MTG ASSN	\$100K P, 5.25%, 4/13	100,982.	98,531.
	GENERAL MOTOROS ACC.	\$100K P, 6%, 11/13	100,000.	91,652.
	JP MORGAN CO,, INC.	\$100K P, 6.25%, 1/09	100,002.	101,859.
	GEN MOTORS ACC. CORP	\$100K P, 6.45%, 10/08	100,002.	98,357.
	FED HOME LN MTG	\$100K, 5.137%, 12/10	100,000.	98,873.
	SOVEREIGN BANK	\$100K, CD 3.25%, 2/07	100,000.	99,916.
	VERMILLION STATE BNK	\$100K, CD 5.25% 03/11	100,000.	99,110.
	COUNTRYWIDE BANK	\$100K, CD 5.5%, 9/11	100,000.	100,619.
	CIT BANK	\$100K, CD, 4.90% 8/08	100,000.	99,223.
	AMCORE BANK	\$100K, CD, 5%, 11/11	100,000.	98,512.
	CAPITAL ONE GLEN	\$100K, CD, 5%, 03/10	100,000.	98,971.
	SEARS ROEBUCK ACCEPT	\$100K, P, 6.2%, 3/08	100,000.	97,987.
	FED HOME LN MTG CO	\$140K P, 5%, 2/15	140,000.	135,880.
	FED HOME LN MTG	\$150K P, 4%, 3/19	150,000.	148,364.
	GENERAL ELECT CAP CP	\$150K P, 4%, 12/13	150,000.	135,309.
	FED HOME LN BK	\$150K P, 4.125%, 6/18	150,000.	144,845.
	GEN MOTORS ACCEPT	\$150K P, 4.95%, 10/09	150,000.	141,293.
	FINANCING CORP	\$150K ZERO C. 2/11	79,895.	122,994.
	BANK HAPOALIM	\$200K CD 5.05% 10/11	200,000.	197,468.
	FED HOME MTG CORP	\$200K P, 5.125% 3/14	203,536.	194,598.
	FED HOME MTG CORPT	\$300K P, 5.25%, 12/14	300,010.	293,805.
	FED NATL MTG ASSN	\$350K P, 5%, 4/15	350,114.	340,704.
	CITIZENS BANK FLINT	\$90K CD, 5%, 12/11	90,000.	88,305.
	PROVIDENT BANK	\$90K CD, 5.5%, 10/17	90,000.	87,684.
	PROVIDIAN NATIONAL	\$90K CD, 6%, 2/08	90,000.	90,455.
	FIRSTBANK PUERTO RIC	\$90K CD, 5%, 3/15	90,000.	87,230.
	CAPMARK	\$90K, CD, 4.25%, 11/10	90,000.	86,539.
	CAPITAL BANK ONE GLE	\$95K CD, 3.35% 10/07	95,000.	93,460.
	DISCOVER BANK GREENW	\$95K CD, 3.35% 10/07	95,000.	93,460.
	DISCOVER BANK	\$95K CD, 4.05% 11/07	95,000.	93,892.
	BMW BANK	\$95K CD, 4.2% 4/08	95,000.	93,606.
	LEHMAN BROS	\$95K CD, 4.2% 4/08	95,000.	93,606.
	WEBSTER BANK	\$95K CD, 4.2% 4/08	95,000.	93,606.
	MORGAN STANLEY	\$95K CD, 5%, 10/14	95,000.	91,848.
	SAFRA NATL BANK	\$95K CD, 5%, 9/14	95,000.	92,391.
	BAC FLORIDA BANK	\$95L CD, 3.5% 12/07	94,818.	93,347.
	MSDW	CASH /MONEY MARKET	1,416,447.	1,416,447.
	MSDW US TREASURY	MUTUAL FUND 8 SHARES	95.	88.
	FED NATL MTG ASSN	P, 5%, 02/11	253,656.	249,063.
	FED NTL MTG ASSN	P, 5.25%, 07/12	101,123.	98,813.
	MSDW ACCESS ACCOUNT	PUBLIC TRADED SEC	7,998,718.	11,134,153.

2006

FRESNO COUNTY ECONOMIC  
OPPORTUNITIES COMMISSION

94-1606519  
Plan No. 001

Statement 3  
Schedule H, Page 4, Line 4i  
Schedule Of Assets (Acquired And Disposed Of Within Year)

<u>Identification</u>	<u>Description</u>	<u>Cost</u>	<u>Proceeds Of Dispositions</u>
PUBLIC TRADED STOCKS	545 SHRS FIRST SERV	\$ 20,802.	\$ 23,023.
PUBLIC TRADED STOCKS	700 SHRS STRYKER	30,797.	36,444.
PUBLIC TRADED STOCKS	710 SHRS WALGREEN	28,260.	33,764.
PUBLIC TRADED STOCKS	770 SHRS AMGEN INC	22,050.	23,629.
PUBLIC TRADED STOCKS	800 SHRS APOLLO GROU	39,813.	29,372.
PUBLIC TRADED STOCKS	825 SHRS CISCO SYS	14,585.	20,424.
PUBLIC TRADED STOCKS	943 SHRS DOMINION RE	66,731.	76,491.