



**FRESNO METROPOLITAN FLOOD
CONTROL DISTRICT**

**MONEY PURCHASE PENSION PLAN
AND TRUST**

FINANCIAL STATEMENTS

for the years ended September 30, 2008 and 2007

BAKER, PETERSON & FRANKLIN, CPA, LLP

CONSULTING & FINANCIAL SERVICES

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of the
Fresno Metropolitan Flood Control District
Money Purchase Pension Plan and Trust:

We have audited the accompanying statements of net assets available for benefits of the Fresno Metropolitan Flood Control District Money Purchase Pension Plan and Trust (the Plan) as of September 30, 2008 and 2007, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. 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 audits 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 audits provide 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 Plan as of September 30, 2008 and 2007, 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.

February 11, 2009

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
MONEY PURCHASE PENSION PLAN AND TRUST
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2008 and 2007**

ASSETS	2008	2007
Cash and cash equivalents	<u>\$ 6,293,632</u>	<u>\$ 6,234,083</u>
Investments, at fair value:		
Mutual funds	2,317,237	2,410,021
Participant loans	<u>23,475</u>	<u>25,480</u>
	<u>2,340,712</u>	<u>2,435,501</u>
Net assets available for benefits	<u>\$ 8,634,344</u>	<u>\$ 8,669,584</u>

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

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
MONEY PURCHASE PENSION PLAN AND TRUST
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the years ended September 30, 2008 and 2007**

	2008	2007
Additions to net assets attributed to:		
Employer contributions	\$ 466,002	\$ 426,647
Transfer from annuity contracts	-	52,404
Investment income:		
Interest income	302,425	283,000
Dividend income	177,385	142,196
Net appreciation (depreciation) in fair value of investments	<u>(270,169)</u>	<u>186,044</u>
 Total additions	 <u>675,643</u>	 <u>1,090,291</u>
Deductions from net assets attributed to:		
Benefits paid to participants	<u>710,883</u>	<u>194,840</u>
 Total deductions	 <u>710,883</u>	 <u>194,840</u>
 Net change	 (35,240)	 895,451
Net assets available for benefits:		
Beginning of year	<u>8,669,584</u>	<u>7,774,133</u>
End of year	<u>\$ 8,634,344</u>	<u>\$ 8,669,584</u>

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

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
MONEY PURCHASE PENSION PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS**

1. DESCRIPTION OF THE PLAN:

The following brief description of the Fresno Metropolitan Flood Control District Money Purchase Pension Plan and Trust (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

a. General:

The Plan is a defined contribution plan covering all full-time employees of Fresno Metropolitan Flood Control District (the District) who have completed at least six months of continuous service and have attained the age of eighteen. Employees become a participant on October 1st of the next Plan year following the date on which satisfaction of the eligibility requirements have been met.

b. Contributions:

Bi-weekly employer contributions for participants hired prior to June 30, 1988 is 14% of the participant's salary, based on annual compensation, excluding bonuses, overtime and certain other compensation. There are 9 current active members in the 14% tier at September 30, 2008 and 2007. Bi-weekly employer contributions for participants hired after June 30, 1988 is 10% of the participant's salary, based on annual compensation, excluding bonuses, overtime and certain other compensation. There were 60 and 57 current active members in the 10% tier at September 30, 2008 and 2007, respectively. For the years ended September 30, 2008 and 2007, 69 and 66 participants received employer contributions, respectively.

c. Participant accounts:

Each participant's account is credited with an allocation of the District's contribution and Plan earnings. Allocations are based on Plan earnings and account balances, as defined. Forfeited balances of terminated participants' non-vested accounts are used to reduce the District's current period contribution requirement. At September 30, 2008 and 2007, there were no forfeitures available for such reduction. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
MONEY PURCHASE PENSION PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued**

1. DESCRIPTION OF THE PLAN, continued:

d. Vesting:

All participants must meet certain service requirements for vesting. These requirements are more fully described in the Plan agreement.

e. Payment of benefits:

Upon termination of service due to death, disability or retirement, a participant who is married will receive a Joint and Survivor Annuity and a participant who is unmarried will receive a Life Annuity equal to the value of their account. Participants may elect to waive such annuities and receive either a lump sum amount equal to the value of their account, or installments over a period not less than the participant's remaining life expectancy or over the joint life expectancy of the participant and his or her designated beneficiary. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump sum distribution.

f. Administrative costs:

Administrative costs are being paid for, on behalf of the Plan, by the District.

2. SIGNIFICANT ACCOUNTING POLICIES:

a. Accounting basis:

The Plan's policy is to prepare its financial statements on the accrual basis of accounting.

b. Cash and cash equivalents:

Cash and cash equivalents include deposits in the Treasury of Fresno County, the State of California Local Agency Investment Fund and a checking account. The cash and cash equivalents are entirely insured by Federal Deposit Insurance or collateralized with pools of securities held by the Treasury of Fresno County and the State of California Local Agency Investment Fund, respectively, but not in the District's name.

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
MONEY PURCHASE PENSION PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued**

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

c. Valuation of investments:

The Plan's investments are presented at their fair value, which is the amount the Plan could reasonably expect to receive in a current sale of assets. Shares of mutual funds are valued at quoted market prices.

d. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

3. INVESTMENTS:

For the Plan years ended September 30, the Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value as follows:

	2008	2007
Net appreciation (depreciation) in fair value of mutual funds	<u>\$(270,169)</u>	<u>\$ 186,044</u>

The fair value of individual investments that represent 5% or more of the Plan's net assets available for benefits as of September 30 are as follows:

	2008	2007
Oakmark Equity and Income Fund	<u>\$2,317,237</u>	<u>\$2,410,021</u>

All investments are non-participant – directed.

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
MONEY PURCHASE PENSION PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued**

4. PLAN TERMINATION:

Although it has not expressed any intent to do so, the District has the right under the Plan to discontinue its contributions at any time and to terminate the Plan. In the event of Plan termination, participants will become 100% vested in their accounts.

5. TAX STATUS:

The Internal Revenue Service has issued an opinion and informed the District, by letter dated April 4, 1986, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the opinion letter. However, both the Plan's administrator and legal counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in these financial statements.

6. ANNUITY CONTRACTS:

The District has established annuity contracts for all participants who were hired on or before June 30, 1988. The District's responsibility with regard to the annuity contracts was limited to making the disbursements to establish the annuities and has no further obligation for additional contributions or for making the annuity payments to the participants upon retirement. Mass Mutual Financial Group (Mass Mutual) holds the annuities and will be responsible for making the benefit payments. Accordingly, these annuities meet the definition of an "allocated contract", which under generally accepted accounting principles are to be excluded from the Plan's financial statements as the obligation and related risks have been passed to Mass Mutual. The value of the annuities at September 30, 2008 and 2007 as reported by Mass Mutual is \$368,445 and \$346,815, respectively.

During the September 30, 2007 Plan year, an employee's annuity contract matured and was consequently cashed out. As a direct result, \$52,404 was transferred into that respective employee's participant account.

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
MONEY PURCHASE PENSION PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued**

7. RISK AND UNCERTAINTIES:

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

8. SUBSEQUENT EVENTS:

On January 28, 2008, the Board of Directors adopted the Second Restated Money Purchase Pension Plan in order to comply with IRS regulations. The restated plan was submitted to the IRS to obtain a new opinion letter regarding the tax status of the plan. The Plan should have been restated to comply with the GUST requirements prior to December 17, 2001; however, this type of defect can be corrected under the Voluntary Correction Program (VCP) portion of the IRS's Employee Plans Compliance Resolution System. The District submitted the restated plan through the VCP in order to meet the requirements of GUST.

