

**FRESNO METROPOLITAN FLOOD
CONTROL DISTRICT**

**MONEY PURCHASE PENSION
PLAN AND TRUST**

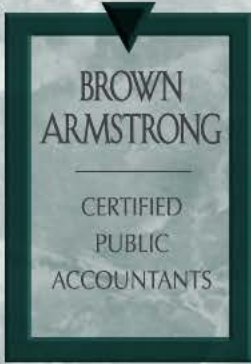
FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
MONEY PURCHASE PENSION PLAN AND TRUST
FOR THE YEAR ENDED DECEMBER 31, 2015**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Net Plan Position	3
Statement of Changes in Net Plan Position	4
Notes to Financial Statements	5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fresno Metropolitan Flood Control District
Money Purchase Pension Plan and Trust

Report on the Financial Statements

We have audited the accompanying statement of net plan position of the Fresno Metropolitan Flood Control District Money Purchase Pension Plan and Trust (the Plan), as of December 31, 2015, and the related statement of changes in net plan position for the year then ended and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

PASADENA OFFICE

260 S. LOS ROBLES AVENUE
SUITE 310
PASADENA, CA 91101
TEL 626.204.6542
FAX 626.204.6547

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management discussion and analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2016, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
May 23, 2016

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
MONEY PURCHASE PENSION PLAN AND TRUST
STATEMENT OF NET PLAN POSITION
DECEMBER 31, 2015**

ASSETS

Cash and cash equivalents	\$ 4,531,700
Participant loans	266,531
Investments, at fair value:	
Mutual funds	8,992,200
Securities	<u>2,098,029</u>
Total investments, at fair value	<u>11,090,229</u>
Total assets	<u><u>\$ 15,888,460</u></u>

NET PLAN POSITION

Net plan position restricted for pension benefits	<u><u>\$ 15,888,460</u></u>
---	-----------------------------

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

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
MONEY PURCHASE PENSION PLAN AND TRUST
STATEMENT OF CHANGES IN NET PLAN POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015**

Additions to net plan position attributed to:	
Employer contributions	\$ 580,794
Employee contributions	338,124
Investment income	103,291
Net depreciation in fair value of investments	<u>(308,951)</u>
Total additions	<u>713,258</u>
Deductions from net plan position attributed to:	
Benefits paid to participants	141,443
Administrative fees	15,461
Loan defaults	<u>1,007</u>
Total deductions	<u>157,911</u>
Changes in net plan position	555,347
Net plan position:	
Beginning of the period	<u>15,333,113</u>
End of the period	<u><u>\$ 15,888,460</u></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
DECEMBER 31, 2015**

NOTE 1 – DESCRIPTION OF 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 regular full-time employees of Fresno Metropolitan Flood Control District (the District) who have attained the age of eighteen. Employees become a participant on 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 5 current active members in the 14% tier as of December 31, 2015. 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 are currently 70 active members in the 10% tier as of December 31, 2015.

Bi-weekly mandatory employee contributions for participants hired prior to June 30, 1988, is 6% of the participant's salary, based on annual compensation, excluding bonuses, overtime, and certain other compensation. Bi-weekly mandatory employee contributions for participants hired after June 30, 1988, is 5% of the participant's salary, based on annual compensation, excluding bonuses, overtime, and certain other compensation.

C. Participant Accounts

Each participant's account is credited with an allocation of the District's contribution and Plan earnings. Employer and employee contributions are allocated based on eligible compensation as defined above. Allocations of earnings are based on participant earnings and their account balances. Forfeited balances of terminated participants' non-vested accounts are used to reduce the District's current period contribution requirement. For the year ending December 31, 2015, there were no forfeitures available for such reduction.

D. Vesting

All participants must meet certain service requirements for vesting. These requirements, as described in the Plan agreement, are as follows: Participants are 25% vested after 2 years of service and an additional 25% after each additional year of service until they are fully vested.

E. Payment of Benefits

The normal retirement age is 65. A participant who retires, becomes disabled, or incurs a severance from employment for any other reason may elect, by written notice to the Plan Administrator, to have his or her vested account balance benefits commence on any date. Such election must be made in writing during the 90 day period ending on the date as of which benefit payments are to commence. A participant's election shall be revocable and may be amended by the participant. A participant may elect to have his or her account distributed in equal monthly, quarterly, semi-annual, or annual payments in an amount chosen by the participant and continuing until the account is exhausted, or the participant may elect a lump sum payment.

NOTE 1 – DESCRIPTION OF PLAN (Continued)

E. Payment of Benefits (Continued)

A participant may, upon written request, withdraw a part of or the full amount of his or her Voluntary Contribution Account or Deductible Employee Contribution Account. Such withdrawals may be made at any time, provided that no more than 2 such withdrawals are made during any calendar year. No forfeiture will occur solely as the result of any such withdrawal.

F. Administrative Costs

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

G. 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.

H. International City/County Management Association Retirement Corporation (ICMA-RC)

On November 18, 2009, the Board of Directors approved the transfer of the Plan to ICMA-RC. The Board of Directors also approved changing the Plan year to a calendar year of January 1 through December 31. This allows the Plan to provide better administration for new enrollments, annual statements, as well as employee tax preparation.

I. Investment Option

Participants' accounts are self-directed and earnings or losses will be dependent upon the investments they chose. Upon enrollment into the Plan, a participant may direct contribution to any of investments options available to them in the ICMA-RC's pool.

NOTE 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 amounts, as directed by the participants of the Plan, that are placed into Stable Value/Money Market Funds via the Vantage Trust PLUS and cash management funds as held and fully secured by ICMA-RC.

C. Valuation of Investments and Income Recognition

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fixed debt quotations are provided by a national brokerage pricing service. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Plan, with the assistance of a valuation service.

Dividend income is recognized based on the ex-dividend date, and interest income is recognized on the accrual basis of accounting as earned. All realized gains and losses on investments are recognized at the point of sale and are included in investment income. Purchases and sales of investments are recorded as of the trade date, which is the date when the transaction is initiated.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)D. Estimates

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

E. Participant Loans

The Plan's participant loans are presented at cost or fair value, which is the amount the Plan could reasonably expect to receive. Interest income is recorded when received on participant loans. All participant loans are held and managed by ICMA-RC, including the receipt and determination of past due or delinquency status, and charging off uncollectible receivables.

NOTE 3 – INVESTMENTS

The Plan's investments, which consist of various investment funds under the ICMA-RC pooled and guaranteed funds, are valued at fair value. Security transactions are recorded on a trade date basis. Gains and losses on security transactions are recorded quarterly and included with investment earnings. The investment objectives for each investment class are available upon request. The Plan's investments by asset category at December 31, 2015, are as follows:

<u>Investments by Assets Category</u>	<u>Percent of Assets</u>	<u>Balance</u>
Cash and Cash Equivalent:		
Stable Value/Cash Management	29%	\$ 4,531,700
Mutual Funds:		
Bond	5%	847,572
Guaranteed Lifetime Income	0%	27,010
Balanced/Asset Allocation	36%	5,558,084
U.S. Stock	13%	2,028,627
International/Global Stock	3%	530,907
Securities:		
Specialty Securities	14%	2,098,029
Total	100%	\$ 15,621,929

For the year ending December 31, 2015, the Plan's investments (including investments bought, sold, and held during the year) depreciated in value as follows:

Net depreciation in fair value of investments	<u>\$ (308,951)</u>
---	---------------------

NOTE 3 – INVESTMENTS (Continued)

The Plan provides that contributions to the Plan will be invested in certain individual programs as directed by each participant. Participants may change investment options at any time. The fair value of individual investments that represent 5% or more of the Plan's net plan position, as certified by ICMA-RC, as of December 31, 2015, are as follows:

Balanced/Asset Allocation Funds	
Oakmark Equity & Income I	\$ 2,689,154
VT Vantagepoint Milestone 2020	847,002
Brokerage Account	
VantageBroker (Securities)	1,798,565

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 fair 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 statement of net plan position.

NOTE 4 – TAX STATUS

As described in Note 1, the Board of Directors approved the transfer of the Plan to ICMA-RC on November 18, 2009, starting January 1, 2010. The Internal Revenue Service has issued an opinion and informed ICMA-RC, by a letter dated August 19, 2009, that in their opinion, the form of the Plan is acceptable under Section 401 of the Internal Revenue Code for use by employers for the benefit of their employees. Therefore, no provision for income taxes has been made by the Plan to be included in these financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

NOTE 5 – ANNUITY CONTRACT

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 accounting principles generally accepted in the United States of America are to be excluded from the Plan's financial statements as the obligation and related risks have been passed to Mass Mutual. The fair value of the annuities at October 2, 2015, as reported by Mass Mutual is \$226,792.

NOTE 6 – DEFERRED COMPENSATION

In conjunction with the defined contribution plan covering all regular full-time employees of the District, the District also set up a separate, voluntary Deferred Compensation Plan for all eligible employees. Eligible employees may elect at any time to contribute, up to the maximum annual contribution per law, into the Deferred Compensation Plan. The District's responsibility with regard to the Deferred Compensation Plan is limited to deducting the amount and contributing that amount to ICMA-RC and has no further obligation for additional contributions or for making the distribution payments to the participants upon retirement. ICMA-RC holds the plan assets for the Deferred Compensation Plan and will be responsible for making the benefit payments. Accordingly, this plan meets the definition of Internal Revenue Code Section 457, in which all assets and income of the plan are held in trust for the exclusive benefit of the participants, which under accounting principles generally accepted in the United States of America are to be excluded from the Plan's financial statements as the obligation and related risks have been passed to ICMA-RC and all assets are held in trust for the exclusive benefit of the participants. The fair value of the Deferred Compensation Plan at December 31, 2015, as reported by ICMA-RC is \$8,351,633.

NOTE 7 – SUBSEQUENT EVENTS

In compliance with accounting standards generally accepted in the United States of America, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in these financial statements. Management has determined that no events require disclosure in accordance with accounting standards generally accepted in the United States of America. These subsequent events have been evaluated through May 23, 2016, which is the date the financial statements were issued.

NOTE 8 – ACCOUNTING STANDARDS UPDATES

During the fiscal year ending December 31, 2015, the Plan implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The provisions of GASB Statement No. 68 are effective for financial statements beginning after June 15, 2014. There was no effect on the Plan's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 69 – *Government Combinations and Disposal of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Upon implementation, there was no effect on the Plan's accounting or financial reporting.

GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The provisions of GASB Statement No. 71 should be applied simultaneously with the provisions of GASB Statement No. 68 and are effective for financial statements beginning after June 30, 2013. Upon implementation, there was no effect on the Plan's accounting or financial reporting.

Recently released standards by GASB affecting future fiscal years are as follows:

GASB Statement No. 72 – *Fair Value Measurement and Application*. The provisions of GASB Statement No. 72 are effective for financial statements beginning June 15, 2015. The Plan has not fully judged the effect of the implementation of GASB Statement No. 72 as of the date of the basic financial statements.

GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No 67 and No. 68*. The provisions of this statement are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 16, 2016. The Plan has not fully judged the effect of the implementation of GASB Statement No. 73 as of the date of the basic financial statements.

NOTE 8 – ACCOUNTING STANDARDS UPDATES (Continued)

GASB Statement No. 74 – *Financial Reporting for Postemployment Benefits Other than Pension Plans*. The provisions of this statement are effective for fiscal years beginning after June 15, 2016. The District has not fully judged the effect of the implementation of GASB Statement No. 74 as of the date of the basic financial statements.

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. The Plan has not fully judged the effect of the implementation of GASB Statement No. 75 as of the date of the basic financial statements.

GASB Statement No. 76 – *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions of this statement are effective for fiscal years beginning after June 15, 2015. The Plan has not fully judged the effect of the implementation of GASB Statement No. 76 as of the date of the basic financial statements.

GASB Statement No. 77 – *Tax Abatement Disclosures*. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. The Plan has not fully judged the effect of the implementation of GASB Statement No. 77 as of the date of the basic financial statements.

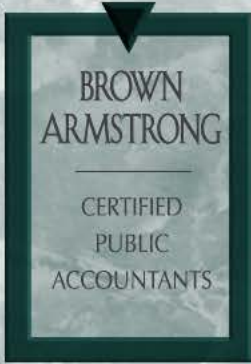
GASB Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The provisions of GASB Statement No. 78 are effective for financial statements beginning after December 15, 2015. The Plan has not fully judged the impact of implementation of GASB Statement No. 78 on the financial statements.

GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*. The requirements of this statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 80 – *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The requirements of this statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*. The requirements of this statement are effective for periods beginning after December 15, 2016. Earlier application is encouraged.

GASB Statement No. 82 – *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Fresno Metropolitan Flood Control District
Money Purchase Pension Plan and Trust

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

PASADENA OFFICE

260 S. LOS ROBLES AVENUE
SUITE 310
PASADENA, CA 91101
TEL 626.204.6542
FAX 626.204.6547

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Fresno Metropolitan Flood Control District Money Purchase Pension Plan and Trust (the Plan), which comprise the statement of net plan position, as of December 31, 2015, and the related statement of changes in net plan position for the year then ended and the related notes to the financial statements, as of and for the year ended December 31, 2015, and have issued our report thereon dated May 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
May 23, 2016