

COUNTY OF SAN DIEGO  
IN-HOME SUPPORTIVE SERVICES  
PUBLIC AUTHORITY

MONEY PURCHASE PENSION PLAN

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

JUNE 30, 2008

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT.....	1
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS.....	3
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS.....	4
NOTES TO FINANCIAL STATEMENTS.....	5
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT THE END OF THE FISCAL YEAR.....	10



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**  
RONALD A LEVY, CPA  
CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA

9107 WILSHIRE BLVD., SUITE 400  
BEVERLY HILLS, CA 90210  
TEL: 310.273.2745  
FAX: 310.273.1689  
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
San Diego, California

We have audited the accompanying statement of net assets available for benefits of the COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY MONEY PURCHASE PENSION PLAN (Plan) a component unit of the County of San Diego In Home Supportive Services, as of June 30, 2008, and the related statements of changes in net assets available for benefits for the fiscal year ended June 30, 2008. These basic financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 basic financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan, as of June 30, 2008, and the related changes in net assets available for benefits for the fiscal year ended June 30, 2008 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2007, the Plan adopted Governmental Accounting Standards Board (GASB) Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues* and GASB Statement No. 50, *Pension Disclosures – an Amendment of GASB Statements No. 25 and 27*.

The Plan has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

-1-

OFFICES: BEVERLY HILLS · SANTA MARIA

Our audit was conducted for the purpose of forming an opinion on the Plan's basic financial statements. The supplemental information is presented for purposes of additional analysis, as required by GASB, and is not a required part of the basic financial statements. This supplementary information is the responsibility of the Plan's management. Such information has been subjected to the auditing procedures applied in the audit 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.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, California  
September 22, 2008

COUNTY OF SAN DIEGO IN HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
AS OF JUNE 30, 2008  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2007)

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash	\$ 166	\$ -
Investments (Notes B and F)	493,282	409,143
Receivable from IHSS (Note A)	1,125	847
Employer's contribution receivable	<u>42,334</u>	<u>19,760</u>
 <u>TOTAL ASSETS</u>	 <u>536,907</u>	 <u>429,750</u>
 <u>LIABILITIES</u>		
Accrued expenses (Note A)	<u>1,125</u>	<u>847</u>
 <u>TOTAL LIABILITIES</u>	 <u>1,125</u>	 <u>847</u>
 <u>NET ASSETS AVAILABLE FOR BENEFITS</u>	 <u>\$ 535,782</u>	 <u>\$ 428,903</u>

(The accompanying notes are an integral part of the financial statements)

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
 (WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2007)

<u>ADDITIONS TO NET ASSETS ATTRIBUTED TO:</u>	<u>2008</u>	<u>2007</u>
Investment income (including unrealized loss of \$37,912)	\$ (8,926)	\$ 44,551
Realized gain (loss)	(1,447)	1,004
Employer contributions (Notes A and H)	122,434	90,260
Deposit for plan fees and expenses (Note A)	<u>4,252</u>	<u>3,069</u>
 <u>TOTAL ADDITIONS</u>	 <u>116,313</u>	 <u>138,884</u>
 <u>DEDUCTIONS TO NET ASSETS ATTRIBUTED TO:</u>		
Administrative expenses (Note A)	4,252	3,069
Benefits paid directly to participants (Note A)	<u>5,182</u>	<u>19,497</u>
 <u>TOTAL DEDUCTIONS</u>	 <u>9,434</u>	 <u>22,566</u>
 <u>NET INCREASE</u>	 106,879	 116,318
 <u>NET ASSETS AVAILABLE FOR BENEFITS:</u>		
Beginning of fiscal year	<u>428,903</u>	<u>312,585</u>
End of fiscal year	<u>\$ 535,782</u>	<u>\$ 428,903</u>

(The accompanying notes are an integral part of the financial statements)

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE A PLAN DESCRIPTION

The following description of the COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY (Authority) MONEY PURCHASE PENSION PLAN (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

1. General The plan is a defined contribution plan covering all employees who complete the employer's introductory period (first six months of employment or such other period of time that the County of San Diego In-Home Supportive Services Public Authority establishes as a condition of permanent employment). All eligible employees shall be eligible to enroll in the Plan on the first day of the next following month.
2. Contributions and funding policy For each Plan year, the employer (Authority) shall contribute on behalf of each active (eligible) participant an amount equal to 8% of compensation (total of an employee's compensation for services rendered to the Authority that is includible in gross income-compensation for any plan year, on an annualized basis, shall be subject to a maximum of \$225,000, as adjusted by the Secretary of the Treasury under Section 401(a)(17) of the Code) including compensation paid during the introductory period. No employee voluntary contributions are permitted under this Plan. All minimum funding requirements have been met.
3. Participants' accounts Each participant's account is credited with the Authority's contribution (calculated above), account earnings, and allocation of the forfeitures of terminated participants' nonvested accounts. The forfeitures are not actual additions to the employee's account but are a reduction of current or future Authority contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.
4. Vesting Vesting is calculated based on the following schedule:

<u>Completed Years of Service</u>	<u>Vested Share</u>
Less than 1 year	0%
1 year but less than 2	20%
2 years but less than 3	40%
3 years but less than 4	60%
4 years but less than 5	80%
5 or more years	100%

5. Payment of expenses The Trustee shall deduct from, and charge against, Plan assets any taxes paid by it which may be imposed upon the Plan or the income thereof, or which the Trustee is required to pay, upon or with respect to the interest of any person herein. The Trustee's compensation and expenses shall be a charge upon the Fund until paid by the employer (Authority), and shall be withdrawn from the Fund if not paid by the employer (Authority). The reasonable expenses incurred in the administration of the Plan shall be deducted from Plan assets, unless the employer (Authority) agrees to pay such expenses, including reasonable legal and actuarial expenses. For the fiscal year ended June 30, 2008, \$4,252 of expenses (which includes \$1,125 of accrued expenses) were incurred by the plan, which were paid by the Authority.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE A PLAN DESCRIPTION (CONTINUED)

6. Payment of benefits Upon termination of service, a participant may elect to receive 1) a lump sum distribution equal to his or her account, or 2) a life annuity: which consists of monthly payments for the lifetime of the participant, not to exceed the life expectancy of the participant or beneficiary. Total distributions paid during the fiscal year ended June 30, 2008 were \$5,182.

NOTE B SUMMARY OF ACCOUNTING POLICIES

INVESTMENT VALUATION AND INCOME RECOGNITION

The assets (investments) of the Plan shall be periodically valued at their fair value, but in no event less frequently than annually. Earnings of the investments and the increase or decrease in the value of the investments since the last valuation date shall be allocated to each participant's account balance. Such allocation shall be made by the Plan administrator, in a non-discriminatory manner to recognize each participant's account balance, the timing of participants' withdrawals, and the employer's contributions.

The following is the fair and book value of the investments held by the Plan as of June 30, 2008:

Identity of Issue Borrower, Lessor, or Similar Party	Description of Investment	Fair Value	Book (Cost) Value
Blackrock Fund Tempfund	Money Market	\$ 18,468	\$ 18,468
Vanguard Growth and Income - Admiral Fund	Mutual Fund	60,345	66,903
Vanguard Equity Income - Admiral Fund	Mutual Fund	61,138	69,985
American Century Ginnie Mae Fund	Mutual Fund	19,283	19,284
Dodge and Cox Income Fund	Mutual Fund	65,471	67,673
Goldman Sachs High Yields	Mutual Fund	3,638	3,685
Pimco Total Return Fund-Fund	Mutual Fund	66,649	66,416
Templeton Global Bond Fund	Mutual Fund	8,652	8,385
Vanguard High Yield Corp Adm SHS Fund	Mutual Fund	368	416
Vanguard Short Term Corp Fund - Adm Fund	Mutual Fund	23,781	23,925
Goldman Sachs Growth Opportunities Inst SHS Fund	Mutual Fund	5,164	5,267
Harbor Capital Appreciation Fund	Mutual Fund	79,329	73,760
T Rowe Price Mid Cap Value Fund	Mutual Fund	4,631	5,369
Royce Value Plus Fund	Mutual Fund	420	420
Stratton Small Cap Value Fund	Mutual Fund	8,725	8,302
Vanguard Explorer Fund - Admiral Fund	Mutual Fund	6,129	7,046
Harbor Intl Fund	Mutual Fund	40,816	34,158
Thornburg Intl Value Fund I	Mutual Fund	20,275	18,812
TOTAL		<u>\$ 493,282</u>	<u>\$ 498,274</u>

All interest and dividend income are recorded on the accrual basis.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE B SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING

The financial statements are prepared using the accrual basis of accounting.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to net assets during the reporting period. Actual results could differ from those estimates.

PAYMENTS OF BENEFITS

Benefits are recorded when paid.

NEW ACCOUNTING PRONOUNCEMENTS

**Governmental Accounting Standards Board Statement No. 48**

For the fiscal year ended June 30, 2008 the Plan implemented GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues". The Statement is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also contains provisions that apply to certain situations in which a government does not receive resources but, nevertheless, pledges or commits future cash flows generated by collecting specific future revenues. In addition, this statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues. Implementation of GASB Statement No. 48 did not have an impact on the Plan's basic financial statements for the fiscal year ended June 30, 2008.

**Governmental Accounting Standards Board Statement No. 50**

For the fiscal year ended June 30, 2008, the Authority implemented GASB Statement No. 50, "Pension Disclosures – an Amendment of GASB Statements No. 25 and No. 27". The Statement is effective for periods beginning after June 15, 2007. This Statement establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions.

NOTE C TAX STATUS

The Internal Revenue Service has determined and informed the Authority by a letter dated October 24, 2003, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC).

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE D PLAN TERMINATION

It is the intent of the employer (Authority) to continue the Plan indefinitely and to make contributions required by the Plan. However, the employer (Authority), by action of its Board of Directors, may institute proceedings to effect a partial or total termination of the Plan.

In the event of a partial or total termination of the Plan or a complete discontinuance of contributions, each affected participant shall be automatically 100% vested in his account balance. Such account balances may be distributed under one of the distribution options stated in NOTE A above, as elected by the respective participant, or, at the sole discretion of the Employer (Authority), may be transferred to a successor qualified plan, in accordance with the applicable provisions of the Internal Revenue Code and the regulations issued thereto.

NOTE E CONCENTRATION OF RISK

The Plan invests 96.3% of its assets in mutual funds. More than 12% of its assets were invested in Vanguard Growth and Income Fund, more than 12% of its assets were invested in Vanguard Equity Income Fund, more than 13% of its assets were invested in Dodge and Cox Income Fund, more than 13% of its assets were invested in Pimco Total Return Fund, and more than 16% of its assets were invested in Harbor Capital Appreciation Fund. The remaining assets were invested in twelve different mutual funds (each fund containing less than 10% of the assets of the Plan).

NOTE F INVESTMENTS

The Plan's investments are held by a federal savings bank administered trust fund. The following table presents fair values of instruments that represent 5 percent or more of the Plan's net assets.

ASSETS HELD FOR INVESTMENT PURPOSES

Investments at Fair Value as determined by Quoted Market Price	June 30, 2008
Vanguard Growth & Income - Admiral Fund	\$ 60,345
Vanguard Equity Income Adm Fund	61,138
Dodge & Cox Income Fund	65,471
Pimco Total Return Fd - Inst Fund	66,649
Harbor Capital Appreciation Fund	79,329
Harbor Intl Fund	40,816
Total	\$ 373,747

NOTE G EMPLOYEE LOANS

Employee loans are not permitted by this Plan.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE H COMPENSATION

The total payroll used for the calculation of the contribution amount (which is also the total payroll for the Authority) for the fiscal year ended June 30, 2008 was \$1,786,920. The required contribution for the fiscal year ended June 30, 2008 was \$146,232, which included an adjustment for the fiscal year ended June 30, 2007 of \$3,278. The actual contribution made for the fiscal year ended June 30, 2008 was \$122,434. The variance between the required and the actual contribution was due to forfeitures of \$23,798. The required contribution amount is 8% of the total covered payroll. The actual contribution amount is 6.9% of the total covered payroll. All eligible employees are covered under the Plan. For the fiscal year ended June 30, 2008, membership was as follows:

Active Employees	Terminated Employees with Balances	Ineligible Employees	Total
41	1	1	43

NOTE I ADMINISTRATIVE

The employer (Authority) shall have full power to administer the Plan and to construe, interpret, and apply all of its provisions, as hereinafter provided. Any action taken by the employer (Authority) in the exercise of authority conferred upon it by this Plan shall be conclusive and binding upon the participants, as well as upon any employee or any person who is in any way affected by said action.

The employer (Authority), by action of its Board of Directors, reserves the right to amend or modify the Plan, retroactively or otherwise, at any time, in any respect consistent with the requirements and regulations of the Internal Revenue Code, as amended from time to time, and regulations promulgated thereunder.

NOTE J NET APPRECIATION IN FAIR VALUE OF INVESTMENTS

The net appreciation in fair value of investments, including realized and unrealized gains and losses on investments during the fiscal year ended June 30, 2008, was as follows:

Mutual Funds	\$ (39,359)
Total	\$ (39,359)

SUPPLEMENTARY INFORMATION

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT THE END OF THE FISCAL YEAR  
JUNE 30, 2008

Identity of Issue Borrower, Lessor, or Similar Party	Description of Investment	Current Fair Value
Blackrock Fund Tempfund	Money Market	\$ 18,468
Vanguard Growth and Income - Admiral Fund	Mutual Fund	60,345
Vanguard Equity Income - Admiral Fund	Mutual Fund	61,138
American Century Ginnie Mae Fund	Mutual Fund	19,283
Dodge and Cox Income Fund	Mutual Fund	65,471
Goldman Sachs High Yields	Mutual Fund	3,638
Pimco Total Return Fund-Fund	Mutual Fund	66,649
Templeton Global Bond Fund	Mutual Fund	8,652
Vanguard High Yield Corp Adm SHS Fund	Mutual Fund	368
Vanguard Short Term Corp Fund - Adm Fund	Mutual Fund	23,781
Goldman Sachs Growth Opportunities Inst SHS Fund	Mutual Fund	5,164
Harbor Capital Appreciation Fund	Mutual Fund	79,329
T Rowe Price Mid Cap Value Fund	Mutual Fund	4,631
Royce Value Plus Fund	Mutual Fund	420
Stratton Small Cap Value Fund	Mutual Fund	8,725
Vanguard Explorer Fund - Admiral Fund	Mutual Fund	6,129
Harbor Intl Fund	Mutual Fund	40,816
Thornburg Intl Value Fund I	Mutual Fund	20,275
TOTAL		<u>\$ 493,282</u>