

COUNTY OF SAN DIEGO
IN-HOME SUPPORTIVE SERVICES
PUBLIC AUTHORITY

MONEY PURCHASE PENSION PLAN

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

JUNE 30, 2009

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

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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, 2009, and the related statements of changes in net assets available for benefits for the fiscal year ended June 30, 2009. 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, 2009, and the related changes in net assets available for benefits for the fiscal year ended June 30, 2009 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, 2008, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

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.

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 15, 2009

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, 2009
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008)

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash	\$ 221	\$ 166
Investments (Notes B and F)	592,834	493,282
Receivable from IHSS (Note A)	1,334	1,125
Employer's contribution receivable	<u>34,502</u>	<u>42,334</u>
<u>TOTAL ASSETS</u>	<u>628,891</u>	<u>536,907</u>
<u>LIABILITIES</u>		
Accrued expenses (Note A)	<u>1,334</u>	<u>1,125</u>
<u>TOTAL LIABILITIES</u>	<u>1,334</u>	<u>1,125</u>
<u>NET ASSETS AVAILABLE FOR BENEFITS</u>	<u>\$ 627,557</u>	<u>\$ 535,782</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, 2009
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)

<u>ADDITIONS TO NET ASSETS ATTRIBUTED TO:</u>	<u>2009</u>	<u>2008</u>
Investment income (including unrealized loss of \$48,887)	\$ (29,154)	\$ (8,926)
Realized gain (loss)	(17,668)	(1,447)
Employer contributions (Notes A and H)	142,803	122,434
Deposit for plan fees and expenses (Note A)	<u>4,656</u>	<u>4,252</u>
 <u>TOTAL ADDITIONS</u>	 <u>100,637</u>	 <u>116,313</u>
 <u>DEDUCTIONS TO NET ASSETS ATTRIBUTED TO:</u>		
Administrative expenses (Note A)	4,656	4,252
Benefits paid directly to participants (Note A)	<u>4,206</u>	<u>5,182</u>
 <u>TOTAL DEDUCTIONS</u>	 <u>8,862</u>	 <u>9,434</u>
 <u>NET INCREASE</u>	 91,775	 106,879
 <u>NET ASSETS AVAILABLE FOR BENEFITS:</u>		
Beginning of fiscal year	<u>535,782</u>	<u>428,903</u>
End of fiscal year	<u>\$ 627,557</u>	<u>\$ 535,782</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, 2009

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, 2009, \$4,656 of expenses (which includes \$1,334 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, 2009

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, 2009 were \$4,206.

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, 2009:

Identity of Issue Borrower, Lessor, or Similar Party	Description of Investment	Fair Value	Book (Cost) Value
Blackrock Fund TempFund	Money Market	\$ 19,370	\$ 19,370
Vanguard Growth & Income - Admiral Fund	Mutual Fund	54,674	79,310
Vanguard Equity Income Adm Fund	Mutual Fund	88,459	112,146
American Century Ginnie Mae Fund	Mutual Fund	39,058	38,059
Goldman Sachs High Yields	Mutual Fund	10,923	11,211
Pimco Total Return Fund - Inst Fund	Mutual Fund	78,488	78,728
Pimco Investment GRD Corp.	Mutual Fund	46,663	42,947
Templeton Global Bond Fund	Mutual Fund	12,734	12,063
Vanguard Short Term Corp Fund - Adm Fund	Mutual Fund	27,987	28,721
Goldman Sachs Growth Opportunities Inst SHS Fund	Mutual Fund	19,642	16,433
Harbor Capital Appreciation Fund	Mutual Fund	72,541	82,049
T Rowe Price Mid Cap Value Fund	Mutual Fund	22,606	18,557
Royce Value Plus Fund	Mutual Fund	12,733	12,512
Stratton Small Cap Value Fund	Mutual Fund	14,381	14,942
Harbor Intl Fund	Mutual Fund	46,968	50,673
Thornburg Intl Value Fund I	Mutual Fund	25,607	27,835
TOTAL		<u>\$ 592,834</u>	<u>\$ 645,556</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, 2009

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. 49

For the fiscal year ended June 30, 2009 the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." The Statement is effective for periods beginning after December 15, 2007. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of net assets, such as landfill closure and postclosure care and nuclear power plant decommissioning. Implementation of GASB Statement No. 49 did not have an impact on the Plan's basic financial statements for the fiscal year ended June 30, 2009.

Governmental Accounting Standards Board Statement No. 52

For the fiscal year ended June 30, 2009, the Authority implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments". The Statement is effective for periods beginning after June 15, 2008. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. Implementation of GASB Statement No. 52 did not have an impact on the Plan's financial statements for the fiscal year ended June 30, 2009.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE B SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Governmental Accounting Standards Board Statement No. 55

For the fiscal year ended June 30, 2009, the Authority implemented GASB Statement No. 55, "The hierarchy of Generally Accepted Accounting Principles for State and Local Governments". The Statement is effective as of April 2, 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. Implementation of GASB Statement No. 55 did not have an impact on the Plan's financial statements for the fiscal year ended June 30, 2009.

Governmental Accounting Standards Board Statement No. 56

For the fiscal year ended June 30, 2009, the Authority implemented GASB Statement No. 56, "Codification of Accounting and Financing Reporting Guidance Contained in the AICPA Statements of Auditing Standards". The Statement is effective as of April 16, 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. Implementation of GASB Statement No. 56 did not have an impact on the Plan's financial statements for the fiscal year ended June 30, 2009.

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).

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/her 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.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE E CONCENTRATION OF RISK

The Plan invests 91.4% of its net assets in mutual funds. More than 14% of its net assets were invested in Vanguard Equity Income Fund, more than 13% of its net assets were invested in Pimco Total Return Fund, and more than 12% of its net assets were invested in Harbor Capital Appreciation Fund. The remaining assets were invested in thirteen different mutual funds (each fund containing less than 10% of the net 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, 2009
Vanguard Growth & Income - Admiral Fund	\$ 54,674
Vanguard Equity Income Adm Fund	88,459
American Century Ginnie Mae Fund	39,058
Pimco Total Return Fd - Inst Fund	78,488
Pimco Investment GRD Corp.	46,663
Harbor Capital Appreciation Fund	72,541
Harbor Intl Fund	46,968
Total	\$ 426,851

NOTE G EMPLOYEE LOANS

Employee loans are not permitted by this Plan.

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, 2009 was \$1,803,569. The required contribution for the fiscal year ended June 30, 2009 was \$144,286. The actual contribution made for the fiscal year ended June 30, 2009 was \$142,802. The variance between the required and the actual contribution was due to forfeitures of \$1,484. The required contribution amount is 8% of the total covered payroll. The actual contribution amount is 7.9% of the total covered payroll. All eligible employees are covered under the Plan. For the fiscal year ended June 30, 2009, participation was as follows:

Active Employees	Terminated Employees with Balances	Ineligible Employees	Total
41	3	1	45

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 DEPRECIATION IN FAIR VALUE OF INVESTMENTS

The net depreciation in fair value of investments, including realized and unrealized gains and losses on investments during the fiscal year ended June 30, 2009, was as follows:

Mutual Funds	<u>\$ (66,555)</u>
Total	<u><u>\$ (66,555)</u></u>

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, 2009

<u>Identity of Issue Borrower, Lessor, or Similar Party</u>	<u>Description of Investment</u>	<u>Current Fair Value</u>
Blackrock Fund TempFund	Money Market	\$ 19,370
Vanguard Growth & Income - Admiral Fund	Mutual Fund	54,674
Vanguard Equity Income Adm Fund	Mutual Fund	88,459
American Century Ginnie Mae Fund	Mutual Fund	39,058
Goldman Sachs High Yields	Mutual Fund	10,923
Pimco Total Return Fund - Inst Fund	Mutual Fund	78,488
Pimco Investment GRD Corp.	Mutual Fund	46,663
Templeton Global Bond Fund	Mutual Fund	12,734
Vanguard Short Term Corp Fund - Adm Fund	Mutual Fund	27,987
Goldman Sachs Growth Opportunities Inst SHS Fund	Mutual Fund	19,642
Harbor Capital Appreciation Fund	Mutual Fund	72,541
T Rowe Price Mid Cap Value Fund	Mutual Fund	22,606
Royce Value Plus Fund	Mutual Fund	12,733
Stratton Small Cap Value Fund	Mutual Fund	14,381
Harbor Intl Fund	Mutual Fund	46,968
Thornburg Intl Value Fund I	Mutual Fund	25,607
TOTAL		<u>\$ 592,834</u>