

COUNTY OF SAN DIEGO
IN-HOME SUPPORTIVE SERVICES
PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED

JUNE 30, 2011

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
SUPPLEMENTAL INFORMATION:	
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

COMMERCIAL ACCOUNTING & TAX SERVICES

9107 WILSHIRE BLVD. SUITE 500
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
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 financial statement of net assets available for benefits of the COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY MONEY PURCHASE PENSION PLAN (Plan), as of June 30, 2011, and the related financial statement of changes in net assets available for benefits for the fiscal year 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 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 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 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan, as of June 30, 2011, and the related changes in net assets available for benefits for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets Held for Investment Purposes is presented for purposes of additional analysis and is not a required part of the financial statements. This supplementary information is the responsibility of the Plan's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
November 3, 2011

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, 2011
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2010)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash	\$ -	\$ 32,975
Investments (Notes B and F)	1,148,508	775,107
Receivable from IHSS (Note A)	2,488	1,818
Employer's contribution receivable	40,372	41,515
<u>TOTAL ASSETS</u>	<u>1,191,368</u>	<u>851,415</u>
<u>LIABILITIES</u>		
Accrued expenses (Note A)	2,488	1,818
<u>TOTAL LIABILITIES</u>	<u>2,488</u>	<u>1,818</u>
<u>NET ASSETS AVAILABLE FOR BENEFITS</u>	<u>\$ 1,188,880</u>	<u>\$ 849,597</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, 2011
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)

<u>ADDITIONS TO NET ASSETS ATTRIBUTED TO:</u>	<u>2011</u>	<u>2010</u>
Investment income (including unrealized gain of \$111,533 for 2011)	\$ 147,984	\$ 64,410
Realized gain (loss)	25,676	14,168
Employer contributions (Notes A and H)	169,372	143,515
Deposit for plan fees and expenses (Note A)	<u>9,229</u>	<u>6,984</u>
 <u>TOTAL ADDITIONS</u>	 <u>352,261</u>	 <u>229,077</u>
 <u>DEDUCTIONS TO NET ASSETS ATTRIBUTED TO:</u>		
Administrative expenses (Note A)	9,229	6,984
Benefits paid directly to participants (Note A)	<u>3,749</u>	<u>53</u>
 <u>TOTAL DEDUCTIONS</u>	 <u>12,978</u>	 <u>7,037</u>
 <u>NET INCREASE</u>	 339,283	 222,040
 <u>NET ASSETS AVAILABLE FOR BENEFITS:</u>		
Beginning of fiscal year	<u>849,597</u>	<u>627,557</u>
End of fiscal year	<u>\$ 1,188,880</u>	<u>\$ 849,597</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, 2011

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 \$245,000, as adjusted by the Secretary of the Treasury under Section 401(a)(17) of the Code) including compensation paid during the introductory period. Employee voluntary contributions are not 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, 2011, \$9,229 of expenses (which includes \$2,488 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, 2011

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 lifetime 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, 2011 were \$3,749.

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.

Interest and dividend income is recorded on the accrual basis.

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.

NOTE C TAX STATUS

The Internal Revenue Service has determined and informed the Authority by a letter dated September 23, 2010, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable provisions of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements. The Plan is subject to examination by the Internal Revenue Service.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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.

NOTE E CONCENTRATION OF RISK

The Plan invests all of its funds in mutual funds. More than 14% of its investments were invested in Vanguard Equity Income Fund, more than 15% of its investments were invested in Pimco Total Return Fund, and more than 9% of its investments were invested in Harbor Capital Appreciation Fund #12 and Hartford Capital Appreciation Fund – I, respectively. The remaining assets were invested in eighteen different mutual funds (each fund representing less than 10% of the net assets of the Plan).

NOTE F INVESTMENTS

The Plan adopted Fair Value Measurements (“*FASB Codification 820-10-05*”) which establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE F INVESTMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds: Valued at net asset value ("NAV") of shares held by the Plan at the end of the fiscal year.

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of June 30, 2011.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 1,148,508	\$ -	\$ -	\$ 1,148,508
Total Assets at Fair Value	<u>\$ 1,148,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,148,508</u>

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

<u>Investments at Fair Value as determined by Quoted Market Price</u>	<u>June 30, 2011</u>
Vanguard Equity Income Adm Fund	\$ 160,816
American Century Ginnie Mae Fund	64,433
Pimco Total Return Fund - Inst Fund	172,852
Pimco Investment GRD Corp.	95,678
Harbor Capital Appreciation Fund #12	112,234
Hartford Capital Appreciation Fund - I	112,316
Total	<u>\$ 718,329</u>

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, 2011

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, 2011 was \$2,138,668. The required contribution for the fiscal year ended June 30, 2011 was \$171,093. The actual contribution made for the fiscal year ended June 30, 2011 was \$169,372. The variance between the required and the actual contribution was due to forfeitures of \$1,721. 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, 2011, participation was as follows:

<u>Active Employees</u>	<u>Employees with Balances</u>	<u>Ineligible Employees</u>	<u>Total</u>
46	2	-	48

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, 2011, was as follows:

Mutual Funds	\$ 137,209
Total	\$ 137,209

NOTE K PLAN MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

In preparing the accompanying financial statement, Plan management has reviewed all known events that have occurred after June 30, 2011, and through November 3, 2011, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

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, 2011

Identity of Issue Borrower, Lessor, or Similar Party	Description of Investment	Current Fair Value	Book (Cost) Value
Blackrock Fund Tempfund	Mutual Fund	\$ 33,361	\$ 33,361
Vanguard Equity Income Adm Fund	Mutual Fund	160,816	130,785
American Century Ginnie Mae Fund	Mutual Fund	64,433	62,061
Pimco Total Return Fund - Inst Fund	Mutual Fund	172,852	168,525
Pimco Investment GRD Corp	Mutual Fund	95,678	91,796
Templeton Global Bond Fd - AD	Mutual Fund	29,194	26,293
Vanguard Short Term Corp Fund - Adm Fund	Mutual Fund	52,371	51,679
Goldman Sachs Growth Opportunities Inst SHS Fund	Mutual Fund	33,187	21,454
Harbor Capital Appreciation Fund #12	Mutual Fund	112,234	86,244
Hartford Capital Appreciation Fund - I	Mutual Fund	112,316	96,104
T Rowe Price Mid Cap Value Fund	Mutual Fund	33,381	22,529
Royce Value Plus Fund - SV	Mutual Fund	9,470	6,709
Stratton Small Cap Value FD	Mutual Fund	14,415	9,414
Columbia Intl Value Fund-Z Fund	Mutual Fund	27,794	26,249
Harbor Intl Fund	Mutual Fund	26,243	15,543
JPMorgan Emerging Mkt Eq Inst	Mutual Fund	14,027	13,871
MFS International Value Fund	Mutual Fund	28,430	24,104
Thornburg Intl Value Fund - I	Mutual Fund	24,457	16,660
Goldman Sachs Commodity Strategy	Mutual Fund	24,167	25,309
SPDR Gold Trust	Mutual Fund	26,864	25,372
Cohen & Street Realty Shares	Mutual Fund	27,069	25,593
Pimco All Asset Fund	Mutual Fund	25,749	25,461
		<u>\$ 1,148,508</u>	<u>\$ 1,005,116</u>