

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

JUNE 30, 2012

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

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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), as of June 30, 2012 and 2011, and the related 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 audits 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, 2012 and 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  
October 31, 2012

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, 2012 and JUNE 30, 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Investments	\$ 1,343,912	\$ 1,148,508
Receivable from IHSS	2,894	2,488
Employer's contribution receivable	41,871	40,372
<u>TOTAL ASSETS</u>	<u>1,388,677</u>	<u>1,191,368</u>
<u>LIABILITIES</u>		
Accrued expenses	<u>2,894</u>	<u>2,488</u>
<u>TOTAL LIABILITIES</u>	<u>2,894</u>	<u>2,488</u>
<u>NET ASSETS AVAILABLE FOR BENEFITS</u>	<u>\$ 1,385,783</u>	<u>\$ 1,188,880</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, 2012

<u>ADDITIONS TO NET ASSETS ATTRIBUTED TO:</u>	<u>2012</u>
Investment income (including unrealized gain of \$7,222)	\$ 30,005
Realized gain (loss)	(5,414)
Employer contributions	172,371
Deposit for plan fees and expenses	<u>10,783</u>
 <u>TOTAL ADDITIONS</u>	 <u>207,745</u>
 <u>DEDUCTIONS TO NET ASSETS ATTRIBUTED TO:</u>	
Administrative expenses	10,783
Benefits paid directly to participants	<u>59</u>
 <u>TOTAL DEDUCTIONS</u>	 <u>10,842</u>
 <u>NET INCREASE</u>	 196,903
 <u>NET ASSETS AVAILABLE FOR BENEFITS:</u>	
Beginning of fiscal year	<u>1,188,880</u>
End of fiscal year	<u><u>\$ 1,385,783</u></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, 2012

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, 2012, \$10,783 of expenses (which includes \$2,894 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, 2012

NOTE A PLAN DESCRIPTION (CONTINUED)

6. Payment of benefits Upon termination of service, attainment of normal retirement age, or total and permanent disability, 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, 2012 were \$59.

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.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE C TAX STATUS (CONTINUED)

Generally accepted accounting principles require the evaluation of tax positions taken by the Plan and recognition of a tax liability if the Plan has taken an uncertain tax position that is not more likely than not to be sustained upon examination by the IRS. The Sponsor, on behalf of the Plan, has analyzed the tax positions taken by the Plan, and has concluded that as of June 30, 2012 there are no uncertain tax positions that would require recognition of a liability or disclosure in the financial statements.

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 more than 97 percent of its funds in mutual funds. The other 3% is in the SPDR Gold Trust – Exchange Traded Fund. About 11% of its investments were invested in Vanguard Equity Income Fund, 15% of its investments were invested in Pimco Total Return Fund, 10% in the Harbor Capital Appreciation Fund #12 and 13% in the Hartford Capital Appreciation Fund – I, respectively. The remaining assets were invested in eighteen different mutual funds (each fund representing less than 9% 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.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE F INVESTMENTS (CONTINUED)

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.

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.

*Exchange Traded 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, 2012	Level 1	Level 2	Level 3	Total
<u>Mutual Funds and Exchange Traded Funds</u>				
Short Term Investment Fund	\$ 41,317	\$ -	\$ -	\$ 41,317
Balanced Funds	141,488			141,488
Fixed Income Funds	480,372			480,372
Equity Funds	459,058			459,058
International Equity Funds	122,601			122,601
Commodities Fund	37,927			37,927
Alternative Strategies Fund	61,149			61,149
Total Assets at Fair Value	<u>\$ 1,343,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,343,912</u>

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE F INVESTMENTS (CONTINUED)

June 30, 2011	Level 1	Level 2	Level 3	Total
<u>Mutual Funds and Exchange Traded Funds</u>				
Short Term Investment Fund	\$ 33,361	\$ -	\$ -	\$ 33,361
Balanced Funds	160,816			160,816
Fixed Income Funds	414,528			414,528
Equity Funds	315,004			315,004
International Equity Funds	120,951			120,951
Commodities Fund	51,030			51,030
Alternative Strategies Fund	52,818			52,818
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. The 5 percent is determined by comparing the current value of the holding at June 30, 2012 with the value of the plan assets at the beginning of the plan year.

ASSETS HELD FOR INVESTMENT PURPOSES

Investments at Fair Value as determined by Quoted Market Price	June 30, 2012
Vanguard Equity Income Adm Fund	\$ 141,488
Vanguard Short Term Corp Fund - Adm Fund	59,858
American Century Ginnie Mae Fund	76,272
Pimco Total Return Fund - Inst Fund	199,065
Pimco Investment GRD Corp.	96,481
Harbor Capital Appreciation Fund #12	139,689
Hartford Capital Appreciation Fund - I	180,355
	<u>\$ 893,208</u>

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, 2012 was \$2,188,367. The required contribution for the fiscal year ended June 30, 2012 was \$175,069. The actual contribution made for the fiscal year ended June 30, 2012 was \$172,371. The variance between the required and the actual contribution was due to forfeitures of \$2,698. 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.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE H COMPENSATION (CONTINUED)

For the fiscal year ended June 30, 2012, participation was as follows:

Active Employees	Terminated Employees with Balances	Ineligible Employees	Total
45	5	2	52

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 (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, 2012, was as follows:

Mutual Funds and Exchange Traded Funds	\$ (12,637)
Total	\$ (12,637)

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, 2012, and through September 30, 2012, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

NOTE L PARTIES-IN-INTEREST

Certain Plan investments are shares of mutual funds managed by First American Trust as defined by the Plan and therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services are reimbursed by the Authority and totaled \$10,783. Other parties-in-interest are Epler Company who is the third party administrator who received no fees paid by the Plan as these fees are paid by the Authority and Moss, Levy & Hartzheim, LLP who received \$6,450 who performed the statutory audit of the Plan and whose fees are also paid by the Authority.

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, 2012

Identity of Issue Borrower, Lessor, or Similar Party	Description of Investment	Current Fair Value	Book (Cost) Value
Blackrock Fund Tempfund	Mutual Fund	\$ 41,317	\$ 41,317
Vanguard Equity Income Adm Fund	Mutual Fund	141,488	108,202
American Century Ginnie Mae Fund	Mutual Fund	76,272	73,289
Pimco Total Return Fund - Inst Fund #35	Mutual Fund	199,065	190,488
Pimco Investment GRD Corp	Mutual Fund	96,481	94,014
Goldman Sachs High Yields - Ins	Mutual Fund	24,204	23,899
Templeton Global Bond Fd - AD #616	Mutual Fund	24,492	25,267
Vanguard Short Term Corp Fund - Adm Fund #539	Mutual Fund	59,858	59,239
Goldman Sachs Growth Opportunities Inst SHS Fund	Mutual Fund	36,012	25,255
Harbor Capital Appreciation Fund #12	Mutual Fund	139,689	110,687
Hartford Capital Appreciation Fund - I	Mutual Fund	180,355	174,354
T Rowe Price Mid Cap Value Fund #115	Mutual Fund	42,625	35,524
Royce Value Plus Fund - SV	Mutual Fund	30,015	27,329
Stratton Small Cap Value FD	Mutual Fund	30,362	25,121
Columbia Intl Value Fund-Z Fund #461	Mutual Fund	22,423	25,251
Harbor Intl Fund	Mutual Fund	28,285	21,436
JPMorgan Emerging Mkt Eq Inst	Mutual Fund	12,152	12,481
MFS International Value Fund	Mutual Fund	34,564	31,296
Thornburg Intl Value Fund - I	Mutual Fund	25,177	22,377
Goldman Sachs Commodity Strategy - INS	Mutual Fund	6,889	7,626
Cohen & Steers Realty Shares	Mutual Fund	30,758	27,272
Pimco All Asset Fund	Mutual Fund	30,391	31,146
SPDR Gold Trust	Exchange Traded Fund	31,038	28,764
		<u>\$ 1,343,912</u>	<u>\$ 1,221,634</u>