

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

FINANCIAL STATEMENTS

JUNE 30, 2015

San Diego

Los Angeles

**San Francisco
Bay Area**

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
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FOR THE YEAR ENDED JUNE 30, 2015**

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INDEPENDENT AUDITORS' REPORT

Governing Board
County of San Diego In-Home Supportive Services Public Authority
Money Purchase Pension Plan
San Diego, California

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Report on the Financial Statements

We have audited the accompanying financial statements of the County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan (Plan), as of and for the year ended June 30, 2015, which comprise the statement of net assets available for benefits as of June 30, 2015, and the related statement of changes in net assets available for benefits for the year ended June 30, 2015, and the related notes to the financial statements.

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 opinions 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 from 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 entity'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 entity's internal control. Accordingly, we express no such opinion.

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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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits as of June 30, 2015, and the related changes in net assets available for benefits or the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan's basic financial statements. The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan's financial statements for the year ended June 30, 2014, from which such partial information was derived.

Christy White Associates

San Diego, California
October 2, 2015

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
JUNE 30, 2015 WITH COMPARATIVE TOTALS AS OF JUNE 30, 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Investments	\$ 2,205,253	\$ 1,980,826
Receivable from IHSS	4,459	4,089
Employer's contribution receivable	48,232	50,008
Total Assets	<u>2,257,944</u>	<u>2,034,923</u>
 LIABILITIES		
Accrued expenses	4,459	4,089
Total Liabilities	<u>4,459</u>	<u>4,089</u>
 NET ASSETS AVAILABLE FOR BENEFITS	 <u>\$ 2,253,485</u>	 <u>\$ 2,030,834</u>

The accompanying notes are an integral part of these 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 YEAR ENDED JUNE 30, 2015**

ADDITIONS TO NET ASSETS ATTRIBUTED TO:	<u>2015</u>
Investment income (including unrealized loss of \$105,343)	\$ 60,572
Employer contributions	198,232
Deposit for plan fees and expenses	<u>17,189</u>
Total Additions	<u>275,993</u>
 DEDUCTIONS TO NET ASSETS ATTRIBUTED TO:	
Realized loss	10,892
Administrative expenses	17,189
Benefits paid directly to participants	<u>25,261</u>
Total Deductions	<u>53,342</u>
 Net Increase	 222,651
 NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of fiscal year	<u>2,030,834</u>
 End of fiscal year	 <u>\$ 2,253,485</u>

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

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – 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.

General

The plan is 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.

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e. both measurable and available. "Available" means collectible within the current period or within 30 days after year-end. Expenditures are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt, if any, is recognized when due.

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 \$260,000, 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.

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 of 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 vested account.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015**

NOTE 1 – PLAN DESCRIPTION (continued)

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 year but less than 3	40%
3 year but less than 4	60%
4 year but less than 5	80%
5 or more years	100%

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 the 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), 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 the Plan assets, unless the employer (Authority) agrees to pay such expenses, including reasonable legal and actuarial expenses. For the fiscal year ended June 30, 2015, \$17,189 of expenses (which includes \$4,459 of accrued expenses) was incurred by the Plan, which was paid by the Authority.

Payment of benefits

Upon termination of services or total and permanent disability, a participant may elect to receive 1) a lump sum distribution equal to his or her vested 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. The lifetime annuity is only available to participants with a vested account balance greater than \$5,000. Total distributions paid during the fiscal year ended June 30, 2015 were \$25,261.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 2 – 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 evaluation 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.

Payment of Benefits

Benefits are recorded when paid.

NOTE 3 – TAX STATUS

The Internal Revenue Service has determined and informed the Authority by a letter dated November 21, 2014, 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.

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 position taken by the Plan, and has concluded that as of June 30, 2015, there are no uncertain tax positions that would require recognition of a liability or disclosure in the financial statements.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2015

NOTE 4 – 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 1 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 5 – CONCENTRATION OF RISK

The Plan invests all of its funds in mutual funds. About 19% of its investments were invested in Vanguard Equity Income Fund, 10% of its investments were invested in Pimco Total Return Fund, 10% of its investments were invested in Harbor Capital Appreciation Fund – 1, and 10% of its investments were invested in Hartford Capital Appreciation Fund – I, respectively. The remaining assets were invested in eighteen different mutual funds (each fund representing less than 8% of the net assets of the Plan).

NOTE 6 – 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 a fair value measurements. The 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.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 6 – INVESTMENTS (continued)

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 a 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, 2015	Level 1	Level 2	Level 3	Total
Mutual Funds and Exchange Traded Funds				
Short Term Investment Funds	\$ 70,984	\$ -	\$ -	\$ 70,984
Balanced Funds	411,437	-	-	411,437
Fixed Income Funds	804,432	-	-	804,432
Equity Funds	625,060	-	-	625,060
International Equity Funds	243,243	-	-	243,243
Alternative Strategies Fund	50,097	-	-	50,097
Total Assets at Fair Value	\$ 2,205,253	\$ -	\$ -	\$ 2,205,253

June 30, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds and Exchange Traded Funds				
Short Term Investment Funds	\$ 61,512	\$ -	\$ -	\$ 61,512
Balanced Funds	343,868	-	-	343,868
Fixed Income Funds	714,998	-	-	714,998
Equity Funds	594,342	-	-	594,342
International Equity Funds	210,502	-	-	210,502
Commodities Fund	18,586	-	-	18,586
Alternative Strategies Fund	36,926	-	-	36,926
Cash	92	-	-	92
Total Assets at Fair Value	\$ 1,980,826	\$ -	\$ -	\$ 1,980,826

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 6 – INVESTMENTS (continued)

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, 2015 with the value of the plan assets at the beginning of the plan year.

Investments at Fair Value as Determined by Quoted Market Price	June 30, 2015
VANGUARD EQUITY INCOME-ADM	\$ 411,437
AMERICAN CENTURY GNMA FD-INV	115,576
JPMORGAN CORE BOND-SEL	160,196
PIMCO TOTAL RETURN FUND-INST	222,322
PIMCO INVESTMENT GRD CORP-INST	154,445
HARBOR CAPITAL APPRECIATION-I	215,461
HARTFORD CAPITAL APPRECIATION-I	214,028
Total	<u>\$ 1,493,465</u>

NOTE 7 – EMPLOYEE LOANS

Employee loans are not permitted by this plan.

NOTE 8 – COMPENSATION

The total payroll used for the calculations of the contribution amount for the fiscal year ended June 30, 2015 was \$2,606,216. The required contribution for the fiscal year ended June 30, 2015 was \$208,497. The actual contribution made for the fiscal year ended June 30, 2015 was \$198,232. The variance between the required and the actual contribution was due to forfeitures of \$10,265. The required contribution amount is 8% of the total covered payroll. The actual contribution amount is 7.6% of the total covered payroll. All eligible employees are covered under the Plan.

For the fiscal year ended June 30, 2015, participation was as follows:

Active Employees	Terminated Employees with Balances	Ineligible Employees	Total
47	4	2	53

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 9 – 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 requirements and regulations of the Internal Revenue Code, as amended from time to time, and regulations promulgated thereunder.

NOTE 10 – NET APPRECIATION (DEPRECIATION) IN FAIR VALUE INVESTMENTS

The net appreciation (depreciation) in fair value of investments, including realized and unrealized gains and losses on investments during the fiscal year ended June 30, 2015, was as follows:

Mutual Funds and Exchange Traded Funds	<u>\$ (116,235)</u>
Total	<u>\$ (116,235)</u>

NOTE 11 – PLAN MANAGEMENT’S REVIEW OF SUBSEQUENT EVENTS

In preparing the accompanying financial statements, Plan management has reviewed all known events that have occurred after June 30, 2015, and through September 4, 2015, the date when these financial statements were available to be issued, for inclusion in the financial statements and footnotes.

NOTE 12 – 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 \$17,189. Other parties-in-interest are Nyhart (formerly Epler Company) who is the third party administrator who received no fees paid by the Plan as these fees are 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
JUNE 30, 2015

Identity of Issue Borrower, Lessor, or Similar Party	Description of Investment	Current Fair Value	Book (Cost) Value
BLACKROCK LIQ FD TEMPFUND-I	Mutual Fund	\$ 70,984	\$ 70,984
VANGUARD EQUITY INCOME-ADM	Mutual Fund	411,437	340,669
AMERICAN CENTURY GNMA FD-INV	Mutual Fund	115,576	116,855
GOLDMAN SACHS HIGH YIELD-I	Mutual Fund	23,462	24,991
JPMORGAN CORE BOND-SEL	Mutual Fund	160,196	162,257
PIMCO TOTAL RETURN FUND-INST	Mutual Fund	222,322	230,497
PIMCO INVESTMENT GRD CORP-INST	Mutual Fund	154,445	158,761
TEMPLETON GLOBAL BOND-ADV	Mutual Fund	47,574	51,360
VANGUARD S/T INVEST GR-ADM	Mutual Fund	80,857	81,743
GOLDMAN SACHS GRTH OPP-I	Mutual Fund	23,915	22,018
HARBOR CAPITAL APPRECIATION-I	Mutual Fund	215,461	157,518
HARTFORD CAPITAL APPRECIATION-I	Mutual Fund	214,028	187,291
T ROWE PRICE MID-CAP VAL	Mutual Fund	84,593	77,516
ROYCE SMALLER COM GRWTH FUND SEV CLASS	Mutual Fund	35,062	30,639
STRATTON SMALL CAP VALUE	Mutual Fund	52,002	39,649
HARBOR INTERNATIONAL-INST	Mutual Fund	23,194	23,867
JPMORGAN EMRG MRKT EQ-INST	Mutual Fund	36,014	37,003
MFS INTL VALUE FD-I	Mutual Fund	54,203	48,404
TEMPLETON FOREIGN FUND-ADVSR	Mutual Fund	62,723	71,348
THORNBURG INTL VALUE FD-I	Mutual Fund	67,108	59,866
COHEN & STEERS REALTY SHARES	Mutual Fund	27,597	29,639
PIMCO ALL ASSET FUND-INST	Mutual Fund	22,500	24,004
		\$ 2,205,253	\$ 2,046,879

Note: See Note 12 to the financial statements for parties-in-interest