

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

FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016**

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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 statement of plan net position of the County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan (Plan), as of June 30, 2016, and the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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.

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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 financial position of the Plan as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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, 2015, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2016 on our consideration of the County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
October 12, 2016

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
STATEMENT OF PLAN NET POSITION
JUNE 30, 2016 WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Investments	\$ 2,396,636	\$ 2,205,253
Receivable from IHSS	4,770	4,459
Employer's contribution receivable	32,160	48,232
Total Assets	<u>2,433,566</u>	<u>2,257,944</u>
 LIABILITIES		
Accrued expenses	4,770	4,459
Total Liabilities	<u>4,770</u>	<u>4,459</u>
 PLAN NET POSITION	 <u>\$ 2,428,796</u>	 <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
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

ADDITIONS TO PLAN NET POSITION ATTRIBUTED TO:	<u>2016</u>
Investment income (including unrealized loss of \$28,989)	\$ 106,497
Employer contributions	201,060
Deposit for plan fees and expenses	<u>18,228</u>
Total Additions	<u>325,785</u>
 DEDUCTIONS TO PLAN NET POSITION ATTRIBUTED TO:	
Realized loss	54,958
Administrative expenses	18,228
Benefits paid directly to participants	<u>77,288</u>
Total Deductions	<u>150,474</u>
Change in Plan Net Position	175,311
 PLAN NET POSITION:	
Beginning of fiscal year	<u>2,253,485</u>
End of fiscal year	<u>\$ 2,428,796</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, 2016**

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 \$265,000, 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, 2016**

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 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%

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, 2016, \$18,228 of expenses (which includes \$4,770 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, 2016 were \$77,288.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2016

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, 2016, 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, 2016

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 22% of its investments were invested in Vanguard Equity Income Fund, 13% of its investments were invested in JP Morgan Core Bond Fund, 8% of its investments were invested in Harbor Capital Appreciation Fund – I, and 8% of its investments were invested in Clearbridge Appreciation Fund – I, respectively. The remaining assets were invested in sixteen different mutual funds (each fund representing less than 8% of the net position of the Plan).

NOTE 6 – INVESTMENTS

The Plan adopted Fair Value Measurements, which establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about 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, 2016

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, 2016	Level 1	Level 2	Level 3	Total
Mutual Funds and Exchange Traded Funds				
Short Term Investment Funds	\$ 75,309	\$ -	\$ -	\$ 75,309
Balanced Funds	528,251	-	-	528,251
Fixed Income Funds	869,797	-	-	869,797
Equity Funds	576,586	-	-	576,586
International Equity Funds	247,949	-	-	247,949
Alternative Strategies Fund	98,744	-	-	98,744
Total Assets at Fair Value	\$ 2,396,636	\$ -	\$ -	\$ 2,396,636

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

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

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, 2016 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, 2016
VANGUARD EQUITY INCOME-ADM	\$ 528,251
AMERICAN CENTURY GNMA FD-INV	128,015
FIDELITY GOVERNMENT SECS FUND	168,400
JPMORGAN CORE BOND-SEL	315,296
PIMCO INVESTMENT GRD CORP-INST	168,776
HARBOR CAPITAL APPRECIATION-I	202,980
CLEARBRIDGE APPRECIATION FUND-I	199,629
Total	<u>\$ 1,711,347</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, 2016 was \$2,543,423. The required contribution for the fiscal year ended June 30, 2016 was \$203,474. The actual contribution made for the fiscal year ended June 30, 2016 was \$201,060. The variance between the required and the actual contribution was due to forfeitures of \$2,414. 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, 2016, participation was as follows:

Active Employees	Terminated Employees with Balances	Ineligible Employees	Total
45	6	2	53

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

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, 2016, was as follows:

Mutual Funds and Exchange Traded Funds	<u>\$ (83,947)</u>
Total	<u>\$ (83,947)</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, 2016, and through October 12, 2016, 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 \$18,228. 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, 2016

Identity of Issue Borrower, Lessor, or Similar Party	Description of Investment	Current Fair Value	Book (Cost) Value
BLACKROCK LIQ FD TEMPFUND-I	Mutual Fund	\$ 75,309	\$ 75,309
VANGUARD EQUITY INCOME-ADM	Mutual Fund	528,251	456,810
AMERICAN CENTURY GNMA FD-INV	Mutual Fund	128,015	128,723
FIDELITY GOVERNMENT SECS FUND	Mutual Fund	168,400	164,972
JPMORGAN CORE BOND-SEL	Mutual Fund	315,296	309,070
PIMCO INVESTMENT GRD CORP-INST	Mutual Fund	168,776	172,099
VANGUARD S/T INVEST GR-ADM	Mutual Fund	89,310	89,228
GOLDMAN SACHS GRTH OPP-I	Mutual Fund	21,032	22,832
HARBOR CAPITAL APPRECIATION-I	Mutual Fund	202,980	182,386
CLEARBRIDGE APPRECIATION FUND-I	Mutual Fund	199,629	197,202
T ROWE PRICE MID-CAP VAL	Mutual Fund	74,384	75,308
ROYCE SMALLER COM GRWTH FUND SEV CLASS	Mutual Fund	27,640	33,775
STRATTON SMALL CAP VALUE	Mutual Fund	50,921	43,039
HARBOR INTERNATIONAL-INST	Mutual Fund	71,582	78,447
MFS INTL VALUE FD-I	Mutual Fund	58,097	52,576
TEMPLETON FOREIGN FUND-ADVSR	Mutual Fund	67,082	81,593
THORNBURG INTL VALUE FD-I	Mutual Fund	51,188	61,806
COHEN & STEERS REALTY SHARES	Mutual Fund	32,100	31,033
LITMAN GR MASTERS ALT STR-IS	Mutual Fund	48,727	48,557
PIMCO ALL ASSET FUND-INST	Mutual Fund	17,917	18,089
		\$ 2,396,636	\$ 2,322,854

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

**OTHER INDEPENDENT
AUDITORS' REPORTS**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the plan net position of the County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan's basic financial statements, and have issued our report thereon dated October 12, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Internal Control over Financial Reporting (continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White Associates

San Diego, California
October 12, 2016