

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**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, 2017**

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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, 2017, 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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State Board of Accountancy*

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, 2017, 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, 2016, 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 September 15, 2017 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 solely 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  
September 15, 2017

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
STATEMENT OF PLAN NET POSITION  
JUNE 30, 2017 WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016**

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	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Investments	\$ 2,536,929	\$ 2,396,636
Receivable from IHSS	4,998	4,770
Employer's contribution receivable	88,173	32,160
<b>Total Assets</b>	<u>2,630,100</u>	<u>2,433,566</u>
 <b>LIABILITIES</b>		
Accrued expenses	4,998	4,770
<b>Total Liabilities</b>	<u>4,998</u>	<u>4,770</u>
 <b>PLAN NET POSITION</b>	 <u>\$ 2,625,102</u>	 <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  
STATEMENT OF CHANGES IN PLAN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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<b>ADDITIONS TO PLAN NET POSITION ATTRIBUTED TO:</b>	<u>2017</u>
Investment income (including unrealized gain of \$112,406)	\$ 205,898
Employer contributions	245,373
Realized gain	28,101
Deposit for plan fees and expenses	<u>19,694</u>
<b>Total Additions</b>	<u>499,066</u>
 <b>DEDUCTIONS TO PLAN NET POSITION ATTRIBUTED TO:</b>	
Administrative expenses	19,694
Benefits paid directly to participants	<u>283,066</u>
<b>Total Deductions</b>	<u>302,760</u>
<b>Change in Plan Net Position</b>	196,306
 <b>PLAN NET POSITION:</b>	
<b>Beginning of fiscal year</b>	<u>2,428,796</u>
<b>End of fiscal year</b>	<u>\$ 2,625,102</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, 2017**

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**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, 2017**

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**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, 2017, \$19,694 of expenses (which includes \$4,998 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, 2017 were \$283,066.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT 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, 2017, 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, 2017**

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**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 14% of its investments were invested in Vanguard Equity Income Fund, 13% of its investments were invested in JP Morgan Core Bond Fund, and 9% of its investments were invested in Harbor Capital Appreciation Fund – I, respectively. The remaining assets were invested in eighteen 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, 2017

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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, 2017	Level 1	Level 2	Level 3	Total
<b>Mutual Funds and Exchange Traded Funds</b>				
Short Term Investment Funds	\$ 80,903	\$ -	\$ -	\$ 80,903
Balanced Funds	366,507	-	-	366,507
Fixed Income Funds	917,969	-	-	917,969
Equity Funds	811,541	-	-	811,541
International Equity Funds	269,274	-	-	269,274
Alternative Strategies Fund	90,735	-	-	90,735
<b>Total Assets at Fair Value</b>	<b>\$ 2,536,929</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,536,929</b>

June 30, 2016	Level 1	Level 2	Level 3	Total
<b>Mutual Funds and Exchange Traded Funds</b>				
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
<b>Total Assets at Fair Value</b>	<b>\$ 2,396,636</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,396,636</b>

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**MONEY PURCHASE PENSION PLAN**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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**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 position. The 5 percent is determined by comparing the current value of the holding at June 30, 2017 with the value of the plan net position at the beginning of the plan year.

Investments at Fair Value as Determined by Quoted Market Price	June 30, 2017
VANGUARD EQUITY INCOME-ADM	\$ 366,507
DOUBLELINE TOTAL RET BD-I	139,565
FIDELITY GOVERNMENT SECS FUND	168,839
JPMORGAN CORE BOND-SEL	339,198
PIMCO INVESTMENT GRD CORP-INST	178,526
HARBOR CAPITAL APPRECIATION-I	222,211
OAKMARK SELECT FUND-INV	165,843
CLEARBRIDGE APPRECIATION FUND-I	189,269
Total	<u>\$ 1,769,958</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, 2017 was \$3,208,741. The required contribution for the fiscal year ended June 30, 2017 was \$256,699. The actual contribution made for the fiscal year ended June 30, 2017 was \$245,373. The variance between the required and the actual contribution was due to forfeitures of \$11,326. The required contribution amount is 8% of the total covered payroll. The actual contribution amount is 7.7% of the total covered payroll. All eligible employees are covered under the Plan.

For the fiscal year ended June 30, 2017, participation was as follows:

Active Employees	Terminated Employees with Balances	Ineligible Employees	Total
54	9	4	67

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**MONEY PURCHASE PENSION PLAN**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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**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, 2017, was as follows:

Mutual Funds and Exchange Traded Funds	\$	<u>140,508</u>
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**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, 2017, and through September 15, 2017, 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 \$19,694. Other parties-in-interest are Nyhart, who is the third party administrator who received no fees paid by the Plan as these fees are paid by the Authority.

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**SUPPLEMENTARY  
INFORMATION**

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**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
MONEY PURCHASE PENSION PLAN  
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES  
JUNE 30, 2017**

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Identity of Issue Borrower, Lessor, or Similar Party	Description of Investment	Current Fair Value	Book (Cost) Value
FIDELITY GOVERNMENT PORT-I	Mutual Fund	\$ 80,903	\$ 80,903
VANGUARD EQUITY INCOME-ADM	Mutual Fund	366,507	328,152
DOUBLELINE TOTAL RET BD-I	Mutual Fund	139,565	140,480
FIDELITY GOVERNMENT SECS FUND	Mutual Fund	168,839	172,125
JPMORGAN CORE BOND-SEL	Mutual Fund	339,198	342,930
PIMCO INVESTMENT GRD CORP-INST	Mutual Fund	178,526	179,210
VANGUARD S/T INVEST GR-ADM	Mutual Fund	91,842	92,466
GOLDMAN SACHS GRTH OPP-I	Mutual Fund	30,568	29,546
HARBOR CAPITAL APPRECIATION-I	Mutual Fund	222,211	180,801
OAKMARK SELECT FUND-INV	Mutual Fund	165,843	163,831
CLEARBRIDGE APPRECIATION FUND-I	Mutual Fund	189,269	174,489
T ROWE PRICE MID-CAP VAL	Mutual Fund	115,078	109,340
STRATTON SMALL CAP VALUE	Mutual Fund	88,571	72,916
AMERICAN FDS EUROPAC GROW -F2	Mutual Fund	77,776	71,532
GS-EM MKT EQUITY INSIGHTS-IS	Mutual Fund	28,419	25,205
HARBOR INTERNATIONAL-INST	Mutual Fund	28,398	25,156
MFS INTL VALUE FD-I	Mutual Fund	32,964	27,993
TEMPLETON FOREIGN FUND-ADVSR	Mutual Fund	101,717	98,641
COHEN & STEERS REALTY SHARES	Mutual Fund	30,727	33,820
LITMAN GR MASTERS ALT STR-IS	Mutual Fund	39,031	37,443
PIMCO ALL ASSET FUND-INST	Mutual Fund	20,977	19,604
		<u>\$ 2,536,929</u>	<u>\$ 2,406,583</u>



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**OTHER INDEPENDENT  
AUDITORS' REPORTS**

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**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**

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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, 2017, 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 September 15, 2017.

**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  
September 15, 2017