

**UNITED DOMESTIC WORKERS AFSCME 3930
SAN DIEGO HEALTH & BENEFITS TRUST FUND**

FINANCIAL STATEMENTS DECEMBER 31, 2018

UNITED DOMESTIC WORKERS AFSCME 3930 SAN DIEGO HEALTH & BENEFITS TRUST FUND
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INDEPENDENT AUDITOR'S REPORT

To the Trustees of the
United Domestic Workers AFSCME 3930
San Diego Health & Benefits Trust Fund
San Diego, CA 92115

We have audited the accompanying financial statements of United Domestic Workers AFSCME 3930 San Diego Health & Benefits Trust Fund (Plan), which comprise the statement of net assets available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for the years then ended, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 audits 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 Plan'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 Plan'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.

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 of the United Domestic Worker AFSCME 3930 San Diego Health & Benefits Trust Fund as of December 31, 2018 and 2017, and the changes in net assets available for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Christy White, Inc.

San Diego, California
June 10, 2019

**UNITED DOMESTIC WORKERS AFSCME 3930 SAN DIEGO HEALTH & BENEFITS TRUST FUND
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2018 AND DECEMBER 31, 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and investments	\$ 6,338,657	\$ 492,042
Prepaid insurance premiums	-	53,683
	<u>6,338,657</u>	<u>545,725</u>
Total Assets	<u>\$ 6,338,657</u>	<u>\$ 545,725</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 153	\$ 25,372
Refunds payable to participants	-	24
County contributions paid in advance	1,734,730	-
	<u>1,734,883</u>	<u>25,396</u>
Total Liabilities	<u>1,734,883</u>	<u>25,396</u>
Net Assets		
Available for benefits	<u>4,603,774</u>	<u>520,329</u>
	<u>4,603,774</u>	<u>520,329</u>
Total Liabilities and Net Assets	<u>\$ 6,338,657</u>	<u>\$ 545,725</u>

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

**UNITED DOMESTIC WORKERS AFSCME 3930 SAN DIEGO HEALTH & BENEFITS TRUST FUND
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017**

	<u>2018</u>	<u>2017</u>
ADDITIONS		
Contributions		
County authority	\$ 19,925,987	\$ 8,784,000
Participants	881,023	1,141,994
Total Contributions	<u>20,807,010</u>	<u>9,925,994</u>
Investment Income		
Interest	39	193
Total Additions	<u>20,807,049</u>	<u>9,926,187</u>
DEDUCTIONS		
Insurance Premiums		
Health care premiums	16,359,397	9,176,940
Dental premiums	344,937	309,909
Total Insurance Premiums	<u>16,704,334</u>	<u>9,486,849</u>
Administrative expenses	19,270	16,380
Total Expenditures	<u>16,723,604</u>	<u>9,503,229</u>
Change in Net Assets	4,083,445	422,958
Beginning Net Assets Balance	<u>520,329</u>	<u>97,371</u>
Ending Net Assets Balance	<u>\$ 4,603,774</u>	<u>\$ 520,329</u>

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

UNITED DOMESTIC WORKERS AFSCME 3930 SAN DIEGO HEALTH & BENEFITS TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the United Domestic Workers AFSCME 3930 San Diego Health & Benefits Trust Fund (Plan) provides only general information. Participants should refer to the Plan's Trust Agreement for a complete description of the Plan's provisions.

General: The Plan is a tax-exempt organization established by the AFSCME 3930 United Domestic Workers of America, AFL-CIO (UDW), sponsor, for the sole purpose of providing health benefits to active, eligible providers of the San Diego County In Home Supportive Services (IHSS) Public Authority (Authority) represented under a collective bargaining agreement by UDW. The Plan engages the services of a third-party insurance administrator (Plan Administrator) to manage the day to day functions of the Plan, which include, but are not limited to, the full carrier negotiation, and Plan and participant administration. As of December 31, 2018, the Plan had approximately 2,600 participants.

Benefits: The Plan provides medical and dental benefits to all eligible providers (subject to a waitlist), who work 80 hours per month for three consecutive months. Covered participants are required to maintain a minimum of 240 hours worked per quarter. The Plan was established to help offset the economic effects arising from an injury or sickness for covered participants only. Current health claims of active participants are provided under group insurance contract with Kaiser Permanente, SIMNSA Health Plan, and Dental Health Services of America. Coverage under this Plan shall terminate on the earliest of the following: the date the Plan is terminated for all covered participants; the date a required contribution, if any, is overdue by 10 days when the covered participant fails to make the contribution for any reason; with regard to a specific benefit, on the date of the benefit is terminated or deleted from the Plan; or complete their probation quarter with less than 240 hours or following the date a provider does not work the required number of hours to be considered an eligible provider, for any reason. A provider who has ceased to be eligible for coverage may qualify for reinstatement when they have been paid for 80 hours a month for three consecutive months (subject to a waitlist). Benefits under this plan offer continuation of coverage, or COBRA continuation coverage, only when the qualifying event is: the end of employment; reduction of hours of employment; or death of a provider. An individual may be eligible for COBRA continuation coverage if on the day before a qualifying event, the individual was covered under the IHSS group health plan.

Funding Policy: Prior to 2018, the Authority contributed a fixed amount of \$732,000 per month, which included \$709,500 for medical premiums and \$22,500 for dental premiums. As of January 2018, the funding policy was revised to fund the Trust at a variable rate of \$.60 per paid hour of IHSS labor performed by UDW providers. Under the terms of the new agreement, enrolled participants contribute \$5 per month for medical benefits and an additional \$3 per month for dental benefits. Participants can elect medical coverage under Kaiser Permanente or SIMNSA Health Plans. Contributions are collected through payroll deductions collected by the State of California (the payrolling agent for the IHSS individual providers) and transmitted to the Plan. Participant voluntary contributions shall continue for the term of employment and determined upon the eligibility status of participants' hours worked.

Other: Although it has not expressed any intention to do so, the Board of Trustees has the right under the Plan to modify the benefits provided to active participants and to terminate the Plan subject to the provisions set forth in the Trust Agreement.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management Review: Subsequent events were evaluated through June 10, 2019, which is the date the financial statements were available to be issued.

Basis of Accounting: Accrual basis of accounting has been used in the preparation of these financial statements.

**UNITED DOMESTIC WORKERS AFSCME 3930 SAN DIEGO HEALTH & BENEFITS TRUST FUND
 NOTES TO THE FINANCIAL STATEMENTS, continued
 DECEMBER 31, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Certain Significant Estimates: These include accruals based on historical performance, contingent liabilities, and valuation of assets, accounts receivable and accounts payable.

Cash and Cash Equivalents: The Plan considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NOTE 3 - RELATED PARTY TRANSACTIONS

In May 2018, the Plan issued a loan to UDWAFSCME 3930 Riverside County Benefits Trust in the amount of \$900,000 to cover premiums requirements of the Riverside Plan. As of July 31, 2018, the loan was fully repaid to the Plan.

NOTE 4 - ADMINISTRATIVE EXPENSES

The administrative expenses charged directly to the Plan consist of the following for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Audit fees	\$ 8,800	7,125
Insurance	8,431	8,506
Legal fees	1,849	-
Bank service charges	190	749
Total Administrative Expenses	<u>\$ 19,270</u>	<u>\$ 16,380</u>

NOTE 5 - CONTRIBUTED SERVICES

Plan Trustees and employees of the Plan sponsor have donated time to the Plan to help the Plan achieve its purpose and develop programs. No amounts have been recognized in the accompanying statement of activities and changes in net assets because these services do not meet the criteria for recognition as contributed services

NOTE 6 - CONCENTRATION OF CREDIT RISK

The Plan maintain cash balances at California Bank and Trust, the accounting at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC Insured) up to \$250,000. As of December 31, 2018, the uninsured balance at the California Bank and Trust was \$6,088,657. The Plan believes it is not exposed to any significant credit risk on its cash balances and has not experienced any losses in such accounts.

**UNITED DOMESTIC WORKERS AFSCME 3930 SAN DIEGO HEALTH & BENEFITS TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS, continued
DECEMBER 31, 2018**

NOTE 7 - TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated January 10, 2012, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code, Section 501(c)(9) and FTB Revenue and Taxation Code Section 23701 (i); therefore, no provision for income taxes has been included in the Plan's financial statements.