

**COUNTY OF SAN DIEGO  
IN-HOME SUPPORTIVE SERVICES  
PUBLIC AUTHORITY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY

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June 30, 2019

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**Independent Auditor's Report**

To the Governing Board  
County of San Diego In-Home Supportive Services Public Authority  
San Diego, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the County of San Diego In-Home Supportive Services Public Authority (the Authority), as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority'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 an opinion 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 Authority'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 Authority'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 opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority as of June 30, 2019, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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.

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as the budgetary comparison information on page 15 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Prior-Year Comparative Information*

The financial statements of the Authority as of and for the fiscal year ended June 30, 2018 were audited by a predecessor auditor. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's financial statements for the fiscal year ended June 30, 2018, from which the partial information was derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2020, on our consideration of the Authority'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 the effectiveness of the Authority's 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 the Authority's internal control over financial reporting and compliance.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
January 15, 2020

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2019 WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018**

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<b>ASSETS</b>	2019	2018
Cash and cash equivalents	\$2,433,173	\$1,269,476
Interest receivable	45,179	12,910
Accounts receivable	317,096	136,336
<b>Total Assets</b>	2,795,448	1,418,722
<b>LIABILITIES</b>		
Accounts payable	\$ 47,361	\$ 8,607
Accrued payroll	90,696	86,786
Compensated absences	154,688	148,788
Due to County of San Diego	2,579,300	1,241,512
<b>Total Liabilities</b>	2,872,045	1,485,693
<b>NET POSITION</b>		
Unrestricted	(76,597)	(66,971)
<b>Total Net Position</b>	\$ (76,597)	\$ (66,971)

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

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position	2018
Governmental Activities						
In-Home Supportive Services	\$ 27,047,838	\$ -	\$ -	\$ -	\$ (27,047,838)	\$ (20,036,659)
Total Governmental Activities	\$ 27,047,838	\$ -	\$ -	\$ -		
General revenues:						
Investment income					107,751	36,571
Transfers from County of San Diego					26,930,461	19,981,979
Total Revenue					27,038,212	20,018,550
CHANGE IN NET POSITION					(9,626)	(18,109)
Net Position - Beginning of year					(66,971)	(48,862)
Net Position - End of year					\$ (76,597)	\$ (66,971)

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

**COUNTY OF SAN DIEGO IN HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
FUND BALANCE SHEET  
JUNE 30, 2019 WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018**

<b>IHSS Public Authority Special Revenue Fund</b>		
<b>ASSETS</b>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,433,173	\$ 1,269,476
Interest receivable	45,179	12,910
Accounts receivable	317,096	136,336
<b>Total Assets</b>	<u><u>2,795,448</u></u>	<u><u>1,418,722</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 47,361	\$ 8,607
Accrued payroll	90,696	86,786
Compensated absences	154,688	148,788
Due to County of San Diego	2,579,300	1,241,512
<b>Total Liabilities</b>	<u><u>2,872,045</u></u>	<u><u>1,485,693</u></u>
<b>FUND BALANCES</b>		
Unassigned	<u>(76,597)</u>	<u>(66,971)</u>
<b>Total Fund Balances</b>	<u><u>(76,597)</u></u>	<u><u>(66,971)</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 2,795,448</u></u>	<u><u>\$ 1,418,722</u></u>

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



**COUNTY OF SAN DIEGO IN HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
 FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE TOTALS FOR  
 THE FISCAL YEAR ENDED JUNE 30, 2018**

**IHSS Public Authority Special Revenue Fund**

<b>REVENUES</b>	2019	2018
Investment income	\$ 107,751	\$ 36,571
<b>Total Revenues</b>	107,751	36,571
 <b>EXPENDITURES</b>		
Administrative costs	3,624,360	3,413,463
Operating costs	2,399,135	2,484,015
Consulting costs	21,024,343	14,139,181
<b>Total Expenditures</b>	27,047,838	20,036,659
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(26,940,087)	(20,000,088)
 <b>Other Financing Sources (Uses)</b>		
Transfers from County of San Diego	26,930,461	19,981,979
<b>NET CHANGE IN FUND BALANCE</b>	(9,626)	(18,109)
<b>Fund Balance - Beginning of year</b>	(66,971)	(48,862)
<b>Fund Balance - End of year</b>	\$ (76,597)	\$ (66,971)

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

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the San Diego In-Home Supportive Services Public Authority (the Authority) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

**Financial Reporting Entity**

The accompanying financial statements report on the financial activities of the Authority. In response to a 1999 State mandate requiring the establishments of an employer of record for the In-Home Supportive Services program, the Board of Supervisors approved appropriations and established an operating fund for the Authority for the implementation activities and operating expenses. The Authority is a public entity separate from the County of San Diego (County). The Authority is a corporate public body exercising public and essential governmental functions, and it has all powers necessary and convenient to carry out its required responsibilities. The Authority's financial statements are also included in the County's Comprehensive Annual Financial Report (CAFR). The reason for including the Authority in the CAFR is the exercise of oversight responsibility over the Authority's activities by the County Board of Supervisors who also acts as the Authority's Governing Body.

**Basis of presentation**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34. The implementation of GASB Statement No. 34 required the Authority to present a Management's Discussion and Analysis (MD&A) and two additional statements: Statement of Net Position and Statement of Activities. The Statement of Net Position and Statement of Activities are government-wide statements that present the Authority's assets, liabilities, revenues and expenses using the economic resources focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows.

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 any long-term debt, if any, is recognized when due.

**Related Party Transactions**

The majority of the Authority's transactions are between the Authority and the related party, the County. The County, by agreement, operates the Authority. The Board of Supervisors of the County is also the governing body of the Authority.

**Budgetary Accounting**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (USGAAP). These budgets are revised by the Authority's

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

governing board during the fiscal year, to consider unanticipated income and expenditure.

**Comparative Data**

Comparative data for the prior fiscal year has been presented in certain statements of the accompanying financial statements, in order to provide an understanding of changes in the Authority's financial position and operations.

**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 certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the related reported amounts of revenues and expenditures/expense during the reporting period. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

**Net Position and Fund Balance**

GASB Statements No. 34 and 63 add the concept of Net Position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis of accounting.

Net Position is divided into three captions under GASB Statements No. 34 and 63. These captions apply only to Net Position as determined at the government-wide level, and are described below:

*Net Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the Authority's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. These principally include debt service requirements.

*Unrestricted* describes the portion of Net Position which is not restricted or invested in capital assets.

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Authority is bound to honor constraints on how specific amounts can be spent. Fund balance classifications are described below.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the Authority's highest level of decision-making authority (the Board of Supervisors) and that remain bindings unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

*Assigned fund balance* – amounts that are considered by the Authority's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.

*Unassigned fund balance* – the residual classification for the Authority's funds that include amounts not contained in the other classification.

The Authority establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the fiscal year.

In order to retain a stable financial base, the Authority needs to maintain unrestricted fund balance in its funds sufficient to fund cash flows of the Authority and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

However, the Authority did not adopt any policy to maintain a fixed level of financial resources to protect against reducing service levels and fees because of temporary shortfalls or unpredicted one-time expenditures.

**NOTE 2 – CASH AND POOLED INVESTMENTS**

**Equity in Cash and Pooled Investments**

The Authority's cash is included in the County's balance sheet as "Equity in Cash and Pooled Investments". The County maintains a cash and investment pool for all funds of the County and other agencies for which the County treasury is the depository. Interest earned on the pooled funds is allocated and credited to these funds quarterly. Further disclosures regarding the County's cash and investments are included in the Notes of the County's fiscal year ended June 30, 2019 CAFR.

**General Authorizations**

Except for investments by trustees of debt proceeds, the authority to invest Authority funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 – CASH AND POOLED INVESTMENTS (continued)**

be obtained from its website. The table below identifies the investment types permitted by the California Government Code.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commerical Paper: Non-pooled Funds	270 days	25%	10%
Commerical Paper: Pooled Funds	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Nonnegotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30%	None
Placement Service Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds and			
Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-through and			
Asset Back Securities	5 years	20%	None
County Pooled Investment Pools	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	None

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority manages its exposure to interest rate risk by investing in the County Treasury. The Authority maintains a pooled investment with the County Treasury with a fair value of approximately \$2,433,173 and an amortized book value of \$2,435,028. The average weighted maturity for this pool is 528 days.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 2 – CASH AND POOLED INVESTMENTS (continued)**

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated.

**Fair Value**

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value.

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets.
- Level 2:** Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.
- Level 3:** Unobservable inputs should be developed using the best information available under the circumstances, which might include the Authority's own data. The Authority should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the Authority are not available to other market participants.

Investments in the San Diego County Treasury Investment Pool are not measured using the input levels above because the entity's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

Fair value measurements are as follows at June 30, 2019:

	<u>Uncategorized</u>
Investment in County Treasury Pool	\$ 2,433,173
Total fair value of investments	\$2,433,173

**NOTE 3 – COMPENSATED ABSENCES**

The Authority accrues accumulated vacation due to its employees and upon termination of employment; employees will be paid for unused vacation time that has been earned through the last day of work. The total amount due at June 30, 2019 is \$154,688. The Authority estimates that the compensated absences will be taken/paid within the next fiscal year.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 –AUTHORITY EMPLOYEES RETIREMENT PLAN (DEFINED CONTRIBUTIONS PENSION PLAN)**

The Authority's Money Purchase Plan began on July 1, 2003.

**Plan Description**

The Authority's Employee Retirement Money Purchase Plan (Plan) is administered by a private administrator. The Plan is a defined contribution plan covering all qualified employees of the Authority. Entry into the Plan is made on the first day of employment after meeting the eligibility requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

Each year the Authority contributes to the Plan, for qualified enrolled employees, 8.0% of those employees' gross wages. For the fiscal year ended June 30, 2019 the Authority contributed \$251,664.

Each participant's account is credited with the Authority's contribution, and an allocation of Plan earnings made at the end of the Plan year. The benefit to which a participant is entitled to is the benefit that can be provided from the participant's account.

Vesting is based on years of service. A participant is 20% vested after one year but less than two years of credited service and vests an additional 20% for every year of service thereafter. A participant is fully vested after five years of service.

Upon termination of service, a participant may elect to receive either a lump sum distribution equal to the value of his or her account or an annuity.

**NOTE 5 – MEMORANDUM OF UNDERSTANDING WITH THE UNITED DOMESTIC WORKERS OF AMERICA, AFSCME, AFL-CIO**

On October 10, 2017, the Authority entered into a new Memorandum of Understanding (MOU) with the United Domestic Workers of America (Union) with terms and conditions of employment for the IHSS Individual Providers. This agreement is effective from January 1, 2018 through December 31, 2022. The Union is responsible for administration of health benefits which includes the formation of a Union Health Care Trust Fund. The Authority is required to provide \$0.60 per hour of Union invoiced labor to the Union Health Care Trust Fund, which resulted in a contribution of approximately \$20,888,000 for the year ended June 30, 2019. This amount is included in the consulting services expenditure line item on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**NOTE 6 – DEFERRED COMPENSATION PLAN**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan is available to full-time employees. The Internal Revenue Service regulations allow an employer to designate a 457(b) Deferred Compensation Plan to permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 – DEFERRED COMPENSATION PLAN (continued)**

All amounts of compensation deferred under the plan, all property rights and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by a third-party administrator (MetLife) for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the Authority's financial report.

**NOTE 7 – FINANCIAL CONDITION**

The Authority has a deficit in net position of \$68,826 as of June 30, 2019. The Authority projects that future contributions from the County of San Diego's General Fund will be sufficient to support the Authority's operations.

**NOTE 8 – MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through the date the financial statements were available for issuance which is January 15, 2020



**REQUIRED SUPPLEMENTARY INFORMATION**

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - IHSS PUBLIC AUTHORITY SPECIAL REVENUE FUND  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<b>REVENUES</b>				
Investment Income	\$ -	\$ -	\$ 107,751	\$ 107,751
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>107,751</u>	<u>107,751</u>
<b>EXPENDITURES</b>				
In-Home Supportive Services	28,833,173	28,833,173	27,047,838	1,785,335
<b>Total Expenditures</b>	<u>28,833,173</u>	<u>28,833,173</u>	<u>27,047,838</u>	<u>1,785,335</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(28,833,173)	(28,833,173)	(26,940,087)	1,893,086
<b>Other Financing Sources (Uses)</b>				
Transfers in from County of San Diego	28,832,933	28,832,933	26,930,461	(1,902,472)
<b>NET CHANGE IN FUND BALANCE</b>	(240)	(240)	(9,626)	(9,386)
<b>Fund Balance - Beginning of year</b>	<u>(66,971)</u>	<u>(66,971)</u>	<u>(66,971)</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u>\$ (67,211)</u>	<u>\$ (67,211)</u>	<u>\$ (76,597)</u>	<u>\$ (9,386)</u>



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INDEPENDENT AUDITOR'S 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*

To the Governing Board  
County of San Diego In-Home Supportive Services Public  
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 governmental activities and the major fund of the County of San Diego In-Home Supportive Services Public Authority (the Authority), as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 15, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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.

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 Authority's financial statements are free from 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
January 15, 2020