

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

BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
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June 30, 2021

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
9465 WILSHIRE BLVD., 3RD FLOOR
BEVERLY HILLS, CA 90212
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM AVE., SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the County of San Diego In-Home Supportive Services Public Authority Money Purchase Pension Plan (the Plan), which comprise the statement of net assets available for benefits as of June 30, 2021, and the related statement of changes in net assets available for benefits for the fiscal year ended June 30, 2021, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 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 Plan as of June 30, 2021, and the respective changes in net assets available for benefits for the fiscal year ended June 30, 2021, 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.

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 Plan's financial statements for the fiscal year ended June 30, 2020, from which the partial information was derived.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Plan's basic financial statements. The Schedule of Assets Held for Investment Purposes is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information 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 statement 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the 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 the effectiveness of the Plan'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 Corporation's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 30, 2021

**COUNTY OF SAN DIEGO IN HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)**

ASSETS	2021	2020
Investments, at fair value	\$ 4,389,242	\$ 3,461,848
Receivable from IHSS	7,864	6,443
Employer contribution receivable	72,888	69,846
Total Assets	4,469,994	3,538,137
LIABILITIES		
Accrued expenses	7,864	6,443
Total Liabilities	7,864	6,443
NET ASSETS AVAILABLE FOR BENEFITS	\$ 4,462,130	\$ 3,531,694

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

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

ADDITIONS TO NET ASSETS:	<u>2021</u>
Realized gains (losses) and unrealized appreciation (depreciation) in fair value of investments	\$ 794,184
Interest and dividends	169,250
Employer contributions	288,588
Deposits for plan fees and expenses	<u>29,919</u>
Total Additions to Net Assets	<u>1,281,941</u>
 DEDUCTIONS FROM NET ASSETS:	
Benefits paid directly to participants	321,586
Administrative expenses	<u>29,919</u>
Total Deductions from Net Assets	<u>351,505</u>
Net Increase in Net Assets	930,436
 <u>NET ASSETS AVAILABLE FOR BENEFITS</u>	
Beginning of fiscal year	<u>3,531,694</u>
End of fiscal year	<u><u>\$ 4,462,130</u></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, 2021**

NOTE 1 – PLAN DESCRIPTION

The following description of the County of San Diego In-Home Supportive 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 financial statements are presented on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Participant’s 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.

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%

Forfeited accounts

On June 30, 2021, and 2020, forfeited nonvested accounts totaled \$5,574 and \$11,422, respectively. These accounts will be used to reduce future employer contributions. There were \$11,422 forfeitures utilized from nonvested accounts in 2021 to reduce contributions.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – PLAN DESCRIPTION (continued)

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, 2021, were \$321,586.

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 includable in gross income-compensation for any plan year, on an annualized basis, shall be subject to a maximum of \$285,000, as adjusted by the Secretary of the Treasury under Section 401(a)(17) of the Code) including compensation paid during the introductory period which is subject to a maximum of \$285,000. Employee voluntary contributions are not permitted under this Plan. All minimum funding requirements have been met.

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, 2021, \$29,919 of expenses (which includes \$7,864 of accrued expenses) were incurred by the Plan, which were paid by the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting.

Investments held by a defined contribution plan are required to be reported at fair value, except for fully benefit responsive investment contracts. The Plan has no investments in fully benefit responsive investment contracts for the fiscal year ended June 30, 2021.

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 changes therein, and

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade date basis. Interest and dividends are recorded on the accrual basis of accounting. Net appreciation includes the plan's gains and losses on investments bought and sold as well as held during the fiscal year.

Earnings of the investments and the increase or decrease in the value of the investments since the last valuation 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 are recorded on the accrual basis.

Payment of Benefits

Benefits are recorded when paid.

NOTE 3 – FAIR VALUE MEASUREMENTS

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. The Investment Committee determines the Plan's valuation policies. Although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

The fair value measurement accounting literature establishes 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:** The fair values of mutual and exchange funds are based on the closing price reported in the active market where the individual securities are traded, when available.
- Level 2:** Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

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.

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. There are no plan assets requiring the use of Level 2 or 3 inputs for the periods presented.

Following is a description of the valuation methodologies used for assets measured at 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 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:

<u>June 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds and Exchange Traded Funds				
Short Term Investment Funds	\$ 139,351	\$ -	\$ -	\$ 139,351
Balanced Funds	239,814	-	-	239,814
Fixed Income Funds	1,546,137	-	-	1,546,137
Equity Funds	1,895,986	-	-	1,895,986
International Equity Funds	441,480	-	-	441,480
Alternative Strategies Funds	67,684	-	-	67,684
Commodities Funds	58,790	-	-	58,790
Total Assets at Fair Value	<u>\$4,389,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,389,242</u>

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

<u>June 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds and Exchange Traded Funds				
Short Term Investment Funds	\$ 148,542	\$ -	\$ -	\$ 148,542
Balanced Funds	416,879	-	-	416,879
Fixed Income Funds	1,249,610	-	-	1,249,610
Equity Funds	1,201,756	-	-	1,201,756
International Equity Funds	331,133	-	-	331,133
Alternative Strategies Funds	43,946	-	-	43,946
Commodities Funds	69,982	-	-	69,982
Total Assets at Fair Value	<u>\$3,461,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,461,848</u>

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 affect 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 – TAX STATUS

The Internal Revenue Service (IRS) 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 provisions 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, 2021, there are no uncertain tax positions that would require recognition of a liability or disclosure in the financial statements.

NOTE 6 – CONCENTRATION OF RISK

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 – CONCENTRATION OF RISK (continued)

securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

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 for the fiscal year ended June 30, 2021 was \$3,716,918. The required contribution for the fiscal year ended June 30, 2021 was \$288,588. The actual contribution made for the fiscal year ended June 30, 2021 was \$288,588. The required contribution amount is 8% of the total covered payroll. The actual contribution amount is 8.0% of the total covered payroll. All eligible employees are covered under the Plan.

For the fiscal year ended June 30, 2021, participation was as follows:

Active Employees	Terminated Employees With Balances	Ineligible Employees	Total
<u>55</u>	<u>10</u>	<u>4</u>	<u>69</u>

NOTE 9 – ADMINSTRATIVE

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, 2021, was as follows:

Realized gain	\$ 44,684
Unrealized gain	749,500
Total realized gains and unrealized depreciation in fair value of investments	<u>\$ 794,184</u>

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
MONEY PURCHASE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021, and through December 30, 2021, 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 and trustee are reimbursed by the Authority and totaled \$29,919. 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.

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, 2021**

Identity of Issue Borrower, Lessor, or Similar Party	Description of Investment	Current Fair Value	Cost Value
Fidelity Government Port-I	Mutual Fund	\$ 139,351	\$ 139,351
Vanguard Equity Income-Adm	Mutual Fund	239,814	170,718
Doubleline Total Ret Ed-I	Mutual Fund	555,203	554,751
Goldman Sachs High Yield - I	Mutual Fund	108,558	103,512
JPMorgan Core bond-I	Mutual Fund	391,473	386,282
Pimco Invest Grd Crdt Bond Fd - Inst	Mutual Fund	353,892	347,381
Vanguard S/T Invest Gr-Adm	Mutual Fund	137,011	135,109
Aberdeen Funds US Sml Cp Eq Ins	Mutual Fund	112,878	80,120
LSV Value Equity	Mutual Fund	237,777	195,269
Fidelity Small Cap Value	Mutual Fund	107,068	61,516
Goldman Sachs Grth Opp-I	Mutual Fund	132,228	112,522
Harbor Capital Appreciation-I	Mutual Fund	292,836	158,905
Oakmark Select Fund-Inv	Mutual Fund	439,704	297,606
Hotchkis & Wiley M/C Value - I	Mutual Fund	82,647	56,373
Clearbridge Appreciation-I	Mutual Fund	490,848	354,503
Causeway Internalt Value-Ins	Mutual Fund	124,547	99,105
Delaware Emerging Markets - I	Mutual Fund	53,592	39,689
American Fds Europac Grow-F2	Mutual Fund	122,412	85,164
Goldman Sachs EM MKT Eq Ins - I	Mutual Fund	35,375	32,011
Oakmark International - Inst	Mutual Fund	105,554	82,297
Cohen & Steers Realty Shares	Exchange Fund	67,684	57,948
Ishares Gold Trust Etf	Commodities	58,790	53,482
	Total	<u>\$ 4,389,242</u>	<u>\$ 3,603,614</u>

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



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

9465 WILSHIRE BLVD., 3RD FLOOR
BEVERLY HILLS, CA 90212
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 HANNUM AVE., SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

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 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 (the Plan), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated December 30, 2021.

Internal Control over Financial Reporting

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

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 Plan'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 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.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 30, 2021