

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2024**

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

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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 Audit of the Financial Statements

#### Opinions

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), a component unit of the County of San Diego, California, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Authority as of June 30, 2024, 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.

#### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt whether the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **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 required supplementary information, such as the budgetary comparison information on page 18 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 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 Authority's financial statements for the fiscal year ended June 30, 2023, 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 February 5, 2025, 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  
February 5, 2025

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**JUNE 30, 2024**  
**WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023**

| <b>ASSETS</b>                                             | <u>2024</u>                | <u>2023</u>                |
|-----------------------------------------------------------|----------------------------|----------------------------|
| Cash and cash equivalents                                 | \$ 3,881,816               | \$ 2,874,264               |
| Interest receivable                                       | 92,355                     | 46,421                     |
| Accounts receivable                                       | 698,172                    | 244,138                    |
| Right to use lease assets net of accumulated amortization | 5,535                      | 12,042                     |
| <b>Total Assets</b>                                       | <u><u>\$ 4,677,878</u></u> | <u><u>\$ 3,176,865</u></u> |
| <b>LIABILITIES</b>                                        |                            |                            |
| Accounts payable                                          | \$ 63,317                  | \$ 70,544                  |
| Accrued payroll                                           | 235,783                    | 213,725                    |
| Compensated absences                                      | 284,266                    | 253,771                    |
| Due to County of San Diego                                | 4,253,216                  | 2,821,935                  |
| Lease liabilities                                         |                            |                            |
| Due within a year                                         | 5,919                      | 6,214                      |
| Due in more than a year                                   | -                          | 5,920                      |
| <b>Total Liabilities</b>                                  | <u><u>4,842,501</u></u>    | <u><u>3,372,109</u></u>    |
| <b>NET POSITION</b>                                       |                            |                            |
| Unrestricted                                              | (164,293)                  | (195,244)                  |
| <b>Total Net Position</b>                                 | <u><u>\$ (164,293)</u></u> | <u><u>\$ (195,244)</u></u> |

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

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| Functions/Programs                      | Expenses             | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Net (Expenses)<br>Revenues and<br>Changes in<br>Net Position | 2023                |
|-----------------------------------------|----------------------|----------------------------|------------------------------------------|----------------------------------------|--------------------------------------------------------------|---------------------|
| Governmental Activities                 |                      |                            |                                          |                                        |                                                              |                     |
| In-Home Supportive Services             | \$ 45,428,357        | \$ -                       | \$ -                                     | \$ -                                   | \$ (45,428,357)                                              | \$ (39,851,982)     |
| Total Governmental Activities           | <u>\$ 45,428,357</u> | <u>\$ -</u>                | <u>\$ -</u>                              | <u>\$ -</u>                            | <u>(45,428,357)</u>                                          | <u>(39,851,982)</u> |
| General Revenues:                       |                      |                            |                                          |                                        |                                                              |                     |
| Investment income                       |                      |                            |                                          |                                        | 363,251                                                      | 239,102             |
| Transfers from County of San Diego      |                      |                            |                                          |                                        | <u>45,096,057</u>                                            | <u>39,654,065</u>   |
| Total General Revenue and transfers     |                      |                            |                                          |                                        | <u>45,459,308</u>                                            | <u>39,893,167</u>   |
| CHANGE IN NET POSITION                  |                      |                            |                                          |                                        | 30,951                                                       | 41,185              |
| Net Position - Beginning of fiscal year |                      |                            |                                          |                                        | <u>(195,244)</u>                                             | <u>(236,429)</u>    |
| Net Position - End of fiscal year       |                      |                            |                                          |                                        | <u>\$ (164,293)</u>                                          | <u>\$ (195,244)</u> |

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

**COUNTY OF SAN DIEGO IN HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**BALANCE SHEET - GOVERNMENTAL FUND**  
**JUNE 30, 2024**  
**WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023**

|                                            | <b>IHSS Public Authority<br/>Special Revenue Fund</b> |                            |
|--------------------------------------------|-------------------------------------------------------|----------------------------|
|                                            | <u>2024</u>                                           | <u>2023</u>                |
| <b>ASSETS</b>                              |                                                       |                            |
| Cash and cash equivalents                  | \$ 3,881,816                                          | \$ 2,874,264               |
| Interest receivable                        | 92,355                                                | 46,421                     |
| Accounts receivable                        | 698,172                                               | 244,138                    |
| <b>Total Assets</b>                        | <u><u>\$ 4,672,343</u></u>                            | <u><u>\$ 3,164,823</u></u> |
| <b>LIABILITIES</b>                         |                                                       |                            |
| Accounts payable                           | \$ 63,317                                             | \$ 70,544                  |
| Accrued payroll                            | 235,783                                               | 213,725                    |
| Compensated absences                       | 284,266                                               | 253,771                    |
| Due to County of San Diego                 | 4,253,216                                             | 2,821,935                  |
| <b>Total Liabilities</b>                   | <u><u>4,836,582</u></u>                               | <u><u>3,359,975</u></u>    |
| <b>FUND BALANCES</b>                       |                                                       |                            |
| Unassigned                                 | (164,239)                                             | (195,152)                  |
| <b>Total Fund Balances (Deficits)</b>      | <u><u>(164,239)</u></u>                               | <u><u>(195,152)</u></u>    |
| <b>Total Liabilities and Fund Balances</b> | <u><u>\$ 4,672,343</u></u>                            | <u><u>\$ 3,164,823</u></u> |

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



**COUNTY OF SAN DIEGO IN HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2024**

---

|                                   |              |
|-----------------------------------|--------------|
| Fund balance of governmental fund | \$ (164,239) |
|-----------------------------------|--------------|

Amounts reported for governmental activities in the statement of net position are difference because:

|                                                                                                                                            |       |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Right to use lease assets net of accumulated amortization have not been included as financial resources in the governmental fund activity. | 5,535 |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------|

Long-term debt has not been included in the governmental fund activity:

|                   |                |
|-------------------|----------------|
| Lease Liabilities | <u>(5,919)</u> |
|-------------------|----------------|

|                                         |                            |
|-----------------------------------------|----------------------------|
| Net position of governmental activities | <u><u>\$ (164,623)</u></u> |
|-----------------------------------------|----------------------------|

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

**COUNTY OF SAN DIEGO IN HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

|                                                               | <b>IHSS Public Authority<br/>Special Revenue Fund</b> |                     |
|---------------------------------------------------------------|-------------------------------------------------------|---------------------|
|                                                               | <u>2024</u>                                           | <u>2023</u>         |
| <b>REVENUES</b>                                               |                                                       |                     |
| Investment income                                             | \$ 363,251                                            | \$ 239,102          |
| <b>Total Revenues</b>                                         | <u>363,251</u>                                        | <u>239,102</u>      |
| <b>EXPENDITURES</b>                                           |                                                       |                     |
| Current:                                                      |                                                       |                     |
| Administrative costs                                          | 5,660,787                                             | 4,929,107           |
| Operating costs                                               | 39,649,067                                            | 31,653,269          |
| Consulting costs                                              | 111,940                                               | 3,262,401           |
| Debt service:                                                 |                                                       |                     |
| Principal retirement                                          | 6,545                                                 | 7,055               |
| Interest charges                                              | 56                                                    | 100                 |
| <b>Total Expenditures</b>                                     | <u>45,428,395</u>                                     | <u>39,851,932</u>   |
| <b>Excess (Deficiency) of Revenues Over<br/>Expenditures</b>  | <u>(45,065,144)</u>                                   | <u>(39,612,830)</u> |
| <b>Other Financing Sources (Uses)</b>                         |                                                       |                     |
| Transfers from County of San Diego                            | 45,096,057                                            | 39,654,065          |
| <b>Total Other Financing Sources (Uses)</b>                   | <u>45,096,057</u>                                     | <u>39,654,065</u>   |
| <b>NET CHANGE IN FUND BALANCE</b>                             | 30,913                                                | 41,235              |
| <b>Fund Balance (Deficits) - Beginning<br/>of fiscal year</b> | <u>(195,152)</u>                                      | <u>(236,387)</u>    |
| <b>Fund Balance (Deficits) - End of<br/>fiscal year</b>       | <u>\$ (164,239)</u>                                   | <u>\$ (195,152)</u> |

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

**COUNTY OF SAN DIEGO IN HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

---

|                                                |           |
|------------------------------------------------|-----------|
| Net change in fund balance - governmental fund | \$ 30,913 |
|------------------------------------------------|-----------|

Amounts reported for governmental activities in the statement of activities are different because:

The governmental fund reports lease acquisitions as capital outlays. However, in the statement of activities, the costs of those assets are allocated over the estimated useful life of the asset and are reported as amortization expense. The amount that amortization expense exceeding capital outlays in the current period:

|                                           |            |
|-------------------------------------------|------------|
| Amortization of right to use lease assets | \$ (6,507) |
|-------------------------------------------|------------|

Repayment of lease principal are expenditures in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.

|                          |              |
|--------------------------|--------------|
| Lease principal payments | <u>6,545</u> |
|--------------------------|--------------|

|                                                   |                         |
|---------------------------------------------------|-------------------------|
| Change in net position of governmental activities | <u><u>\$ 30,951</u></u> |
|---------------------------------------------------|-------------------------|

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

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**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 are summaries 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 establishment 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 Annual Comprehensive Financial Report (ACFR). The reason for including the Authority in the ACFR 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 statements are 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 fiscal 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 governing board during the fiscal year, to consider unanticipated income and expenditures.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

**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.

**Right to use leased assets**

The Authority has recorded right to use leased assets as a result of implementing GASB Statement Number 87 "Leases". The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease which ranges from 36 to 60 months.

**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. The Authority has no capital 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.

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

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

The Authority is bound to honor constraints on how specific amounts can be spent. Fund balance classifications are described below.

*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, 2024 ACFR.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

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

| Authorized Investment Type                                         | Maximum<br>Remaining<br>Maturity | Maximum<br>Percentage<br>of Portfolio | Maximum<br>Investment in<br>One Issuer |
|--------------------------------------------------------------------|----------------------------------|---------------------------------------|----------------------------------------|
| 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<br>Securities Lending Agreements | 92 days                          | 20% of base                           | None                                   |
| Medium-Term Notes                                                  | 5 years                          | 30%                                   | None                                   |
| Mutual Funds and<br>Money Market Mutual Funds                      | N/A                              | 20%                                   | 10%                                    |
| Collateralized Bank Deposits                                       | 5 years                          | None                                  | None                                   |
| Mortgage Pass-through and<br>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                                  | \$75,000,000                           |
| 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

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

County Treasury with a fair value of approximately \$3,881,816 and an amortized book value of \$3,849,505. The average weighted maturity for this pool is 449 days.

**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, 2024:

|                                    |                            |
|------------------------------------|----------------------------|
|                                    | <u>Uncategorized</u>       |
| Investment in County Treasury Pool | <u>\$ 3,881,816</u>        |
| Total fair value of investments    | <u><u>\$ 3,881,816</u></u> |



**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
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**JUNE 30, 2024**

**NOTE 3 – RIGHT TO USE LEASED ASSETS**

Right to use lease asset activity for the fiscal year ended June 30, 2024 was as follows:

|                                      | Balance<br>July 1, 2023 | Increases         | Decreases   | Balance<br>June 30, 2024 |
|--------------------------------------|-------------------------|-------------------|-------------|--------------------------|
| Governmental activities:             |                         |                   |             |                          |
| Right to use lease assets            |                         |                   |             |                          |
| Leased copiers                       | \$ 25,815               | \$ -              | \$ -        | \$ 25,815                |
| Total right to use lease assets      | <u>25,815</u>           | <u>-</u>          | <u>-</u>    | <u>25,815</u>            |
| Less accumulated amortization        |                         |                   |             |                          |
| Leased copiers                       | 13,773                  | 6,507             | -           | 20,280                   |
| Total accumulated amortization       | <u>13,773</u>           | <u>6,507</u>      | <u>-</u>    | <u>20,280</u>            |
| Total right to use lease assets, net | <u>\$ 12,042</u>        | <u>\$ (6,507)</u> | <u>\$ -</u> | <u>\$ 5,535</u>          |

**NOTE 4 – 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, 2024 is \$284,266. The Authority estimates that the compensated absences will be taken/paid within the next fiscal year.

**NOTE 5 – LEASE LIABILITIES**

The following is a summary of changes in the long-term lease liabilities for the fiscal year ended June 30, 2024:

|                             | Balance<br>July 1, 2023 | Additions   | Deletions       | Balance<br>June 30, 2024 | Due Within<br>One Year |
|-----------------------------|-------------------------|-------------|-----------------|--------------------------|------------------------|
| Governmental activities:    |                         |             |                 |                          |                        |
| Xerox Copier Lease One      | \$ 3,466                | \$ -        | \$ 1,980        | \$ 1,486                 | \$ 1,486               |
| Xerox Copier Lease Two      | 7,591                   | -           | 3,954           | 3,637                    | 3,637                  |
| Xerox Copier Lease Four     | 1,077                   | -           | 611             | 466                      | 466                    |
| Total long-term liabilities | <u>\$ 12,134</u>        | <u>\$ -</u> | <u>\$ 6,545</u> | <u>\$ 5,589</u>          | <u>\$ 5,589</u>        |

Interest and principal due on the lease liabilities are payable as follows:

| Fiscal Year<br>Ending<br>June 30, | Principal       | Interest     |
|-----------------------------------|-----------------|--------------|
| 2025                              | \$ 5,589        | \$ 29        |
| Total                             | <u>\$ 5,589</u> | <u>\$ 29</u> |

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 5 – LEASE LIABILITIES (continued)**

The Authority entered into a copier lease (Xerox copier lease one) on May 1, 2020, for sixty months ending on March 31, 2025, for \$166 a month. The Authority calculated the interest rate utilizing its incremental borrowing rate as determined by the length of the lease at the time of lease inception of 0.51%. The lease may be cancelled by the Authority at any time.

The Authority entered into a copier lease (Xerox copier lease two) on June 1, 2020, for sixty months ending on May 31, 2025, for \$332 a month. The Authority calculated the interest rate utilizing its incremental borrowing rate as determined by the length of the lease at the time of lease inception of 0.51%. The lease may be cancelled by the Authority at any time.

The Authority entered into a copier lease (Xerox copier lease four) on April 1, 2022, for thirty-six months ending on March 31, 2025, for \$52 a month. The Authority calculated the interest rate utilizing their incremental borrowing rate as determined by the length of the lease at the time of lease inception of 1.90%. The lease may be cancelled by the Authority at any time.

**NOTE 6 –AUTHORITY EMPLOYEES RETIREMENT PLAN (DEFINED CONTRIBUTION 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 fiscal 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, 2024, the Authority contributed \$416,844.

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.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 7 – 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 the 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 \$35.9 million for the fiscal year ended June 30, 2024. This amount is included in the consulting services expenditure line item on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**NOTE 8 – 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.

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 9 – FINANCIAL CONDITION**

The Authority has a deficit in net position of \$164,293 and a deficit fund balance of \$164,239 as of June 30, 2024. 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 10 – EXCESS EXPENDITURES OVER APPROPRIATIONS**

The Authority's expenditures of \$45,428,395 exceeded appropriations of \$42,011,127 by \$3,417,268.

## **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, 2024**

|                                                              | Budgeted Amounts             |                              |                            | Variances                  |
|--------------------------------------------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
|                                                              | Original                     | Final                        | Actual                     | Final to Actual            |
| <b>REVENUES</b>                                              |                              |                              |                            |                            |
| Investment Income                                            | \$ -                         | \$ -                         | \$ 363,251                 | \$ 363,251                 |
| <b>Total Revenues</b>                                        | <u>-</u>                     | <u>-</u>                     | <u>363,251</u>             | <u>363,251</u>             |
| <b>EXPENDITURES</b>                                          |                              |                              |                            |                            |
| In-Home Supportive Services                                  | 42,011,127                   | 42,011,127                   | 45,428,395                 | (3,417,268)                |
| <b>Total Expenditures</b>                                    | <u>42,011,127</u>            | <u>42,011,127</u>            | <u>45,428,395</u>          | <u>(3,417,268)</u>         |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <u>(42,011,127)</u>          | <u>(42,011,127)</u>          | <u>(45,065,144)</u>        | <u>(3,054,017)</u>         |
| <b>Other Financing Sources (Uses)</b>                        |                              |                              |                            |                            |
| Transfers in from County of<br>San Diego                     | 40,300,423                   | 40,300,423                   | 45,096,057                 | 4,795,634                  |
| <b>Total Other Financing<br/>Sources (Uses)</b>              | <u>40,300,423</u>            | <u>40,300,423</u>            | <u>45,096,057</u>          | <u>4,795,634</u>           |
| <b>NET CHANGE IN FUND<br/>BALANCE</b>                        | <u>(1,710,704)</u>           | <u>(1,710,704)</u>           | <u>30,913</u>              | <u>1,741,617</u>           |
| <b>Fund Balance (Deficit) -<br/>Beginning of fiscal year</b> | <u>(195,152)</u>             | <u>(195,152)</u>             | <u>(195,152)</u>           | <u>-</u>                   |
| <b>Fund Balance (Deficit) - End of<br/>fiscal year</b>       | <u><u>\$ (1,905,856)</u></u> | <u><u>\$ (1,905,856)</u></u> | <u><u>\$ (164,239)</u></u> | <u><u>\$ 1,741,617</u></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 Authority  
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), a component unit of the County of San Diego, California, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 5, 2025.

**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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

### **Report on 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 financial statement. 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, LLP  
Culver City, California  
February 5, 2025