

**FRESNO COUNTY IN-HOME SUPPORTIVE  
SERVICES PUBLIC AUTHORITY  
(A Component Unit of the County of Fresno)**

**Independent Auditor's Reports  
and Financial Statements**

**For the Year Ended  
June 30, 2008**

**FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**(A Component Unit of the County of Fresno)**

**For the Year Ended June 30, 2008**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Fresno County In-Home Supportive  
Services Public Authority  
Fresno, California

We have audited the accompanying basic financial statements of the governmental activities and the major fund of the Fresno County In-Home Supportive Services Public Authority (Authority), a component unit of the County of Fresno, as of and for the year ended June 30, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2009, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budget comparison information on page 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Authority has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Page & Company*

May 11, 2009  
Clovis, California

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

**FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2008**

**ASSETS**

Grant receivable	\$ 5,270,659
Total assets	<u>5,270,659</u>

**LIABILITIES**

Due to County of Fresno	4,087,734
Salaries and benefits payable	<u>1,182,925</u>
Total liabilities	<u>5,270,659</u>

**NET ASSETS**

Unrestricted	<u>-</u>
Total net assets	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

**FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2008**

**PROGRAM REVENUES:**

Operating grants:

Federal	\$ 7,194,195
State	3,834,579
Realignment revenue	26,659,711
Other revenue	<u>127,028</u>

Total program revenues	<u>37,815,513</u>
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**EXPENDITURES:**

Health:

Salaries and benefits	37,525,177
Telephone	10,956
Insurance	108
Maintenance equipment	128
Memberships	13,058
Office expenses	14,165
Postage	18,244
Printing	5,915
Professional and specialized services	78,608
Data processing services	73,859
Rents and leases building	47,352
Small tools and instruments	4,228
Special department expense	3,733
Travel and transportation	10,046
Advertising	3,740
Administrative overhead	<u>6,196</u>

Total expenditures	<u>37,815,513</u>
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Change in net assets	-
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Net assets, July 1, 2007	<u>-</u>
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Net assets, June 30, 2008	<u><u>\$ -</u></u>
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## FUND FINANCIAL STATEMENTS

**FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**(A Component Unit of the County of Fresno)**

**BALANCE SHEET**  
**June 30, 2008**

**ASSETS**

Grant receivable	\$ 5,270,659
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Total assets	<u>\$ 5,270,659</u>
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**LIABILITIES AND FUND BALANCE**

Liabilities:

Due to County of Fresno	\$ 4,087,734
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Salaries and benefits payable	1,182,925
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Deferred revenue	<u>2,508,227</u>
------------------	------------------

Total liabilities	<u>7,778,886</u>
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Fund balance:

Unreserved	<u>(2,508,227)</u>
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Total liabilities and fund balance	<u>\$ 5,270,659</u>
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The notes to the financial statements are an integral part of this statement.

**FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**(A Component Unit of the County of Fresno)**

**RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
June 30, 2008**

Fund balances - total governmental funds	\$ (2,508,227)
--	----------------

Amounts reported for governmental activities in the net assets  
are different because:

Other long-term assets are not available to pay for current period  
expenditures and, therefore, are deferred in the governmental  
funds.

<u>2,508,227</u>
------------------

Net assets of governmental activities
---------------------------------------

<u>\$ -</u>
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**FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2008**

REVENUES:

Aid from other governmental agencies:	
Federal	\$ 5,686,329
State	2,834,218
Realignment revenue	26,659,711
Other revenue	<u>127,028</u>
 Total revenues	 <u>35,307,286</u>

EXPENDITURES:

Health:	
Salaries and benefits	37,525,177
Telephone	10,956
Insurance	108
Maintenance equipment	128
Memberships	13,058
Office expenses	14,165
Postage	18,244
Printing	5,915
Professional and specialized services	78,608
Data processing services	73,859
Rents and leases building	47,352
Small tools and instruments	4,228
Special department expense	3,733
Travel and transportation	10,046
Advertising	3,740
Administrative overhead	<u>6,196</u>
 Total expenditures	 <u>37,815,513</u>

Net change in fund balances	(2,508,227)
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Fund balance, July 1, 2007	<u>-</u>
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Fund balance, June 30, 2008	<u><u>\$ (2,508,227)</u></u>
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**FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**(A Component Unit of the County of Fresno)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For the Year Ended 30, 2008**

Net change in fund balances - total government funds	\$ (2,508,227)
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Amounts reported for governmental activities in the statement of  
activities are different because:

Revenues in the statement of activities that do not provide  
current financial resources are not reported as revenues in the  
funds.

2,508,227
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Change in net assets of governmental activities
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\$ -
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## NOTES TO THE BASIC FINANCIAL STATEMENTS

**FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

The accompanying summary of the more significant accounting policies of the In-Home Supportive Services Public Authority (Authority) is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements. The accounting policies of the Authority conform in all material respects to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

**A. Reporting Entity**

The In-Home Supportive Services (IHSS) program is a State-mandated and regulated program that is operated at the county level in accordance with Welfare and Institutions Code Sections 12300 et seq. Welfare and Institutions Code Section 12302.25(a) requires each county to act as, or establish, an employer for in-home supportive services providers for the purpose of collective bargaining for wages and benefits. The Fresno County (County) In-Home Supportive Services Public Authority (Authority) was established by Fresno County Ordinance Chapter 2.80 of Title 2 to serve as employer of record for IHSS providers. The Fresno County Board of Supervisors functions as the governing body (Directors) of the IHSS Public Authority. The Fresno County Board established an IHSS Advisory Committee whose powers are derived from, and are consistent with, the provisions of Welfare and Institutions Code Sections 12301.4 and 12301.6. The eleven-member Advisory Committee is responsible for informing and gives ongoing advice to the Board of Supervisors on issues related to the IHSS program. For the financial reporting purposes, the Authority is a component unit of the County of Fresno. There are no component units included in the accompanying financial statements.

The IHSS program arranges for and helps pay for services to enable elderly, blind or disabled persons to live safely and independently in their own homes. IHSS is considered an alternative to out-of-home care, such as nursing homes or board and care facilities.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

***Government-wide Financial Statements***

The Authority's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental activities for the Authority accompanied by a total column. The Authority does not have any business-type activities; therefore, only governmental activities are reported.

These basic financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

***Governmental Fund Statements***

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all governmental funds. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements.



**FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1 – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 90 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Authority, are intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

**C. Assets, Liabilities and Equity**

**1. Personnel Services**

The Authority has no employees. Administrative and accounting services are provided by County of Fresno personnel. Consequently, the Authority has an obligation to the County of Fresno for compensated absences and retirement plan contributions.

**2. Self-Insurance**

The Authority is self-insured through the County. All required information is included in the County’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008.

**3. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Authority’s management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1 – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Equity (Continued)**

4. Net Assets

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as unrestricted only.

- Unrestricted Net Assets – This category represents net assets of the Authority, not restricted for any project or other purpose.

**NOTE 2 – DUE TO COUNTY OF FRESNO**

The Authority does not maintain its own separate checking account. Accordingly, all financial activities of the Authority is processed through the County of Fresno cash pool. As of June 30, 2008, the Authority was overdrawn \$4,087,734 from the County of Fresno cash pool. This overdrawn amount is the natural result of the fact that the Authority's funding is expenditure driven.

**NOTE 3 – GRANTS RECEIVABLE / DEFERRED REVENUE**

Grant revenues are recorded as receivable when they are susceptible to accrual (i.e. when all eligible requirements have been met). The corresponding governmental fund revenues are recorded when they become available, with the differences recorded as deferred revenue. The grant receivable and deferred revenue as of June 30, 2008, were \$5,270,659 and \$2,508,227, respectively.

**NOTE 4 – RETIREMENT PLAN INFORMATION**

The Authority is a component unit of the County. For retirement purposes, all Authority administrative employees are considered to be employees of the County. No separate valuations are made for the Authority. All retirement information for the County as a whole is included in the County's Comprehensive Annual Financial Report.

**NOTE 5 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Expenditures in excess of appropriations for the year ended June 30, 2008, are as follows:

Telephone	(883)
Office expenses	(2,165)
Postage	(2,510)
Professional and specialized services	(11,119)
Data processing services	(5,043)
Small tools and instruments	(1,532)
Special department expense	(3,733)
Advertising	(3,740)

**NOTE 6 – DEFICIT FUND BALANCE**

The general fund has a deficit fund balance of \$2,508,227. The deficit will be financed through future revenues of the fund.

## REQUIRED SUPPLEMENTARY INFORMATION

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**FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET TO ACTUAL  
For the Year Ended June 30, 2008**

	<u>Original</u>	<u>Final</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Aid from other governmental agencies:				
Federal	\$ 7,114,800	\$ 7,114,800	\$ 5,686,329	\$ (1,428,471)
State	4,138,794	4,138,794	2,834,218	(1,304,576)
Realignment revenue	26,770,820	26,770,820	26,659,711	(111,109)
Other revenue	-	-	127,028	127,028
	<u>38,024,414</u>	<u>38,024,414</u>	<u>35,307,286</u>	<u>(2,717,128)</u>
<b>EXPENDITURES:</b>				
Health:				
Salaries and benefits	37,983,218	37,710,170	37,525,177	184,993
Telephone	10,215	10,215	10,956	(741)
Insurance	108	108	108	-
Maintenance equipment	3,166	3,166	128	3,038
Memberships	15,750	15,750	13,058	2,692
Office expenses	12,000	12,000	14,165	(2,165)
Postage	15,734	15,734	18,244	(2,510)
Printing	9,813	9,813	5,915	3,898
Professional and specialized services	67,489	67,489	78,608	(11,119)
Data processing services	68,816	68,816	73,859	(5,043)
Rents and leases building	61,103	61,103	47,352	13,751
Small tools and instruments	2,696	2,696	4,228	(1,532)
Special department expense	-	-	3,733	(3,733)
Travel and transportation	19,029	19,029	10,046	8,983
Advertising	-	-	3,740	(3,740)
Administrative overhead	28,325	28,325	6,196	22,129
	<u>38,297,462</u>	<u>38,024,414</u>	<u>37,815,513</u>	<u>208,901</u>
Net change in fund balances	(273,048)	-	(2,508,227)	(2,508,227)
Fund balance, July 1, 2007	-	-	-	-
Fund balance, June 30, 2008	<u>\$ (273,048)</u>	<u>\$ -</u>	<u>\$ (2,508,227)</u>	<u>\$ (2,508,227)</u>

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## OTHER INDEPENDENT AUDITOR'S REPORT

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Fresno County In-Home Supportive  
Services Public Authority  
Fresno, California

We have audited the financial statements of the governmental activities and the major fund of the Fresno County In-Home Supportive Services Public Authority (Authority), a component unit of the County of Fresno, as of and for the year ended June 30, 2008, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 11, 2009. We conducted our audit 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, Audit Committee, and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

*Price Pange & Company*

Clovis, California  
May 11, 2009