COUNTY OF SAN DIEGO
DISABILITY AND HEALTHCARE INSURANCE FRAUD GRANT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN GRANT BALANCE

For the Fiscal Year Ended June 30, 2009

COUNTY OF SAN DIEGO
DISABILITY AND HEALTHCARE INSURANCE FRAUD GRANT

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
County of San Diego
San Diego, California

We have audited the accompanying Statement of Revenues, Expenditures, and Changes in Grant Balance of the Disability and Healthcare Insurance Fraud Grant of the County of San Diego in accordance with the requirements of the State of California's Department of Insurance for the Disability and Healthcare Insurance Fraud Grant (the "Grant") for the fiscal year ended June 30, 2009. This statement is the responsibility of the County of San Diego's management. Our responsibility is to express an opinion on the Statement of Revenues, Expenditures, and Changes in Grant Balance based on our audit. The Statement of Revenues, Expenditures, and Changes in Grant Balance of the Disability and Healthcare Insurance Fraud Grant for the fiscal year ended June 30, 2008 was audited by other auditors whose report dated October 10, 2008 expressed an unqualified opinion on that statement.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with the State of California's Department of Insurance for the Disability and Healthcare Insurance Fraud Grant. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Revenues, Expenditures, and Changes in Grant Balance is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

The accompanying Statement of Revenues, Expenditures, and Changes in Grant Balance was prepared for the purpose of complying with the audit requirements of the State of California's Insurance Code, as described in Note 1 and is not intended to be a complete presentation of the County's revenues and expenditures.

In our opinion, the Statement of Revenues, Expenditures, and Changes in Grant Balance referred to above presents fairly, in all material respects, the grant revenues and expenditures of the Disability and Healthcare Insurance Fraud Grant of the County of San Diego in accordance with the State of California Department of Insurance Disability and Healthcare Insurance Fraud Grant, for the fiscal year ended June 30, 2009 and in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2009, on our consideration of the County'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 on financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and 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.

This report is intended solely for the information and use of the County's management and the State of California Insurance Commission and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim, LLP
Beverly Hills, CA
October 23, 2009

COUNTY OF SAN DIEGO
DISABILITY AND HEALTHCARE INSURANCE FRAUD GRANT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN GRANT BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
With Comparative Totals for the Fiscal Year Ended June 30, 2008

	2009	2008
Revenues:		
California Department of Insurance Funding	$ 205,559	$ 209,921
Total Revenues	205,559	209,921
Expenditures:		
Salaries and Benefits:		
Staff salaries	170,118	205,671
Staff benefits	84,378	100,008
Total Salaries and Benefits	254,496	305,679
Operating Expenditures:		
Audit Fees	1,000	1,250
Books and publications	173	
Bus pass and local mileage	1,000	1,000
Communications	146	389
Membership fees	510	490
Minor equipment		44
Office supplies & expense	28	158
Postage and printing	4,319	6,632
Liability insurance	1,349	
Training and registration	2,839	340
Travel	3,914	2,283
Vehicle maintenance and fuel	934	2,737
Total Operating Expenditures	16,212	15,323
Indirect Costs- Note 1	17,012	20,567
Total Expenditures	287,720	341,569
Excess of Revenues over (under) Expenditures	(82,161)	(131,648)
Grant Balance, Beginning of Fiscal Year	167,574	299,222
Grant Balance, End of Fiscal Year – Note 2	$ 85,413	$ 167,574

The accompanying notes are a integral part of this statement

COUNTY OF SAN DIEGO
DISABILITY AND HEALTHCARE INSURANCE FRAUD GRANT
NOTES TO THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN GRANT BALANCE
For the Fiscal Year Ended June 30, 2009

Note 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Disability and Healthcare Insurance Fraud Grant is administered by the San Diego County District Attorney's Office, the designated Disability and Healthcare Insurance Fraud prosecutor. Grant funds are received to pay for the costs of investigation and prosecution of disability and healthcare insurance fraud within the program area. The program is regulated by Section 1872.85 of the Insurance Code, the guidelines in the Request for Application, Program Regulations, and the County Plan.

Basis of Presentation

Grant financial transactions are specifically identified by organizational accounting units within the County's Accounting and Resources Management System, Oracle Financial Software System and are summarized on computerized worksheets. The San Diego County District Attorney's Office receives funds from the State of California Department of Insurance, which are deposited into the District Attorney's Insurance Fraud trust account with the County of San Diego Treasurer. All interest earned on funds held in the trust account are required to be used for grant purposes. Expenditures are reimbursed by transferring funds from the trust account to a revenue account. This is done periodically by journal entries prepared by the District Attorney's Office. The journal entries, which are based on expenditure information, are reported in a separate budget account.

Basis of Accounting

Funds received under the Grant program have been recorded within the special revenue funds of the County. The County utilizes the modified accrual basis of accounting. The accompanying Statement of Revenues, Expenditures, and Changes in Grant Balance has been prepared accordingly.

Revenues shown on the statement as of June 30, 2009 have all been received from the State Department of Insurance. Expenditures are generally recognized when the related fund liability is incurred.

Financial Schedule Presentation

The schedules present only the financial activities of the County's Grant and are not intended to present fairly the financial position or changes in financial position of the County in accordance with accounting principles generally accepted in the United States of America.

COUNTY OF SAN DIEGO
DISABILITY AND HEALTHCARE INSURANCE FRAUD GRANT
NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN GRANT BALANCE
For the Fiscal Year Ended June 30, 2009

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Salary and Benefit Expenditures

All District Attorney personnel funded by the Grant are compensated under Memorandum of Understanding Agreements with the County, and receive the standard benefit plans available to non-grant funded personnel. The following table illustrates the staff classifications and the standard benefits plan for the personnel classifications assigned to the Grant:

Classification	Total number employed during the fiscal year but not necessarily concurrently	Full/Part Time	Standard County Benefits Plan
Deputy District Attorney IV	1.4	Full Time	District Attorney
Criminal Legal Secretary II	0.5	Full Time	Non-Management

Indirect Expenditures

The Grant provides for indirect costs as follows:

	2009	2008
Staff Salaries	$ 170,118	$ 205,671
Rate	10.00%	10.00%
Indirect Costs	$ 17,012	$ 20,567

Note 2 – RESERVED GRANT BALANCE

The District Attorney requested from the State of California Department of Insurance to reserve $86,413 of the Disability and Healthcare Insurance Fraud Grant funds for the fiscal year ending June 30, 2009. At the end of the fiscal year, $85,413 was available to reserve.

Note 3 –COMPARATIVE DATA

Comparative total data for the prior fiscal year has been presented in the accompanying statement in order to provide an understanding of changes in the Disability and Healthcare Insurance Fraud Grant's operations.

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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*

Board of Supervisors
County of San Diego
San Diego, California

We have audited the accompanying Statement of Revenues, Expenditures, and Changes in Grant Balance of the Disability and Healthcare Insurance Fraud Grant of the County of San Diego as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated October 23, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County'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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 County'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 County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

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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 County'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 Statement of Revenues, Expenditures, and Changes in Grant Balances is 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. Such provisions include those provisions identified in the *California Insurance Code Section 1872.85,* the guidelines in the *Request for Application*, Program Regulations, and the *County Plan.* 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 County's management and the State of California Insurance Commission and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim, LLP
Beverly Hills, CA
October 23, 2009

COUNTY OF SAN DIEGO
DISABILITY AND HEALTHCARE INSURANCE FRAUD GRANT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009

No findings noted

COUNTY OF SAN DIEGO
DISABILITY AND HEALTHCARE INSURANCE FRAUD GRANT
SCHEDULE OF PRIOR YEAR FINDINGS
For the Fiscal Year Ended June 30, 2009

No findings noted