

**COUNTY OF SAN DIEGO  
ORGANIZED AUTOMOBILE FRAUD ACTIVITY  
INTERDICTION GRANT  
(URBAN AUTOMOBILE FRAUD GRANT)  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN GRANT BALANCE**

**For the Fiscal Year Ended June 30, 2009**

**COUNTY OF SAN DIEGO**  
**ORGANIZED AUTOMOBILE FRAUD ACTIVITY**  
**INTERDICTION GRANT**  
**(URBAN AUTOMOBILE 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 Organized Automobile Fraud Activity Interdiction Grant ("Urban Automobile Fraud Grant") of the County of San Diego in accordance with the State of California's Department of Insurance for the Urban Automobile Fraud 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 Urban Automobile 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 Urban Automobile 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 Urban Automobile Fraud Grant of the County of San Diego in accordance with the State of California Department of Insurance Urban Automobile Fraud Grant, for the fiscal year ended June 30, 2009 and 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 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*

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

**COUNTY OF SAN DIEGO  
 ORGANIZED AUTOMOBILE FRAUD ACTIVITY INTERDICTION GRANT  
 (URBAN AUTOMOBILE 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
<b>Revenues:</b>		
California Department of Insurance funding	\$ 717,743	\$ 680,000
Other revenue		5,374
Interest revenue	3,445	
<b>Total Revenues</b>	721,188	685,374
<b>Expenditures:</b>		
Salaries and Benefits:		
Staff salaries	446,776	361,030
Staff overtime	238,508	205,007
Staff benefits	1,091	283
Total Salaries and Benefits	686,375	566,320
Operating Expenditures:		
Annual software license	164	144
Audit fees	2,000	1,250
Books and publications	559	58
Bus pass and local mileage	1,450	1,537
Communications	1,107	867
Data processing supplies and equipment maintenance	1,273	1,119
Expert witness and professional services		(983)
Facilities management	3,523	4,958
Equipment maintenance	403	1,054
Membership fees	1,263	658
Minor equipment	63	
Miscellaneous	14	
Office expense	243	626
Parking	5,992	7,103
Postage and printing	128	6
Liability insurance	4,046	2,273
Training and registration	1,050	1,225
Travel	3,238	3,702
Utilities	2,555	2,821
Vehicle maintenance and fuel	5,961	6,973
Vehicle	25,545	
Total Operating Expenditures	60,577	35,391
Indirect costs - Note 1	44,678	36,103
<b>Total Expenditures</b>	791,630	637,814
<b>Excess of Revenues over (under) Expenditures</b>	(70,442)	47,560
Grant Balance, beginning of fiscal year	152,776	105,216
Grant Balance, end of fiscal year - Note 2	\$ 82,334	\$ 152,776

The accompanying notes are an integral part of this statement

**COUNTY OF SAN DIEGO  
ORGANIZED AUTOMOBILE FRAUD ACTIVITY INTERDICTION GRANT  
(URBAN AUTOMOBILE 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 Urban Automobile Fraud Grant is administered by the San Diego County District Attorney's Office, the designated automobile insurance fraud prosecutor. Grant funds are received to pay for the costs of investigation and prosecution of urban automobile insurance fraud within the program area. The program is regulated by Section 1872.8 of the California 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, which are prepared by the District Attorney's Office. The journal entries are based on expenditure information reported in a separate budget account for the Grant.

**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  
 ORGANIZED AUTOMOBILE FRAUD ACTIVITY INTERDICTION GRANT  
 (URBAN AUTOMOBILE 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 V	1	Full Time	District Attorney
Deputy District Attorney IV	1.5	Full Time	District Attorney
Deputy District Attorney III	1	Full Time	District Attorney
D.A. Investigator III	3	Full Time	District Attorney Investigator
D.A. Investigator II	1	Full Time	District Attorney Investigator
Criminal Legal Secretary II	0.5	Full Time	Non-Management
Legal Support Assistant I	1	Full Time	Non-Management
Contract Lawyer	1	Full Time	Non-Management

**Indirect Expenditures**

The Grant provides for indirect costs as follows:

	2009	2008
Staff Salaries	\$ 446,776	\$ 361,030
Rate	10.00%	10.00%
Indirect Costs	<u>\$ 44,678</u>	<u>\$ 36,103</u>

**Note 2 - RESERVED GRANT BALANCE**

The District Attorney requested from the State of California Department of Insurance to reserve \$84,334 of the Urban Automobile Fraud Grant funds for the fiscal year ending June 30, 2009. At the end of the fiscal year, only \$82,334 was available to reserve.

**Note 3 –EQUIPMENT AND VEHICLE PURCHASES**

Based on the approval granted by the State of California Department of Insurance, the District Attorney was allowed to use Grant funds of \$63 to replace/purchase minor equipment and \$25,545 to replace/purchase vehicles.

**Note 4 –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 Urban Automobile 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 Organized Automobile Fraud Activity Interdiction Grant ("Urban Automobile Fraud Grant") of the County of San Diego 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.

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 1872.8*, 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 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*

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

**COUNTY OF SAN DIEGO  
ORGANIZED AUTOMOBILE FRAUD ACTIVITY  
INTERDICTION GRANT  
(URBAN AUTOMOBILE FRAUD GRANT)  
SCHEDULE OF FINDINGS  
For the Fiscal Year Ended June 30, 2009**

No findings noted.

**COUNTY OF SAN DIEGO  
ORGANIZED AUTOMOBILE FRAUD ACTIVITY  
INTERDICTION GRANT  
(URBAN AUTOMOBILE FRAUD GRANT)  
SCHEDULE OF PRIOR YEAR FINDINGS  
For the Fiscal Year Ended June 30, 2009**

No findings noted.