

**COUNTY OF SAN DIEGO
WORKERS' COMPENSATION INSURANCE FRAUD GRANT
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN GRANT BALANCE**

For the Fiscal Year Ended June 30, 2025

COUNTY OF SAN DIEGO
WORKERS' COMPENSATION INSURANCE FRAUD GRANT

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
County of San Diego
San Diego, California

Opinion

We have audited the accompanying Statement of Revenues, Expenditures, and Changes in Grant Balance (Statement) of the Workers' Compensation Insurance Fraud Grant (Grant) of the County of San Diego (County) for the fiscal year ended June 30, 2025, and the related notes to the statement, as listed in the table of contents.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the Revenues, Expenditures, and Changes in Grant Balance of the County of San Diego Workers' Compensation Insurance Fraud Grant in accordance with the requirements of the State of California Department of Insurance for the Workers' Compensation Insurance Fraud Grant Program for the fiscal year ended June 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in 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 Workers' Compensation Insurance Fraud Grant. 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 County, 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 opinion.

Emphasis of Matter

As discussed in Note 1, the 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, and does not purport to, and is not intended to be a complete presentation of the County's financial position as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 statement, 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 County'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 statement.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025, on our consideration of the County's internal control over financial reporting with respect to the Grant 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.

Report on Comparative Information

We have previously audited the June 30, 2024 Statement of Revenues, Expenditures, and Changes in Grant Balance of the Workers' Compensation Insurance Fraud Grant of the County of San Diego, and our report dated October 18, 2024, expressed an unmodified opinion on the audited financial statement. In our opinion, the comparative information presented herein for the fiscal year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Moss, Levy & Hartzheim, LLP
Culver City, CA
October 24, 2025

COUNTY OF SAN DIEGO
WORKERS' COMPENSATION INSURANCE FRAUD GRANT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN GRANT BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	2025	2024
Revenues:		
California Department of Insurance funding (Note 1)	\$ 8,258,489	\$ 7,811,992
Interest revenue	167,584	179,207
Salvage vehicle proceeds	12,662	-
Total Revenues	8,438,735	7,991,199
Expenditures:		
Salaries and Benefits:		
Staff salaries	4,031,106	3,929,970
Staff benefits	2,890,693	2,818,963
Staff overtime	138,133	96,063
State bar membership	5,179	6,123
Total Salaries and Benefits	7,065,111	6,851,119
Operating Expenditures:		
Audit fees	6,379	6,134
Books and publications	576	3,079
Bus passes and local mileage	25,314	16,642
Communications	16,437	16,079
Equipment	-	8,263
Facilities management	163,938	120,133
Membership fees	5,177	2,728
Miscellaneous	26	19
Noncapitalized computer expense	-	6,878
Office supplies and expenses	10,928	7,434
Parking	36,198	49,472
Postage	95	129
Printing	-	1,069
Professional services	57,681	-
Public liability insurance	33,182	41,354
Publication and legal notice	499,283	398,247
Special department expense	2,968	3,096
Training and registration	20,225	34,367
Trash service	868	974
Travel	68,171	63,982
Utilities	41,466	41,654
Witness expense	177	1,214
Total Operating Expenditures	989,089	822,947
Indirect costs - Note 1	403,111	392,997
Total Expenditures	8,457,311	8,067,063
Excess of Revenues over (under) Expenditures	(18,576)	(75,864)
Grant Balance, beginning of fiscal year	1,006,463	1,082,327
Grant Balance, end of fiscal year - (Note 2)	\$ 987,887	\$ 1,006,463

The accompanying notes are an integral part of this statement

**COUNTY OF SAN DIEGO
WORKERS' COMPENSATION INSURANCE FRAUD GRANT
NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN GRANT BALANCE
For the Fiscal Year Ended June 30, 2025**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Workers' Compensation Insurance Fraud Grant is administered by the San Diego County District Attorney's Office, the designated workers' compensation insurance fraud prosecutor. Grant funds are received to pay for the costs of investigation and prosecution of workers' compensation fraud within the program area. The program is regulated by *Section 1872.83* 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 Oracle Financial Software System, which 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.

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 for the fiscal year ending June 30, 2025 have been received from the State Department of Insurance. Only \$2,159,014 was received during the fiscal year and the remaining balance of \$6,099,475 was received after the grant period. California Department of Insurance requires that grant revenue be included on an accrual basis. Expenditures are generally recognized when the related fund liability is incurred.

Statement Presentation

The statement presents only the financial activities of the County's Grant and is 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.

Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions that affect the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those reported.

**COUNTY OF SAN DIEGO
WORKERS' COMPENSATION INSURANCE FRAUD GRANT
NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN GRANT BALANCE
For the Fiscal Year Ended June 30, 2025**

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
D.A. Investigator II	2.00	Full Time	District Attorney Investigator
D.A. Investigator III	5.25	Full Time	District Attorney Investigator
D.A. Investigator IV	1.00	Full Time	District Attorney Investigator
D.A. Investigator V	0.50	Full Time	District Attorney Investigator
Deputy District Attorney III	1.75	Full Time	District Attorney
Deputy District Attorney IV	2.50	Full Time	District Attorney
Deputy District Attorney V	3.50	Full Time	District Attorney
Deputy District Attorney (120-Day Term Retiree)	0.50	Part Time	District Attorney
Legal Support Supervisor II	0.50	Full Time	Non-Management
Legal Support Manager	0.50	Full Time	District Attorney Investigator
Paralegal Supervisor	1.00	Full Time	Non-Management
Paralegal II	5.75	Full Time	Non-Management
Criminal Legal Secretary I	2.00	Full Time	Non-Management
Criminal Legal Secretary III	1.00	Full Time	Non-Management
Clerical Support	1.50	Full Time	Non-Management
Student Worker - Undergraduate	0.50	Part Time	*
Graduate Law Clerk	0.50	Full Time	*
Temporary Expert Professional	1.00	Full Time	*

* The classifications Temporary Expert Professional , Graduate Law Clerk, and Student Worker - Undergraduate are not represented by any bargaining units and employees under this classification do not receive benefits.

**COUNTY OF SAN DIEGO
WORKERS' COMPENSATION INSURANCE FRAUD GRANT
NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN GRANT BALANCE
For the Fiscal Year Ended June 30, 2025**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Indirect Expenditures

The Grant provides for indirect costs as follows:

	2025	2024
Staff Salaries	\$ 4,031,106	\$ 3,929,970
Rate	10.00%	10.00%
Indirect Costs	\$ 403,111	\$ 392,997

Note 2 – RESERVED GRANT BALANCE

The District Attorney requested from the State of California Department of Insurance to reserve Workers' Compensation Insurance Fraud Grant funds in the amount of \$987,887 for the fiscal year ending June 30, 2025. At the end of the fiscal year, \$987,887 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 is allowed to use and purchase equipment and vehicles. No equipment or vehicles were purchased by the grant during the fiscal year ending June 30, 2025.

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 Workers' Compensation 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, 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, the accompanying Statement of Revenues, Expenditures, and Changes in Grant Balance of the Worker's Compensation Insurance Fraud Grant (Grant) of the County of San Diego (County) as of and for the fiscal year ended June 30, 2025, and the related notes to the Statement of Revenues, Expenditures, and Changes in Grant Balance, and have issued our report thereon dated October 24, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) with respect to the Grant as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control with respect to the Grant. Accordingly, we do not express an opinion on the effectiveness of the County's internal control with respect to the Grant.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Statement of Revenues, Expenditures, and Changes in Grant Balance is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 instance 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 program'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 program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
October 24, 2025

**COUNTY OF SAN DIEGO
WORKERS' COMPENSATION INSURANCE FRAUD GRANT
SCHEDULE OF FINDINGS
For the Fiscal Year Ended June 30, 2025**

No findings noted

**COUNTY OF SAN DIEGO
WORKERS' COMPENSATION INSURANCE FRAUD GRANT
SCHEDULE OF PRIOR YEAR FINDINGS
For the Fiscal Year Ended June 30, 2025**

No findings noted