



## SANTA ANA POLICE OFFICERS ASSOCIATION

JANUARY 1, 2023 THROUGH DECEMBER 31, 2023

INDEPENDENT AUDITORS' REPORT ON AGREED  
UPON PROCEDURES FOR THE SANTA ANA POLICE  
OFFICERS' ASSOCIATION TRUST FUND

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**SANTA ANA POLICE OFFICERS ASSOCIATION**

**Independent Accountants' Report  
on Agreed Upon Procedures for the  
Santa Ana Police Officers'  
Association Trust Fund**

**January 1, 2023 through December 31, 2023**



## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To Mr. John Kachirsiky, President  
Santa Ana Police Officers Association  
Santa Ana, California

To the Management of the City of Santa Ana  
Santa Ana, California

We have performed the procedures enumerated below on the Santa Ana Police Officers Association (hereafter, the Association)'s medical insurance trust fund's excess fund balance calculation for the year ended December 31, 2023. The Association is responsible for the medical insurance trust fund's excess fund balance calculation.

The Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of calculating and verifying the excess fund balance of the medical insurance trust fund pursuant to the Association's agreement with the City of Santa Ana (hereafter, the City) for the year ended December 31, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the associated findings are as follows:

### **Health Plan Agreement**

1. We obtained a copy of the Agreement between the City and the Association, which establishes a medical insurance trust fund (hereafter, the Trust) for employees of the bargaining unit. We summarized the significant terms of the Agreement. We also obtained an understanding of the role of a third party to administer the Trust on behalf of the Association.

**Results:** Under the terms of the Agreement, the Association must maintain a Trust for the sole purpose of providing and administering health, dental, and long-term disability plans, which may include medical prescriptions, vision care, and/or long-term disability insurance for employees in the bargaining unit. Employees contribute toward the cost of health plan premiums at amounts determined by the Association. In addition, the City makes monthly contributions to the Trust based on the number of actively employed enrollee members in the bargaining unit. All costs of providing and administering the Trust's health benefit plans are the sole responsibility of the Association. The City's contributions may be used to cover administrative costs of the program up to the maximum amount stipulated in the Agreement. The Association has designated Union First Solutions as the third-party administrator of the Trust.

### **Internal Controls**

2. We inquired with medical insurance trustee personnel and obtained an understanding of the accounting procedures used by the trustee to administer the Trust. We reviewed these procedures, which included bank reconciliations, cash receipts and cash disbursements transactions for health care benefits, for any significant internal control weaknesses.

**Results:** No exceptions were identified as a result of applying this procedure.



To the Board of Directors  
Santa Ana Police Officers Association  
Santa Ana, California

### **Summary of Trust Receipts and Disbursements**

3. We obtained the Trust's checking and investment account statements prepared by the trustee for the twelve months ended December 31, 2023. We reviewed the source documents for each receipt and disbursement on the worksheets. Based on our review of the monthly worksheets and source documents, we prepared an annual summary of the Trust's receipts and disbursements, including a reconciliation to the Trust's checking and investment account balances.

We obtained copies of all checks deposited to the Trust. Per review of the checks deposited to the Trust, we categorized each cash receipt into one of the following categories:

- Medical and dental
- Retiree health
- Long-term disability
- Interbank transfers
- Interest income

Per review of the monthly bank statements and review of the cancelled checks, we categorized each cash disbursement into one of the following categories:

- Health Related:
  - Insurance Premiums (medical, dental, vision, long-term disability, and life)
  - Health and wellness screening
  - Exercise equipment and other
- Non-Health Related:
  - Administrative fees
  - Bank service fees
  - Audit, legal, and other charges

For each month, we determined the Trust's total ending balance by obtaining the monthly investment account statements for the Trust's Charles Schwab brokerage account. We added those balances to the ending balance of the checking account to arrive at the total balance of the Trust.

**Results:** The Summary of Receipts and Disbursements is included as Attachment 1A on page 7.

### **General Ledger, Receipts and Disbursements**

4. The City makes monthly Trust contributions. We obtained from the City a Trust payment detail, which listed all payments made to the Trust for the period under review and compared 100% of the payments made by the City to the documentation on file with the Association. Next, we traced the transfers and their amounts to deposits listed on the bank statements and general ledger.

**Results:** The attached Summary of Receipts and Disbursements, which is based on the bank statements and general ledger, reflects twelve months of 2023 receipts. As part of the test work on the Summary of Receipts and Disbursements, we reviewed the supporting documentation for each cash receipt to determine which receipt type to classify it in. During our review, we noted that all receipts and disbursements were supported by appropriate documentation.



To the Board of Directors  
Santa Ana Police Officers Association  
Santa Ana, California

5. As part of our process to prepare the Summary of Receipts and Disbursements, we examined all disbursements made from the Trust's checking accounts to determine that disbursements were for the sole purpose of providing and administering health, dental, and long-term disability plans, which may include medical prescriptions, vision care, and/or long-term disability insurance for employees in the bargaining unit. Per Section 9 of the Agreement, the "use of City contributions to cover administrative costs of the program shall not exceed \$50,000 during calendar year 2023. Each calendar year thereafter, the maximum amount of administrative costs funded using City contributions will be adjusted by an annual percentage in the Medical Care Services CPI..." We compared total administrative costs per our Summary of Receipts and Disbursements to the allowable limit per the Agreement.

**Results:** We reviewed the applicable Consumer Price Index (CPI) table from the U.S. Bureau of Labor Statistics. The total allowable administrative costs for 2023 was \$50,000, and actual administrative costs totaled \$28,775. No exceptions were identified as a result of applying this procedure.

6. We obtained the Trust's monthly checking account bank statements and their corresponding monthly bank reconciliations for the Trust's checking account with Pacific Premier Bank for the period January 2023 through December 2023 and performed the following procedures:
- Compared the ending bank reconciliation balance to the Trust's general ledger.
  - Compared the cash balance to the bank statement.
  - Determined that bank reconciliations were prepared in a timely manner and reviewed appropriately.
  - Compared outstanding checks to the subsequent month's bank statement.
  - Verified that monthly interest earned per the bank statements was recorded to the corresponding month's general ledger.

**Results:** We noted that all bank statements were reconciled timely, were properly reviewed and approved, and were reconciled properly.

### **Excess Fund Balance**

7. Per Section 5 of the Agreement, the Association must return to the City any excess fund balance being held in the trust as of December 31. Excess fund balance is defined as any amount that exceeds four-times the total insurance premiums minus the employees' share of the premium contribution paid for the month of December for the year just ended. Once the excess fund balance is determined for the prior calendar year, the City shall reduce its monthly contribution for the next six months by one-sixth of the excess fund balance. The application of these reductions for excess fund balance will begin to occur 30 days after completion of the final audit report.

The final Association Trust Fund Calculation of Excess Fund Balance is documented in Attachment 1B.

- We tested the calculation for mathematical accuracy. We compared the trust balance to the Summary of Receipts and Disbursements (Attachment 1A).
- We compared the total insurance premiums to copies of insurance invoices and verified that they pertained to insurance coverage for the month of December 2023.
- We compared the payroll deductions to documentation provided by the City and verified that amounts pertained to December 2023 insurance coverage (amounts withheld in November 2023, pay periods 22 and 23).
- We reconciled the supporting documents used in the calculation to the general ledger, and to the Summary of Receipts and Disbursements.

**Results:** For the fiscal year beginning January 1, 2023, and ending December 31, 2023, there is no excess fund balance (see Attachment 1B).



To the Board of Directors  
Santa Ana Police Officers Association  
Santa Ana, California

We were engaged by the Association to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the medical insurance trust fund's excess fund balance calculation for the year ended December 31, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

#### ***Other Matters***

We have reissued this Agreed-Upon Procedures report because subsequent to the issuance of our original report, dated July 29, 2025, new circumstances and information were made known to us that were not disclosed at the time of our initial engagement; specifically, that the brokerage account was erroneously included as part of the trust fund balance. These newly disclosed matters impacted the interpretation and relevance of the procedures performed and the results reported herein, as such certain procedures in this revised report have been removed as they are no longer relevant, and the calculation of excess fund balance has been revised. Our procedures were applied solely to the information available at the time of the original report; accordingly, we have not undertaken to perform additional procedures with respect to these new circumstances, aside from confirmation with the Trust's legal counsel. This reissued report reflects the information provided to us as of the date set forth below.

*LSL, LLP*

Irvine, California  
September 30, 2025

**MEDICAL INSURANCE TRUST FUND**  
**Summary of Receipts and Disbursements**  
**January 1, 2023 Through December 31, 2023**

	January	February	March	April	May	June
A. Opening Balance - Checking Account	\$ 850,909	\$ 915,455	\$ 893,426	\$ 386,140	\$ 372,436	\$ 335,076
<b>RECEIPTS</b>						
<b>City of Santa Ana</b>						
Medical and dental	750,728	713,191	675,655	710,325	713,149	711,801
Retiree health	95,856	100,026	103,111	102,031	102,072	102,604
Long-term disability	32,868	32,808	32,901	32,736	32,835	32,703
<b>Other</b>						
Interbank transfers	30,000	-	500,000	-	-	-
Interest Income	2	1	5	4	5	5
B. Total Receipts	909,454	846,026	1,311,672	845,096	848,061	847,113
<b>DISBURSEMENTS</b>						
<b>Health related</b>						
Insurance Premiums:						
Medical, dental, and vision	813,254	843,479	1,687,579	834,078	846,546	843,889
LTD insurance	20,583	20,706	20,583	20,501	20,542	20,542
Life insurance	2,399	2,394	2,413	2,409	2,394	2,394
Health and wellness screening	-	-	106,250	-	-	-
Exercise equipment and other	-	-	-	-	-	-
Total health related	836,236	866,579	1,816,825	856,988	869,482	866,825
<b>Non-health related</b>						
Administrative fee	1,170	1,474	1,691	1,810	9,810	1,810
Bank service fees	2	2	2	2	2	2
Audit, legal, and other charges	7,500	-	440	-	6,127	-
Total non-health related	8,672	1,476	2,133	1,812	15,939	1,812
C. Total Disbursements	844,908	868,055	1,818,958	858,800	885,421	868,637
D. Monthly Total/Net Monthly Activity = (B) - (C)	64,546	(22,029)	(507,286)	(13,704)	(37,360)	(21,524)
E. Ending Balance - Checking Account = (A) + (D)	\$ 915,455	\$ 893,426	\$ 386,140	\$ 372,436	\$ 335,076	\$ 313,552
<b>TOTAL TRUST BALANCE</b>						
<b>F. Checking account:</b>						
Pacific Premier Bank	\$ 915,455	\$ 893,426	\$ 386,140	\$ 372,436	\$ 335,076	\$ 313,552

ATTACHMENT 1A

July	August	September	October	November	December	Totals
\$ 313,552	\$ 1,175,338	\$ 280,911	\$ 278,511	\$ 252,702	\$ 241,837	\$ 850,909
749,218	706,476	740,919	745,446	744,692	739,410	8,701,010
104,585	68,136	67,883	68,428	68,826	68,330	1,051,888
32,769	32,703	32,439	32,439	32,637	32,505	392,343
-	-	-	-	-	-	530,000
3	3	3	3	4	3	41
886,575	807,318	841,244	846,316	846,159	840,248	10,675,282
-	1,663,511	819,101	833,929	827,887	814,677	10,827,930
20,583	20,419	20,501	20,624	20,255	20,296	246,135
2,394	2,403	2,380	2,380	2,399	2,385	28,744
-	-	-	-	-	-	106,250
-	-	-	14,000	-	-	14,000
22,977	1,686,333	841,982	870,933	850,541	837,358	11,223,059
1,410	1,410	1,660	-	3,820	2,710	28,775
2	2	2	2	2	2	24
400	14,000	-	1,190	2,661	-	32,318
1,812	15,412	1,662	1,192	6,483	2,712	61,117
24,789	1,701,745	843,644	872,125	857,024	840,070	11,284,176
861,786	(894,427)	(2,400)	(25,809)	(10,865)	178	(608,894)
\$ 1,175,338	\$ 280,911	\$ 278,511	\$ 252,702	\$ 241,837	\$ 242,015	\$ 242,015
\$ 1,175,338	\$ 280,911	\$ 278,511	\$ 252,702	\$ 241,837	\$ 242,015	\$ 242,015



**MEDICAL INSURANCE TRUST FUND**  
**Calculation of Excess Fund Balance**  
**As of December 31, 2023**

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**ATTACHMENT 1B**

**Trust balance:**

Checking account - Pacific Premier Bank	\$ 242,015
<b>Trust balance as of December 31, cash basis</b>	<b><u>242,015</u></b>

**Total insurance premiums (December coverage):**

Medical, dental, and vision	814,677
Long-term disability	20,296
Life insurance	2,385
<b>Total insurance premiums (December coverage)</b>	<b><u>837,358</u></b>

**Employees' share of premiums contribution (December coverage):**

Payroll deductions - medical	(44,402)
Payroll deductions - dental	(10,996)
Payroll deductions - vision	(3,844)
<b>Total employees' share of premiums contribution (December coverage)</b>	<b><u>(59,242)</u></b>

**Total insurance premiums, net**

**778,116**

Times 4

4

**4 x total insurance premiums, net**

**\$ 3,112,464**

**Excess trust fund balance**

**\$ -**