

Retired Employees Of San Diego County

Sections

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REPRESENTATION LETTER - SIGN AND EMAIL ASAP TO
josem100@yahoo.com

Retired Employees Of San Diego County

Date: September 7, 2024

To: Jose Mejares, CPA, and MSSM
PO Box 12022
La Jolla, CA 92039

Re: Representation Letter

In connection with your audit of the statements of financial position and the related statements of activities, and cash flows of Retired Employees Of San Diego County as of December 31, 2023 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the statements of financial position, statements of activities and cash flows of Retired Employees Of San Diego County in conformity with generally accepted accounting principles, we confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We are responsible for the fair presentation in the financial statements of financial position, activities and cash flows in conformity with generally accepted accounting principles.
2. We have made available to you all-
 - a. Financial records and related data.
 - b. Minutes of the meetings of directors and committees of directors, or summaries of action of recent meetings for which minutes have not yet been prepared.
3. There have been no-
 - a. Irregularities involving management or employees who have significant roles in the internal control structure.
 - b. Irregularities involving other employees that could have a material effect on the financial statements.
 - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
4. We have no plans or intentions that may materially affect the carrying value of classification of assets and liabilities.
5. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfer, leasing arrangements, and guarantees.
 - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
 - c. Agreements to repurchase assets previously sold.
6. There are no-
 - a. Violations or possible violation of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5 (FASB,

Current Text, AC section C59).

7. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No 5 (FASB, Current Text, AC section C59).
8. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
9. The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in event of noncompliance.
11. No events have occurred subsequent to the balance sheet date that would requires adjustment to, or disclosure in the financial statements.
12. We have no knowledge of any fraud or suspected fraud affecting the entity involving management or others where the fraud could have a material effect on the financial statements, including any communications received from employees, former employees, analysts, regulators or others.
13. We understand that management is responsible for the Association's tax returns.
14. We are in agreement with the adjusting journal entries, if any, you have recommended, and they have been posted to the Association's accounts.
15. We feel an allowance for uncollectible accounts of \$0 as of the fiscal year end is sufficient.
16. During the course of your review engagement, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
17. We obtained and reviewed a draft copy of the reviewed financial statements and approve its issuance.

Sincerely,

Board Officer: _____

Retired Employees Of San Diego County

Date: _____

AUDITED FINANCIAL STATEMENTS

JOSE M. MEJARES, CPA, MSSM
(858) 622-9262, voice • (858) 242-4897, fax
PO Box 12022, La Jolla, CA 92039

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Retired Employees Of San Diego County

INDEPENDENT ACCOUNTANT'S AUDIT REPORT

AND

COMPARATIVE FINANCIAL STATEMENTS

FOR THE YEARS ENDED

December 31, 2023 AND 2022

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3. Comparative Statements of Financial Position
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5. Comparative Statements of Cash Flows
6. Comparative Statements of Functional Expenses
7. Notes to Financial Statements

JOSE M. MEJARES, CPA, MSSM
(858) 622-9262, voice • (858) 242-4897, fax
PO Box 12022, La Jolla, CA 92039

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Retired Employees Of San Diego County
8825 Aero Drive, Suite 205
San Diego, CA 92123

Opinion

I have audited the accompanying Comparative Statements of Financial Position of **Retired Employees Of San Diego County**, which comprise the balance sheet as of **December 31, 2023**, and the related Statements of Activities and Cash Flows for the year then ended, and the related Notes to the Financial Statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Retired Employees Of San Diego County** as of **December 31, 2023**, and the results of Activities and its Cash Flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of **Retired Employees Of San Diego County** and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Retired Employees Of San Diego County's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 **Retired Employees Of San Diego 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 statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Retired Employees Of San Diego County's** ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on 2022 Financial Statements

The financial statements of **Retired Employees of San Diego County** as of December 31, 2022, were reviewed by me. The report is dated August 14, 2023. I stated I am not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Jose M. Mejares, CPA
San Diego, California
September 7, 2024

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Retired Employees Of San Diego County

Comparative Statements of Financial Position

December 31, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current Assets		
Cash in Accounts and Short-Term CD's	\$ 245,422	\$ 592,145
Long-Term CDs	512,189	104,120
Investments in Trading Securities	390,337	369,316
Prepaid Expenses	4,043	4,332
Total Currents Assets	<u>1,151,991</u>	<u>1,069,913</u>
Fixed Assets		
Equipment	21,336	21,336
Furniture	20,017	17,240
Accumulated depreciation-equip. and furn.	(34,571)	(33,311)
Total Fixed Assets	<u>6,782</u>	<u>5,265</u>
TOTAL ASSETS	<u><u>\$ 1,158,773</u></u>	<u><u>\$ 1,075,178</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accrued Vacation	16,493	0
Charles Schwab Liability	1,770	852
Total Liabilities	<u>18,263</u>	<u>852</u>
Net Assets		
Unrestricted	328,397	341,501
Board Designated	812,113	732,825
Total Net Assets	<u>1,140,510</u>	<u>1,074,326</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,158,773</u></u>	<u><u>\$ 1,075,178</u></u>

Retired Employees Of San Diego County

Comparative Statements of Activities

Year Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Candy Sales	\$ 5,678	\$ 4,807
Net Investment Income	44,529	(23,459)
Dues	476,223	379,055
General Membership Meetings	10,299	756
Scholarship Donations	750	1,750
TOTAL REVENUES	<u>537,479</u>	<u>362,909</u>
EXPENSES		
Programs	392,086	310,172
Management	69,348	56,597
Fundraising	1,673	0
Total Expenses	<u>463,107</u>	<u>366,769</u>
Other Income-Net	0	0
Changes in Net Assets	<u>74,372</u>	<u>(3,860)</u>
Net Assets, Beginning of Year	1,074,326	1,078,186
Prior Period Adjustment	(8,188)	0
Net Assets, End of Year	<u>\$ 1,140,510</u>	<u>\$ 1,074,326</u>

Retired Employees Of San Diego County

Comparative Statements Of Cash Flows

Year Ended December 31, 2023 and 2022

OPERATING ACTIVITIES	2023	2022
Change in Net Assets	\$ <u>74,372</u>	\$ <u>(3,860)</u>
Adjustments:		
Depreciation	1,260	1,000
Prior period adjustment	(8,188)	1
(Increase) decrease in operating assets:		
Prepaid expenses	289	(229)
Increase (decrease) in operating liabilities:		
Accrued Vacation	16,493	0
Accounts payable-Charles Schwab	918	(705)
Total Adjustments	<u>10,772</u>	<u>67</u>
Net cash provided by operating activities	<u>85,144</u>	<u>(3,793)</u>
INVESTING ACTIVITIES		
Fixed assets purchased	(2,277)	0
Net cash provided by investing activities	<u>(2,277)</u>	<u>0</u>
FINANCING ACTIVITIES		
Board Designated Net Assets	0	0
Unrestricted Net Assets	0	0
Net cash provided by financing activities	<u>0</u>	<u>0</u>
Net cash increase for period	<u>82,867</u>	<u>(3,793)</u>
Cash & Cash Equivalents Beg. of Yr.	\$ 1,065,581	\$ 1,069,374
Cash & Cash Equivalents End of Yr.	<u>\$ 1,148,448</u>	<u>\$ 1,065,581</u>
SUPPLEMENTAL DISCLOSURE		
Income Taxes Paid	\$ 0	\$ 0

Retired Employees Of San Diego County

Comparative Statements Of Functional Expenses

Year Ended December 31, 2023 and 2022

Expenses	2023			2022	
	Program(s)	Management	Fundraising	Total	Total
Salaries & Compensation	\$ 177,946	\$ 44,486	\$ 0	\$ 222,432	\$ 177,043
Simple IRA Accruals	3,852	963	0	4,815	4,579
Payroll Taxes	12,883	3,221	0	16,104	14,979
Payroll Preparation Fees	2,396	599	0	2,995	2,547
Benefits	2,367	592	0	2,959	561
Accounting	4,466	1,117	0	5,583	4,900
Office Expenses	1,857	465	0	2,322	2,747
Information Tech. Expenses	9,215	2,304	0	11,519	6,535
Recruitment	0	0	1,673	1,673	745
Conference/Meeting Expenses	5,550	1,388	0	6,938	6,349
Depreciation Expense	0	1,260	0	1,260	1,000
Dues-Associations	4,156	300	0	4,456	4,085
Copier Lease	759	190	0	949	895
Insurance	4,123	1,031	0	5,154	4,941
Network Newsletter Costs	72,046	0	0	72,046	63,082
Postage	1,727	432	0	2,159	1,203
Business Expenses	0	1,581	0	1,581	380
Travel Expenses	0	513	0	513	165
Program Expenses	53,120	0	0	53,120	26,207
Rent	31,298	7,825	0	39,123	38,232
Telephone/Internet	3,400	850	0	4,250	4,406
Utilities	925	231	0	1,156	1,188
Total Expenses	\$ 392,086	\$ 69,348	\$ 1,673	\$ 463,107	\$ 366,769

Retired Employees Of San Diego County

Notes to Financial Statements

NOTE 1: Nature of Business and Summary of Significant Accounting Policies

Nature of Business:

The Retired Employees Of San Diego County (RESDC) was incorporated under the General Corporation Law of the State of California and was reclassified as a tax exempt non-profit local association of employees in May 7, 1971 under IRS Code Section 501(c) 4. RESDC presently has over 8,100 members and represents all San Diego County retirees, ensuring their current retirement benefits are protected and obtaining new benefits when justified.

Summary of the Corporation's Significant Accounting Policies are as follows:

Basis of Accounting:

The accompanying financial statements have been prepared in accordance with the accrual basis of accounting. The accounts of the corporation are maintained in accordance with generally accepted accounting principles. Under the accrual method basis of accounting, determining net income means recognizing revenues when earned rather than when cash is received, and expenses are recognized when incurred rather than when paid.

Net Assets:

The financial statements report net assets and changes in net assets into two classes - Board Designated Net Assets **(\$812,113)** and Unrestricted Net Assets **(\$328,397)**. Presently there are no other restrictions on the use of these net assets of the organization other than to support ongoing programs and operations.

Cash and Cash Equivalents:

For purposes of reporting cash and cash equivalents, the corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments:

Investments are predominantly made in certificates of deposit (45%) and marketable trading securities (34%), which are recorded either at the cost of purchase or at fair market value on the date of investment. Subsequent increases or decreases in the market value of the trading securities are recorded as unrealized gains/losses in the statement of activities and the carrying amount of the investment is also either increased or decreased as applicable.

Retired Employees Of San Diego County

Notes to Financial Statements

Marketable Securities:

RESDC has adopted the provisions of the Statement of Financial Accounting Standards No.124, "Accounting for Certain Investments Held by Not-for-Profit Organizations" (Statement No.124). Under the provisions of Statement No.124, investments in equity securities with readily determinable fair values, and all debt securities should be reported at fair value with gains and losses included in the statement of activities. The fair market values of RESDC's investments are determined based on third-party sources.

Fair Value Measurements:

RESDC reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value: This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the assets or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3. Unobservable inputs for assets or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, RESDC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are not available for many of the assets and liabilities that RESDC is required to measure at fair value (e.g., unconditional promises to give and in-kind contributions).

The primary uses of fair value measures in RESDC's financial statements are:

- Initial measurement of noncash gifts, including gifts of investments assets and unconditional promises to give and
- Recurring measurement of endowment investments.

Retired Employees Of San Diego County

Notes to Financial Statements

Property and Equipment:

Property and equipment are recorded at cost for purchased assets and fair market value at the date of acquisition for donated assets. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the period was \$1,260.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement:

On August, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities -Presentation of Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information and liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. RESDC has adjusted the presentation of these statements accordingly. The presentation requirement has been applied retrospectively to all periods to all periods presented.

Economic Concentrations:

For the year ended December 31, 2023, approximately 100% of RESDC's revenues were generated through non-tax deductible membership dues paid by San Diego County retirees. Management is not aware of the existence of any severe or substantial membership reductions pending due to the described concentrations of economic risk.

NOTE 2: Availability and Liquidity

The following represents RESDC's financial assets at December 31, 2023:

<u>Financial assets at year end:</u>	<u>2023</u>
Cash in Accounts and Short-Term CD's	\$ 245,422
Long-Term CDs	512,189
Investments in Trading Securities	390,337
Total	<u>\$ 1,147,948</u>
Less amounts not available to be used within one year	(512,189)
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 635,759</u></u>

Retired Employees Of San Diego County

Notes to Financial Statements - continued

NOTE 3: Commitments and Contingencies

RESDC currently receives approximately 100% of its funding from San Diego County retirees. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on RESDC's ongoing programs and activities.

NOTE 4: Lease Commitments

The total rent expense incurred totaled \$39,123 and \$38,232 for years ended December 31, 2023 and 2022 respectively.

For years subsequent to 2023, the minimum annual future rental commitments under the lease agreement are as follows:

<u>Year end December 31,</u>	<u>Rental Expense</u>
2024	\$ 38,245
2025	\$ 6,374

The current year lease expires February 28, 2025. RESDC's management are currently exploring areas in San Diego County for leasing purposes.

NOTE 5: Income Tax Status

As previously stated, RESDC is classified as a Social Welfare Organization by the Internal Revenue Service under code section 501(c) 4. Additionally, on April 20, 1970 the Franchise Tax Board classified it as a Social Welfare Organization under code section 23701 (f).

NOTE 6: Date of Management Review:

In preparing the reviewed financial statements, RESDC's management has evaluated events and transactions for possible recognition or disclosure through September 7, 2024, the date the financial statements were available to be issued.

SERIES OF FINDINGS AND/OR RECOMMENDATIONS

JOSE M. MEJARES, CPA

Certified Public Accountant, Masters of Science in Systems Management

(858) 622-9262, voice • (858) 242-4897, fax

PO Box 12022, La Jolla, CA 92039

September 7, 2024

Board of Directors

Retired Employees Of San Diego County

8825 Aero Drive, Suite 205

San Diego, CA 92123

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 RESDC's financial statements will not be prevented or detected and corrected on a timely basis. I did not identify any deficiencies in internal control that I consider to be material weaknesses.

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. I consider the following deficiencies in RESDC's internal control to be significant weaknesses.

Operating Checking Account Cash Reconciliation Not Agreeing to Related Balance Sheet Line:

The San Diego County Credit Union, Checking 90, cash reconciliation did not reconcile to the related line item on the balance sheet as of December 31, 2023. The incorrect reconciliation must not occur. After consultation with external financial statement preparer, I received a revised reconciliation showing no issues. I recommend the board and/or finance committee review monthly bank reconciliations to the related line item on the balance sheet noting any differences. Additionally, I recommend this action be reflected on the board of directors meeting minutes.

LPL Financial Cash & Non Cash Reconciliation Not Agreeing to Related Balance Sheet Line:

The LPL Financial account is comprised of two items, namely, insured cash accounts and mutual funds. The combination of the two items did not reconcile to the related line items on the balance sheet. The incorrect reconciliation must not occur. After consultation with external financial statement preparer, I received a revised reconciliation showing no issues. I recommend the board and/or finance committee review monthly cash and non-cash reconciliations to the related line item on the balance sheet noting any differences. Additionally, I recommend this action be reflected on the board of directors meeting minutes.

Transfer Not Approved:

Upon review of "Deposit/Transfer Notification" form transferring moneys from Benefit Protection Fund to LPL Investment account, I noted no approval signature. I recommend the board and/or finance committee review "Deposit/Transfer Notification" forms on a quarterly basis noting where no approval signature occurred and note in board of directors meeting minutes.

This communication is intended solely for the information and use of management, the governing board of **Retired Employees Of San Diego County**, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Financial Considerations:

RESDC has fixed assets capitalized on the balance sheet at its office. A Depreciation Detail Listing (DDL) report found with its federal tax form 990 shows in detail these items. Consequently, I recommend that it conduct a physical inventory of fixed assets matching the physical item to the related line item on the DDL at least on a quarterly basis. Additionally, a physical fixed asset tag may be affixed to the item relating to the DDL report minimizing issues when conducting a physical inventory.

It has been a pleasure working with management and external accountant of Retired Employees Of San Diego County. Thank you for the opportunity to be of service.

Sincerely,

Jose M. Mejares, CPA

GOVERNANCE LETTER

JOSE M. MEJARES

Certified Public Accountant, Masters of Science in Systems Management

(858) 622-9262 • (858) 242-4897, fax

Po Box 12022, La Jolla, CA 92039

September 7, 2024

Board of Directors

Retired Employees Of San Diego County

8825 Aero Drive, Suite 205

San Diego, CA 92123

I have audited the financial statements of Retired Employees Of San Diego County for the year ended December 31, 2023, and have issued my report thereon dated September 7, 2024. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. I have communicated such information in my engagement letter to you signed by an officer or management representative. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Retired Employees Of San Diego County are described in Note number two to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending December 31, 2023. I noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

I noted no significant sensitive estimate(s) affecting the financial statements.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, which could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated September 7, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of board of directors and management of Retired Employees Of San Diego County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Jose M. Mejares, CPA

