SAN BERNARDINO COUNTY
SHERIFF'S DEPARTMENT
CRIME LAB EDUCATION AND TRAINING
PROGRAM GRANT
Contract #CQ05040360

Financial Statement
with
Independent Auditors' Reports

For the Year Ended December 31, 2007

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POWELL & SPAFFORD, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA
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Independent Auditors' Report

To the Board of Supervisors
San Bernardino County Sheriff's Department

We have audited the accompanying statement of grant revenues and expenditures of the San Bernardino County Sheriff's Department (the Department) Crime Lab Education and Training Program Grant in accordance with the State of California's Office of Emergency Services Contract #CQ05040360 for the year ended December 31, 2007. This statement is the responsibility of the Department's management. Our responsibility is to express an opinion on the statement based on our audit.

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 Office of Emergency Services Grant Recipient Handbook. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of grant revenues and expenditures was prepared for the purpose of complying with the audit requirements of the State of California's Office of Emergency Services Grant Recipient Handbook as described in Note 1 and is not intended to be a complete presentation of the Department's revenues and expenditures, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the statement referred to above presents fairly, in all material respects, the grant revenues and expenditures of the San Bernardino County Sheriff's Department Crime Lab Education and Training Program Grant Contract #CQ05040360 for the year ended December 31, 2007, 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 May 15, 2008 on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this 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.

This report is intended solely for the information and use of the County's Board of Supervisors, Sheriff's Department management and the State of California's Office of Emergency Services, and is not intended to be, and should not be, used by anyone other than these specified parties.

Powell & Spafford, LLP

May 15, 2008

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SAN BERNARDINO COUNTY SHERIFF'S DEPARTMENT
CRIME LAB EDUCATION AND TRAINING PROGRAM GRANT
CONTRACT #CQ05040360

Statement of Grant Revenues and Expenditures

For the Year Ended December 31, 2007

Revenues	
Reimbursements received/receivable	$ 45,473
Expenditures	
Services and supplies	45,473
Total expenditures	45,473
Excess of expenditures over grant revenues received	$ -

The accompanying notes are an integral part of this statement.

SAN BERNARDINO COUNTY SHERIFF'S DEPARTMENT
CRIME LAB EDUCATION AND TRAINING PROGRAM GRANT
CONTRACT #CQ05040360

Notes to Financial Statement

1. Summary of Operations and Significant Accounting Policies

Description of the Reporting Entity

The statement represents the grant revenues and expenditures of the San Bernardino County Sheriff's Department (the Department) State of California's Office of Emergency Services (OES) Crime Lab Education and Training Program Grant Contract # CQ05040360 for the year ended December 31, 2007. The grant was funded by OES and administered by the San Bernardino County Sheriff's Department. The accompanying statement of grant revenues and expenditures presents only the activities of the Crime Lab Education and Training Program Grant Contract #CQ05040360 and is not intended to present the financial position of the San Bernardino County Sheriff's Department nor the County of San Bernardino itself in conformity with accounting principles generally accepted in the United States of America.

Description of Grant

The grant funds were made available to the Sheriff's Department through the Coverdell National Forensic Sciences Improvement Act Program, to provide funding for qualifying local forensic laboratories to maintain accreditation standards and provide cost-effective services. The grant was extended to December 31, 2007 with an additional augmentation of $45,473.

The preparation of this financial statement requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of revenues and expenditures, as well as the disclosure of contingent liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the statement. A description of the significant accounting policies employed in the preparation of this statement follows:

Statement of Grant Revenues and Expenditures

The statement of grant revenues and expenditures presents the eligible costs charged to the Crime Lab Education and Training Program Grant Contract #CQ05040360 by the San Bernardino County Sheriff's Department and the revenues received in reimbursement of those costs by OES for the year ended December 31, 2007. Total services and supplies for the years ended December 31, 2007 and 2006 were $45,473 and $39,981, respectively with a total grant amount for the two year period of $85,454.

Basis of Accounting

Revenues and expenditures are presented on a modified accrual basis. Expenditures are recognized in the accounting period in which they are incurred, that is, when goods are received or services are provided. Revenues are recognized in the accounting period in which reimbursable expenditures are incurred.

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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*

To the Board of Supervisors
San Bernardino County Sheriff's Department

We have audited the statement of grant revenues and expenditures of the San Bernardino County Sheriff's Department (the Department) Crime Lab Education and Training Program Grant in accordance with the State of California's Office of Emergency Services Contract #CQ05040360 for the year ended December 31, 2007 and have issued our report thereon dated May 15, 2008. 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 Department'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 Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's 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 misstatement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department'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 Department's financial statements that is more than inconsequential will not be prevented or detected by the Department'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 Department's internal control.

Our consideration of the 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 the 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 herein under *Government Auditing Standards* issued by the Comptroller General of the United States.

This report is intended solely for the information and use of the Board of Supervisors, Sheriff's Department management, and the California Office of Emergency Services, and is not intended to be, and should not be, used by anyone other than these specified parties.

Powell & Spafford, LLP

May 15, 2008

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To the Board of Supervisors
San Bernardino County Sheriff's Department

We have audited the statement of grant revenues and expenditures of San Bernardino County Sheriff's Department (the Department) Crime Lab Education and Training Program Grant Contract # CQ05040360 for the year ended December 31, 2007 and have issued our report thereon dated May 15, 2008. Professional standards require that we provide the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States and Government Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statement is free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on the grant program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance.

As part of obtaining reasonable assurance about whether the Department's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Crime Lab Education and Training Program Grant Contract # CQ05040360, we examined, on a test basis, evidence about the Department's compliance with the types of requirements described in the State of California's Office of Emergency Services Grant Recipient Handbook for the purpose of expressing an opinion on the Department's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Department's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Department are described in Note 1 to the financial statement.

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We noted no transactions entered into by the Department, as they relate to the Crime Lab Education and Training Program Grant Contract # CQ05040360 during the ten months ended, that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statement 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 statement and because of the possibility that future events affecting them may differ significantly from those expected.

Significant Audit Adjustments

Significant audit adjustments are required to record those amounts for financial statement reporting purposes that are not recorded on the books and records for the grant. There were no such adjustments for the year ended December 31, 2007.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statement or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

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 Department's financial statement or a determination of the type of auditors' opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

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

Difficulties Encountered in Performing the Audit

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

We would like to take this opportunity to express our sincere appreciation to all personnel within the San Bernardino County Sheriff's Department for their cooperation and valuable assistance during the performance of this engagement.

This report is intended solely for the information and use of the County's Board of Supervisors and Sheriff's Department management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Powell & Spafford, LLP

May 15, 2008