AUDITOR/CONTROLLER-RECORDER
COUNTY CLERK

COUNTY OF SAN BERNARDINO

AUDITOR/CONTROLLER • 222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830
RECORDER • COUNTY CLERK • 222 West Hospitality Lane, First Floor
San Bernardino, CA 92415-0022 • (909) 387-8306 • Fax (909) 386-8940

LARRY WALKER
Auditor/Controller-Recorder
County Clerk

ELIZABETH A. STARBUCK
Assistant Auditor/Controller-Recorder
Assistant County Clerk

July 7, 2006

Paul Biane, Chairman
Board of Supervisors
County Government Center
385 North Arrowhead Avenue, Fifth Floor
San Bernardino, CA 92415-0110

SUBJECT: REVIEW OF TREASURER'S INVESTMENTS – APRIL 30, 2006

Introductory Remarks

In accordance with California Government Code Sections 26920 and 26922, we have completed a quarterly review of the Treasurer's statement of assets in the county treasury as prepared by Public Financial Management as of April 30, 2006. In addition, we evaluated investments for compliance with California Government Code Section 53601, "Securities Authorized for Investment" and with the Treasurer's Statement of Investment Policy.

Scope of Review

We reviewed selected financial transactions, procedures, and controls in effect over cash and investments. Our review was made in accordance with the Statements on Standards for Accounting and Review Services and includes sufficient inquiries and analytical procedures to result in an expression of limited assurance.

Review Results

We have reviewed the Treasurer's statement of assets in the county treasury for the County of San Bernardino, as of April 30, 2006, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the Treasurer's statement of assets is the representation of the County of San Bernardino, Treasurer's Office.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the

expression of an opinion regarding the Treasurer's statement of assets taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the Treasurer's statement of assets in order for it to be in conformity with generally accepted accounting principles, except for the fair value of investments and the changes in fair value required by GASB 31.

GASB 31 requires the fair value of investments and the changes in the fair value be reported in the financial statements. The Treasurer's Office statement of assets reports the cost and fair value of its investments at April 30, 2006. Changes in fair value adjustments are reported in the County of San Bernardino's Comprehensive Annual Financial Statements.

Cash and investments per the Treasurer's statement of assets at April 30, 2006 were $3,986,981,019, reported at amortized cost.

Respectfully submitted,

Larry Walker
Auditor/Controller-Recorder

By:
Mark W. Cousineau
Internal Audits Manager

Copies to:
Board of Supervisors
Gary Ovitt, Vice-Chairman
Dennis Hansberger
Josie Gonzales
Brad Mitzelfelt
Treasurer-Tax Collector, Richard Larsen
Clerk of the Board, Dena Smith
Investment Oversight Committee (4)

Quarterly Copies to:
County Administrative Office
Board of Supervisors (5)
Grand Jury (2)

Audit File (3)
Date Report Distributed: 1/11/07

LDW:MWC:DSE:wds