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COUNTY OF SAN BERNARDINO

LARRY WALKER Auditor/Controller-Recorder County Clerk

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

July 10, 2009

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

SUBJECT: REVIEW OF TREASURER'S INVESTMENTS - December 31, 2008

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 December 31, 2008. 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 December 31, 2008 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 AudRpt/Treasurer Investments Gary Ovitt, Chairman July 10, 2009 Page 2

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 certain adjustments 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 amortized cost and fair value of its investments at December 31, 2008. 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 December 31, 2008 were \$5,060,107,977.38 reported at amortized cost.

Respectfully submitted,

LARRY WALKER

Auditor/Controller-Recorder

By:

HOWARD M. OCHI, CPA Chief Deputy Auditor

<u>Copies to:</u> Board of Supervisors Gary Ovitt, Chairman Josie Gonzales, Vice Chair Brad Mitzelfelt Paul Biane Neil Derry Assistant Treasurer-Tax Collector/Public Administrator Annette E. Kerber Clerk of the Board, Dena Smith Investment Oversight Committee (4)

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