

**AUTHORITY FOR THE HANDICAPPED
OF SAN BERNARDINO COUNTY**



FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2007



SMITH MARION & CO.
CERTIFIED PUBLIC ACCOUNTANTS

AUTHORITY FOR THE HANDICAPPED OF SAN BERNARDINO COUNTY
FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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Authority for the Handicapped
of San Bernardino County
San Bernardino, CA

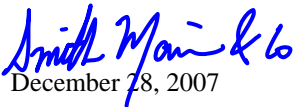
INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of net assets of the Authority for the Handicapped of San Bernardino County as of June 30, 2007 and the related statement of revenues, expenditures, and changes in net assets - budget and actual and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority for the Handicapped of San Bernardino County as of June 30, 2007 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The management of the Authority of the Handicapped has elected to omit this information.


December 28, 2007

AUTHORITY FOR THE HANDICAPPED
SAN BERNARDINO COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2007

| | <u>FY 2006/2007</u> |
|-----------------------------|-----------------------|
| ASSETS | |
| Current Assets | |
| Cash - held in trust | \$ 77,637 |
| Cash - designated | 31,964 |
| Total cash | <u>109,601</u> |
| Prepaid insurance | - |
| Fixed Assets (Net) | 40,231 |
| Due from other governments: | |
| City of San Bernardino | 31,542 |
| County of San Bernardino | - |
| TOTAL ASSETS | <u><u>181,374</u></u> |

LIABILITIES AND NET ASSETS

| | |
|---|-------------------------|
| Current Liabilities | |
| Accounts payable | - |
| Due to other governments: | |
| City of San Bernardino | 106,669 |
| County of San Bernardino | 8,355 |
| Deferred revenue | 11,980 |
| Total Current Liabilities | <u>127,004</u> |
| Net Assets | |
| Investment in capital assets, net of related debt | 40,231 |
| Unrestricted -Designated | 31,964 |
| Unrestricted | (17,825) |
| Restricted | - |
| Total Net Assets | <u><u>\$ 54,370</u></u> |

AUTHORITY FOR THE HANDICAPPED
SAN BERNARDINO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | BUDGET | ACTUAL | OVER(UNDER) |
|--|--------------------|------------------|--------------------|
| | JULY 06-JUNE 07 | JULY 06-JUNE 07 | BUDGET |
| Operating Revenues | | | |
| Center for Individual Development | \$ 78,000 | \$ 78,000 | \$ - |
| North Norton Facility | 50,460 | 38,589 | (11,871) |
| Total Operating Revenues | <u>128,460</u> | <u>116,589</u> | <u>(11,871)</u> |
| Operating Expenses | | | |
| Maintenance/custodial | 11,085 | 60,024 | 48,939 |
| Utilities: | | | |
| Gas | 21,525 | 17,833 | (3,692) |
| Electric | 53,530 | 39,076 | (14,454) |
| Water/sewer | 23,261 | 25,088 | 1,827 |
| Refuse | 2,530 | 1,910 | (620) |
| Security | 3,140 | 2,730 | (410) |
| Insurance | 32,950 | 26,829 | (6,121) |
| Depreciation | - | 2,802 | 2,802 |
| Total Operating Expenses | <u>148,021</u> | <u>176,292</u> | <u>28,271</u> |
| Change in net assets from operations | <u>(19,561)</u> | <u>(59,703)</u> | <u>(40,142)</u> |
| Nonoperating Revenues (Expenses) | | | |
| Auditing of Joint Powers | 2,050 | (2,250) | (4,300) |
| County Counsel fees | 500 | - | (500) |
| Interest | 3,200 | 5,490 | 2,290 |
| Unrealized (gain)/ loss on investment | - | 840 | 840 |
| Total Nonoperating Revenues (Expense) | <u>5,750</u> | <u>4,080</u> | <u>(1,670)</u> |
| Change in Net Assets | <u>\$ (13,811)</u> | <u>(55,623)</u> | <u>\$ (41,812)</u> |
| Beginning Net Assets | | 109,993 | |
| Ending Net Assets | | <u>\$ 54,370</u> | |

AUTHORITY FOR THE HANDICAPPED
SAN BERNARDINO COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|-----------------|
| Cash received from services | \$ 109,504 |
| Cash payments from suppliers of goods and services | (122,611) |
| Cash payments to employees for services | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(13,107)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|--|----------------|
| Audit charges | (2,250) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | <u>(2,250)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|--------------|
| Interest on investments | 5,490 |
| Net increase (decrease) in fair value of investments | 840 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>6,330</u> |

Net increase (decrease) in cash (9,027)

Cash at beginning of year 118,628
Cash end of year \$ 109,601

Reconciliation of change in net assets from operating activities to net cash provided (used) by operating activities:

\$ (59,703)

Adjustment to reconcile excess (deficit) of revenues over expenditures to net cash provided (used) by operating activities:

| | |
|---|--------------------|
| Depreciation | 2,802 |
| Net (increase) decrease in due from other governments | (7,085) |
| Net increase (decrease) in accounts payable | (5,611) |
| Net increase (decrease) in due to other governments | 56,490 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (13,107)</u> |

AUTHORITY FOR THE HANDICAPPED OF SAN BERNARDINO COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

1. **NATURE OF THE AUTHORITY**

The Authority for the Handicapped of San Bernardino County was formed pursuant to a joint powers agreement dated October 16, 1978 between the City and County of San Bernardino. The purpose of the Authority is to provide for maintenance, utilities and other costs of the Center for Individual Development and the North Norton Facility through rental agreements with the City and County of San Bernardino.

These financial statements include only the financial transactions related to the Authority as it pertains to the maintenance, utilities, and related costs. The Center for Individual Development is an autonomous nonprofit corporation and maintains its own financial records for general operating activities. In addition, the City of San Bernardino and or the County of San Bernardino may grant funds for special projects or services. Payment for such projects or services are paid directly by each respective granting agency and accordingly, is accounted for by those agencies.

2. **SUMMARY OF ACCOUNTING POLICIES**

The accounting policies of the Authority for the Handicapped conform to generally accept accounting principles as applicable to government units. The following is a summary of significant policies:

A. **Accounting Method**

The financial statements of the Authority for the Handicapped are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The authority reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B. **Budgetary Accounting**

During the fiscal year, a budget is adopted by the Board of Directors as a management control device. It is prepared on a basis consistent with generally accepted accounting principles.

C. **Cash**

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase.

D. **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. **Cash and Investments**

Investments are reported in the accompanying balance sheet at fair value.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

F. **Fixed Assets**

Fixed assets costs are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. Estimated useful lives range from 5-25 years. Fixed assets that cost \$5,000 or more are capitalized.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. **DESIGNATED CASH**

The Authority has designated \$31,964 for future repairs and maintenance to the buildings.

4. **FIXED ASSETS**

A summary of the fixed assets for the year ended June 30, 2007 is as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--------------------------|------------------------------|-------------------|------------------|---------------------------|
| Equipment | \$ 46,705 | \$ - | \$ - | \$ 46,705 |
| Accumulated depreciation | (3,672) | (2,802) | - | (6,474) |
| Total | <u>\$ 43,033</u> | <u>\$ (2,802)</u> | <u>\$ -</u> | <u>\$ 40,231</u> |

The depreciation expense for the year ended June 30, 2007 was \$2,802.