

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



FINANCIAL STATEMENTS

AND

AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2008



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, 2008

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Board of Directors
**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, 2008 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, 2008 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.

A handwritten signature in blue ink that reads "Smith Marion & Co." in a cursive script.
October 30, 2008

AUTHORITY FOR THE HANDICAPPED
SAN BERNARDINO COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>FY 2007/2008</u>
ASSETS	
Current Assets	
Cash - held in trust	\$ 51,789
Cash - designated	31,964
Total cash	<u>83,753</u>
Prepaid insurance	17,461
Fixed Assets (Net)	37,427
Due from other governments:	
County of San Bernardino	1,017
TOTAL ASSETS	<u><u>139,658</u></u>
 LIABILITIES AND NET ASSETS	
Current Liabilities	
Due to other governments:	
City of San Bernardino	29,503
County of San Bernardino	8,355
Deferred revenue	11,980
Total Current Liabilities	<u>49,838</u>
Net Assets	
Investment in capital assets, net of related debt	37,427
Unrestricted -Designated	31,964
Unrestricted	20,429
Total Net Assets	<u><u>\$ 89,820</u></u>

**AUTHORITY FOR THE HANDICAPPED
SAN BERNARDINO COUNTY**

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET JULY 07-JUNE 08	ACTUAL JULY 07-JUNE 08	VARIANCE WITH BUDGET POSITIVE (NEGATIVE)
Operating Revenues			
Rents			
Center for Individual Development	\$ 167,300	\$ 137,520	\$ (29,780)
North Norton Facility	35,000	30,300	(4,700)
Total Operating Revenues	<u>202,300</u>	<u>167,820</u>	<u>(34,480)</u>
Operating Expenses			
Maintenance/Custodial	43,660	19,019	24,641
Utilities:			
Gas	21,525	19,866	1,659
Electric	53,530	38,874	14,656
Water/sewer	23,750	19,072	4,678
Refuse	2,530	2,293	237
Security	3,210	2,880	330
Insurance	23,710	25,133	(1,423)
Auditing of Joint Powers	2,300	2,300	-
Depreciation	-	2,804	(2,804)
Total Operating Expenses	<u>174,215</u>	<u>132,241</u>	<u>41,974</u>
Operating Income	<u>28,085</u>	<u>35,579</u>	<u>7,494</u>
Nonoperating Revenues (Expenses)			
C.I.D. Building Repair for Car Crash	(3,900)	(3,900)	-
Receptionist FY 04-05	(750)	(657)	93
County Counsel fees	(500)	-	500
Interest	3,200	4,222	1,022
Unrealized (gain)/ loss on investment	-	206	206
Total Nonoperating Revenues (Expense)	<u>(1,950)</u>	<u>(129)</u>	<u>1,821</u>
Change in Net Assets	<u>\$ 26,135</u>	<u>35,450</u>	<u>\$ 9,315</u>
Beginning Net Assets		54,370	
Ending Net Assets		<u>\$ 89,820</u>	

AUTHORITY FOR THE HANDICAPPED
SAN BERNARDINO COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from services	\$ 198,345
Cash payments from suppliers of goods and services	(221,764)
Audit charges	(2,300)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(25,719)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Car Crash repairs	(3,900)
Receptionist FY 04-05	(657)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(4,557)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	4,222
Net increase (decrease) in fair value of investments	206
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>4,428</u>

Net increase (decrease) in cash (25,848)

Cash at beginning of year 109,601
Cash end of year \$ 83,753

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

\$ 35,579

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

Depreciation 2,804

Net (increase) decrease in due from other governments 30,525

Increase in prepaid insurance (17,461)

Net increase (decrease) in due to other governments (77,166)

Net Cash Provided (Used) by Operating Activities \$ (25,719)

AUTHORITY FOR THE HANDICAPPED OF SAN BERNARDINO COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

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 accepted 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, 2008 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	\$ 46,705	\$ -	\$ -	\$ 46,705
Accumulated depreciation	(6,474)	(2,804)	-	(9,278)
Total	<u>\$ 40,231</u>	<u>\$ (2,804)</u>	<u>\$ -</u>	<u>\$ 37,427</u>

The depreciation expense for the year ended June 30, 2008 was \$2,804.