

**COUNTY OF SAN BERNARDINO**

**CALIFORNIA**

**AUDIT REPORT**

**AGUA MANSA INDUSTRIAL GROWTH ASSOCIATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Prepared by:**

**Internal Audits Section  
Office of the Auditor-Controller/Treasurer/Tax Collector  
June 28, 2012**

**County of San Bernardino  
Agua Mansa Industrial Growth Association**

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**LARRY WALKER**  
Auditor-Controller/  
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## Independent Auditor's Report

**June 28, 2012**

### **Jeffrey O. Rigney**

Agua Mansa Industrial Growth Association  
157 West Fifth Street, Second Floor  
San Bernardino, CA 92415-0450

**SUBJECT: AUDIT OF AGUA MANSA INDUSTRIAL GROWTH ASSOCIATION FOR  
THE FISCAL YEAR ENDED JUNE 30, 2011**

### **Introductory Remarks**

In compliance with Section 6505 of the California Government Code, we have completed an audit of Agua Mansa Industrial Growth Association for the fiscal year ended June 30, 2011.

### **Auditor's Report**

We have audited the accompanying financial statement of the fiduciary-type activities of the Agua Mansa Industrial Growth Association (AMIGA), as of and for the year ended June 30, 2011, as listed in the table of contents. This financial statement is the responsibility of AMIGA's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.



**County of San Bernardino  
Agua Mansa Industrial Growth Association  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
June 30, 2011**

|                          | <u>Agency<br/>Fund</u> |
|--------------------------|------------------------|
| <b>ASSETS</b>            |                        |
| Interest receivable      | \$ 853                 |
| <b>Total assets</b>      | <u>\$ 853</u>          |
| <b>LIABILITIES</b>       |                        |
| Due to fiscal agent      | \$ 853                 |
| <b>Total liabilities</b> | <u>\$ 853</u>          |

**County of San Bernardino  
Agua Mansa Industrial Growth Association  
Notes to the Financial Statements  
For the Year Fiscal Ended June 30, 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Agua Mansa Industrial Growth Association (AMIGA) was established under a Joint Powers Agreement by the County of San Bernardino, the County of Riverside, the City of Colton, the City of Rialto, and the City of Riverside (Jurisdictions) on May 17, 1985. The Jurisdictions utilized joint powers to manage, coordinate, market, and administer economic development programs and projects in the Agua Mansa Enterprise Zone (Zone) area. The Zone comprises specific areas within each of the five jurisdictions.

AMIGA is authorized and empowered to contract with all the other parties for the joint exercise of powers under Article I, Chapter 5, Division 7, Title 1 of the Government Code of the State of California, Sections 6500 et seq. AMIGA is self-governed by an Executive Committee which is comprised of one member appointed by each Jurisdiction. The County of Bernardino County is the administrative agency. AMIGA's Executive Committee adopted resolution 2003-04 to establish and act as the legislative body for the AMIGA Community Facilities District No. 2001-1 (CFD). The Zone and the area served by the CFD are geographically the same. In July 2003, bonds were issued under the Mello-Roos Community Facilities Act of 1982 to stimulate private investment in business and industrial growth in the Zone (Bonds) on the behalf of the CFD. AMIGA provides administrative services to the CFD.

The Agua Mansa Enterprise Zone sunset on October 14, 2006. The final distributions to the JPA Jurisdictions occurred in FY 2009. The AMIGA Executive Committee continues to meet annually for the sole purpose of approving the tax levy for the Bonds.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Financial statements of fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans.

AMIGA reports one major fiduciary fund, which accounts for the special assessment revenue received and the subsequent pass through of this revenue to the fiscal agent for debt service and administrative payments. Agency funds are used to account for assets held by an entity as an agent for individuals, private organizations, other governments or other funds or both. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

### **Deposits and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

## **NOTE 2: CASH**

AMIGA's cash is deposited with the Treasurer of the County of San Bernardino, who pools and invests the cash for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the agency fund based upon the fund's average daily deposit balance during the allocation period.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of the County's investment policy and disclosures related to the investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

## **NOTE 3: SPECIAL ASSESSMENT ACCOUNTING – 1982 ACT BONDS**

The Bonds were issued in July 2003 in the amount of \$12,705,000. As of June 30, 2011, the outstanding principal is \$9,900,000.

The Bonds are not the liability of AMIGA and therefore the Bonds do not appear in the accompanying financial statement. The Bonds are payable from the net proceeds, after payment of certain administrative expenses, from an annual Special Tax that is levied and secured by a continuing lien against all nonexempt property located within the CFD. US Bank is the Fiscal Agent of the bond proceeds. Amounts levied on parcels within the County of San Bernardino are immediately transferred to the Fiscal Agent for payment of the Bonds and administrative expenses for AMIGA.