

**COUNTY OF SAN BERNARDINO  
CALIFORNIA  
AGUA MANSA INDUSTRIAL GROWTH ASSOCIATION  
FINANCIAL STATEMENT**

**JUNE 30, 2016**

**County of San Bernardino  
Agua Mansa Industrial Growth Association  
Financial Statement  
June 30, 2016**

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An Independent CPA Firm

Boardmembers  
Agua Mansa Industrial Growth Association  
County of San Bernardino

### Independent Auditors' Report

We have audited the accompanying financial statement of the fiduciary-type activity, and the aggregate remaining fund information of the Agua Mansa Industrial Growth Association (AMIGA), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise AMIGA's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express opinions 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 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Boardmembers  
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County of San Bernardino  
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### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary activities, and the aggregate remaining fund information of AMIGA, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in Note 1 to the financial statements, during the year ended June 30, 2016, AMIGA implemented GASB Nos. 72, 73, and 79. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Gruber and Associates, Inc.**

*Gruber and Associates, Inc.*  
Newport Beach, California  
November 28, 2016

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS  
AGUA MANSÁ INDUSTRIAL GROWTH ASSOCIATION  
Statement of Fiduciary Net Position - Agency Fund

June 30, 2016

Assets:	
Cash and investments	\$ 70
Interest receivable	<u>3</u>
Total assets	<u><u>\$ 73</u></u>
Liabilities:	
Due to fiscal agent	<u>\$ 73</u>
Total liabilities	<u><u>\$ 73</u></u>

See accompanying notes to basic financial statement.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS  
 AGUA MANSÁ INDUSTRIAL GROWTH ASSOCIATION  
 Statement of Changes in Fiduciary Net Position -Agency Fund

Year ended June 30, 2016

	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2016</u>
Assets:				
Cash and Investments	\$ 52	315,366	315,348	70
Interest Receivable	4	17	18	3
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 56</u>	<u>315,383</u>	<u>315,366</u>	<u>73</u>
Liabilities:				
Due to fiscal agent	\$ 56	315,383	315,366	73
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 56</u>	<u>315,383</u>	<u>315,366</u>	<u>73</u>

See accompanying notes to basic financial statement.

**County of San Bernardino**  
**Agua Mansa Industrial Growth Association**  
**Notes to the Basic Financial Statement**  
**June 30, 2016**

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

The accounting policies of the Agua Mansa Industrial Growth Association (AMIGA) conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**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 utilize 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 San Bernardino is the administrative agency. AMIGA Executive Committee adopted resolution 2003-04 to establish and act as the legislative body for the AMIGA Community Facilities District No. 2002-1 (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. On February 13, 2014, AMIGA adopted Resolution 2014-02 which authorized the issuance of the 2014 Series bonds in the amount of \$9,170,000. The proceeds of the 2014 bonds were used to refund the outstanding 2003 Series.

The Agua Mansa Enterprise Zone sunset on October 14, 2006. The final distributions to the JPA Jurisdictions occurred in fiscal year 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 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.

**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 date of acquisition.

**County of San Bernardino**  
**Agua Mansa Industrial Growth Association**  
**Notes to the Basic Financial Statement**  
**June 30, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, during the reporting period. Actual results could differ from those estimates.

**New Accounting Pronouncements**

AMIGA adopted Statement on Governmental Accounting Standards (GASB Statement) No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68*, and GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*. The adoption of the aforementioned pronouncement did not have a material effect on AMIGA's June 30, 2016 financial statements.

**NOTE 2: CASH and INVESTMENTS**

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 and fair value hierarchy as required by GASB No. 72.

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

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. As noted above, the 2014 Series were issued in February 2014 in the amount of \$9,170,000 to refund the original 2003 Series. As of June 30, 2016, the outstanding principal on the 2014 Series was \$8,845,000.

**NOTE 4: INSURANCE POLICY**

AMIGA has directors and officers liability coverage of \$1 million for each claim and \$1 million in the aggregate.

**NOTE 5: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 28, 2016, the date the financial statements were available to be issued.