

COUNTY OF SAN BERNARDINO

CALIFORNIA

AUDIT REPORT

AGUA MANSA INDUSTRIAL GROWTH ASSOCIATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared by:

**Internal Audits Section
Office of the Auditor-Controller/Treasurer/Tax Collector
June 3, 2011**

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

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LARRY WALKER
Auditor-Controller/
Treasurer/Tax Collector

Independent Auditor's Report

June 3, 2011

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, 2010**

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, 2010.

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, 2010, 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.

Audrpt/Jeffrey Rigney, Director of Special Districts
Agua Mansa Industrial Growth Association
June 3, 2011
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In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the fiduciary-type activities of AMIGA, as of June 30, 2010, in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office.

AMIGA has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Larry Walker
Auditor-Controller/Treasurer/Tax Collector

By: _____
Mary Ethel Barber, CPA
Internal Audits Manager

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**County of San Bernardino
Agua Mansa Industrial Growth Association
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2010**

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents (Note 2)	\$ 434,710
Interest receivable	1,159
Total assets	<u>\$ 435,869</u>
LIABILITIES	
Due to fiscal agent	\$ 435,869
Total liabilities	<u>\$ 435,869</u>

**County of San Bernardino
Agua Mansa Industrial Growth Association
Notes to the Financial Statements
For the Year Fiscal Ended June 30, 2010**

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 area. The enterprise zone comprises specific areas within each of the six 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 of each jurisdiction, who is appointed by the Jurisdiction. San Bernardino County is the administrative agency and Riverside County is the marketing agency for the jurisdictions.

The Agua Mansa Enterprise Zone sunset on October 14, 2006. The final distributions to the JPA jurisdictions occurred in FY 2009. This will have no effect on the Fiscal Agent's administration of the Community Facilities District 89-1 and 2002-1 bonds. The AMIGA JPA Executive Committee continues to meet annually for the sole purpose of approving the tax levy for the Community Facilities District 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 the following major fiduciary fund:

The *agency fund NSF* accounts for the special assessment revenue received and the subsequent pass through of this revenue to the fiscal agent. Agency funds are used to account for assets held by the District 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. The fund is used to account for the accumulation of resources for, and payment of, the bonds issued under the Mello-Roos Community Facilities Act of 1982 to stimulate private investment in business and industrial growth in economically depressed areas within the boundaries of AMIGA's six jurisdictions.

**County of San Bernardino
Agua Mansa Industrial Growth Association
Notes to the Financial Statements
For the Year Fiscal Ended June 30, 2010**

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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 AND CASH EQUIVALENTS

Cash and investments include the cash balances of monies deposited with the County Treasurer which are pooled and invested 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. As of June 30, 2010, cash and investments are reported in the Statement of Fiduciary Net Assets as cash and cash equivalents in the amount of \$434,710.

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

In July 2003, bonds were issued on behalf of the Agua Mansa Community Facilities District 2002-1 (District) under the Mello-Roos Community Facilities Act of 1982 in the amount of \$12,705,000. The bonds are not the liability of AMIGA and 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 District.

**County of San Bernardino
Agua Mansa Industrial Growth Association
Notes to the Financial Statements
For the Year Fiscal Ended June 30, 2010**

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

As such, the bonds do not appear in the accompanying financial statement. In the event that an entity or business within the enterprise zone defaults on their property taxes, American Express will guarantee payment to the District for the taxes. 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. Special assessment bonds of \$9,955,000 at June 30, 2010 do not represent a liability of AMIGA and, as such, do not appear in the accompanying financial statement.

NOTE 4: FUND REPORTING

In the prior year financial statements, the financial activity of AMIGA was reported as a special revenue fund (NSF) because there was still activity occurring within the fund. The final distributions to the JPA jurisdictions occurred in FY 2009. Since everything is now processed by the fiscal agent, the only activity that occurs is the pass-through of the special assessments to the fiscal agent for debt service payments. Since AMIGA is not responsible for repayment of the bonds, the financial activity is reported as an Agency Fund for this fiscal year. The fund balance of \$226,297 at June 30, 2009 was distributed to the fiscal agent during fiscal year 2010.