

**SAN BERNARDINO COUNTY  
CALIFORNIA  
AGUA MANSA INDUSTRIAL GROWTH ASSOCIATION  
FINANCIAL STATEMENTS**

**JUNE 30, 2022**



**San Bernardino County  
Agua Mansa Industrial Growth Association  
Financial Statements  
June 30, 2022**

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Members of the Board  
Agua Mansa Industrial Growth Association  
San Bernardino County

## Independent Auditors' Report

### **Opinions**

We have audited the accompanying financial statements of the Fiduciary Fund of the Agua Mansa Industrial Growth Association (AMIGA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise AMIGA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fiduciary Fund of AMIGA, as of June 30, 2022, 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.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AMIGA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AMIGA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 AMIGA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AMIGA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2022, on our consideration of AMIGA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

#### **Gruber and Lopez, Inc.**

*Gruber and Lopez, Inc.*

Newport Beach, California  
October 17, 2022

SAN BERNARDINO COUNTY - DEPARTMENT OF PUBLIC WORKS -  
SPECIAL DISTRICTS  
AGUA MANSA INDUSTRIAL GROWTH ASSOCIATION  
Statement of Fiduciary Net Position - Custodial Fund

June 30, 2022

|                      |                      |
|----------------------|----------------------|
| Assets:              |                      |
| Cash and investments | \$ 214               |
| Interest receivable  | <u>4</u>             |
| Total assets         | <u><u>\$ 218</u></u> |
| Liabilities:         |                      |
| Due to fiscal agent  | <u>\$ 218</u>        |
| Total liabilities    | <u><u>\$ 218</u></u> |

See accompanying notes to basic financial statement.

SAN BERNARDINO COUNTY - DEPARTMENT OF PUBLIC WORKS -  
SPECIAL DISTRICTS  
AGUA MANSA INDUSTRIAL GROWTH ASSOCIATION  
Statement of Changes in Fiduciary Net Position -Custodial Fund

Year ended June 30, 2022

|                      | <u>Balance at<br/>July 1, 2021</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance at<br/>June 30, 2022</u> |
|----------------------|------------------------------------|------------------|-------------------|-------------------------------------|
| Assets:              |                                    |                  |                   |                                     |
| Cash and Investments | \$ 297                             | 394,057          | 394,140           | 214                                 |
| Interest Receivable  | 5                                  | 4                | 5                 | 4                                   |
|                      | <hr/>                              | <hr/>            | <hr/>             | <hr/>                               |
| Total assets         | <u>\$ 302</u>                      | <u>394,061</u>   | <u>394,145</u>    | <u>218</u>                          |
| Liabilities:         |                                    |                  |                   |                                     |
| Due to fiscal agent  | \$ 302                             | 394,061          | 394,145           | 218                                 |
|                      | <hr/>                              | <hr/>            | <hr/>             | <hr/>                               |
| Total liabilities    | <u>\$ 302</u>                      | <u>394,061</u>   | <u>394,145</u>    | <u>218</u>                          |

See accompanying notes to basic financial statement.

**San Bernardino County - Department of Public Works-Special Districts**  
**Agua Mansa Industrial Growth Association**  
**Notes to the Basic Financial Statements**  
**June 30, 2022**

**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 San Bernardino County, 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. San Bernardino County 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 custodial 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. Custodial 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.

**San Bernardino County - Department of Public Works-Special Districts**  
**Agua Mansa Industrial Growth Association**  
**Notes to the Basic Financial Statements**  
**June 30, 2022**

**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.

**NOTE 2: CASH AND INVESTMENTS**

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

See San Bernardino County's Annual Comprehensive Financial Report (ACFR) 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 statements. 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 San Bernardino County 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, 2022, the outstanding principal on the 2014 Series was \$7,035,000.

**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: CONTINGENCIES**

As of June 30, 2022, in the opinion of AMIGA management, there are no outstanding matters which would have a significant effect on the financial position of AMIGA.

**NOTE 6: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 17, 2022, the date the financial statements were available to be issued.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board  
Agua Mansa Industrial Growth Association  
San Bernardino County

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fiduciary Fund of Agua Mansa Industrial Growth Association (AMIGA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise AMIGA's basic financial statements, and have issued our report thereon dated October 17, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the AMIGA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the AMIGA's internal control. Accordingly, we do not express an opinion on the effectiveness of the AMIGA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the AMIGA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Members of the Board  
Agua Mansa Industrial Growth Association  
San Bernardino County  
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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Gruber and Lopez, Inc.**

*Gruber and Lopez, Inc.*

Newport Beach, California  
October 17, 2022