

AGOURA HILLS REDEVELOPMENT AGENCY

Annual Financial Report

Year Ended June 30, 2000

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TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION:	
Independent Auditors' Report	1
General Purpose Financial Statements:	
Combined Balance Sheet – Governmental Fund Type and Account Group	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Governmental Fund Type	3
Notes to Financial Statements	4
Supplementary Information:	
Capital Projects Funds – Combining Balance Sheet	8
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Capital Projects Funds	9
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Set-Aside Fund	10
Redevelopment Fund	11
Independent Auditors' Report on Compliance (Including the Provisions Contained in the Guidelines for Compliance Audits of Redevelopment Agencies) and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	13

November 2, 2000

The Board of Directors of the
Agoura Hills Redevelopment Agency

Independent Auditors' Report

We have audited the accompanying general purpose financial statements of the Agoura Hills Redevelopment Agency (Agency), a component unit of the City of Agoura Hills, California as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 2, 2000 on our consideration of the Agency internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Agency taken as a whole. The accompanying combining and individual fund financial statements listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.

Moreland & Associates, Inc.

AGOURA HILLS REDEVELOPMENT AGENCY
Combined Balance Sheet
Governmental Fund Type and Account Group
June 30, 2000

	Governmental Fund Type	Account Group	Total
<u>ASSETS</u>	<u>Capital Projects</u>	<u>General Long-Term Debt</u>	<u>(Memorandum Only)</u>
Cash in bank (Note 5)	\$ 114,895		\$ 114,895
Taxes receivable	123,637		123,637
Due from other funds	24,727		24,727
Amount to be provided for retirement of long-term debt		\$ 10,523,372	10,523,372
Total Assets	\$ 263,259	\$ 10,523,372	\$ 10,786,631
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Due to other funds	\$ 24,727		\$ 24,727
Advances payable to City of Agoura Hills (Note 4)		\$ 10,523,372	10,523,372
Total Liabilities	24,727	10,523,372	10,548,099
Fund Balances:			
Reserved for low/moderate income housing	119,703		119,703
Unreserved, undesignated	118,829		118,829
Total Fund Balances	238,532		238,532
Total Liabilities and Fund Balance	\$ 263,259	\$ 10,523,372	\$ 10,786,631

See Accompanying Notes to Financial Statements.

AGOURA HILLS REDEVELOPMENT AGENCY
Combined Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Governmental Fund Type - Capital Projects Funds
For the Year Ended June 30, 2000

	2000		Variance Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Revenues:				
Tax increment (Note 3)		\$ 579,545	\$ 579,545	
Expenditures:				
Current:				
Pass through to other agencies		341,013	(341,013)	
Community development:				
Professional services	\$ 124,459	124,459		\$ 163,276
Total Expenditures	<u>124,459</u>	<u>465,472</u>	<u>(341,013)</u>	<u>163,276</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(124,459)</u>	<u>114,073</u>	<u>238,532</u>	<u>(163,276)</u>
Other Financing Sources (Uses):				
Transfers in		119,703	119,703	
Transfers out		(119,703)	(119,703)	
Advances from City general fund	\$ 124,459	124,459		163,276
Total Other Financing Sources (Uses)	<u>124,459</u>	<u>124,459</u>		<u>163,276</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses		238,532	238,532	
Fund Balance, July 1				
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 238,532</u>	<u>\$ 238,532</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements.

AGOURA HILLS REDEVELOPMENT AGENCY

Notes to Financial Statements

June 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Funds and Account Groups

The accounting records of the Agoura Hills Redevelopment Agency (Agency) are organized on the basis of a fund and an account group as follows:

Governmental Fund Type:

The Capital Projects Funds are used to account for the financial resources used in developing the project area as well as administrative expenditures incurred in sustaining Agency activities and accounting for low-moderate income housing set-aside funds.

Account Group:

The General Long-Term Debt Account Group is used to record the outstanding long-term advances payable to the City.

Basis of Accounting

The governmental fund type is maintained on the modified accrual basis wherein:

Revenues are recorded as received in cash except that revenues which are both measurable and available as a resource to finance operations of the current year are accrued.

Expenditures are recorded on an accrual basis except that (1) disbursements for inventory type items are considered expenditures at the time of purchase, (2) expenditures are not divided between years by the recording of prepaid expenses, and (3) interest on long-term debt is recorded as an expenditure on its due date.

Budgetary Practices

The Agency adopts an annual budget for the Capital Projects Funds on the modified accrual basis of accounting.

Agency Financial Reporting

In conformance with GASB Cod. Sec. 2100, "Defining the Financial Reporting Entity", the Agency financial activities will be included with financial activities of the City of Agoura Hills for financial reporting purposes. The Agoura Hills City Council acts as the Board of Directors of the Agency and is able to impose its will on the Agoura Hills Redevelopment Agency, therefore, the City is considered to be the primary government and the Agency is a component unit.

AGOURA HILLS REDEVELOPMENT AGENCY
Notes to Financial Statements (Continued)
June 30, 2000

Memorandum Only Totals

Total columns on the statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in the total columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. HISTORY AND ORGANIZATION

The Agoura Hills Redevelopment Agency was established March 9, 1988 pursuant to the California Community Redevelopment laws. The primary purpose of the Redevelopment Agency is to address blight conditions that exist within the City's freeway and roadside commercial corridor. The project area consists of approximately 1,041 acres.

3. TAX INCREMENT REVENUES

The Agency's primary source of revenue, other than loans and advances from the City will come from property taxes, referred to in the accompanying financial statements as "tax increment revenue." Property taxes allocated to the Agency will be computed in the following manner:

- (a) The assessed valuation of all property within the project area is determined on the date of adoption of the Redevelopment Plan.
- (b) Property taxes related to the incremental increase in assessed values after the adoption of the Redevelopment Plan are allocated to the Agency. All taxes on the "frozen" assessed valuation of the property are allocated to the City and other districts.

The Agency has no power to levy and collect taxes, and any legislative property tax reduction might correspondingly reduce the amount of tax revenues that would otherwise be available to pay the principal and interest on long-term debt. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions would necessarily increase the amount of tax revenues that would be available to pay principal and interest on long-term debt.

AGOURA HILLS REDEVELOPMENT AGENCY

Notes to Financial Statements (Continued)

June 30, 2000

4. GENERAL LONG-TERM DEBT ACCOUNT GROUP

The following is a summary of the changes in the General Long-Term Debt Account Group for the year ended June 30, 2000:

	<u>Balance</u> <u>July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2000</u>
Long-term advance payable to City of Agoura Hills	<u>\$10,398,913</u>	<u>\$124,459</u>	<u>\$ -</u>	<u>\$10,523,372</u>

Long-Term Advances Payable

The City and the Agoura Hills Redevelopment Agency have entered into a reimbursement agreement for services. The amounts advanced under this agreement are intended to be repaid from future tax increments. The total \$10,523,372 advance to the Agency has been recorded in the General Long-Term Debt Account Group. The ultimate repayment of this advance is dependent upon the Agency's ability to generate positive tax increment revenues in future years. Accordingly, such repayment is uncertain at this time. In the event that the Agency cannot repay to the City the amounts due to them, the City will forgive the advance. Interest accrues on the debt compounded at the average daily rate as determined by LAIF (Local Agency Investment Fund). As of June 30, 2000, \$6,942,106 in unpaid and unrecorded interest had accumulated on the amount advanced.

5. CASH IN BANK

Demand Deposits

All demand deposits are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure an Agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of an Agency's deposits. California law also allows, as an eligible security, first trust deeds having a value of 150% of the total amounts of the deposits. The Agency may waive collateral requirements for deposits which are fully insured up to \$100,000 by federal depository insurance.

Credit Risk

Demand deposits are classified in three categories of credit risk as follows: Category 1 - insured or collateralized with securities held by the Agency or its agent in the Agency's name; Category 2 - collateralized with securities held by the pledging financial institution's trust department or agent in the Agency's name; Category 3 - uncollateralized.

Cash in bank of \$114,895 at June 30, 2000 consisted entirely of a demand account of which \$100,000 is categorized as credit risk category 1 and \$14,895 is categorized as credit risk category 2.

SUPPLEMENTARY INFORMATION

AGOURA HILLS REDEVELOPMENT AGENCY
Combining Balance Sheet - All Capital Projects Funds
June 30, 2000

<u>Assets</u>	<u>Set-Aside Fund</u>	<u>Redevelopment Fund</u>	<u>Total</u>
Cash in bank	\$ 94,976	\$ 19,919	\$ 114,895
Taxes receivable		123,637	123,637
Due from other funds	<u>24,727</u>		<u>24,727</u>
Total Assets	<u>\$ 119,703</u>	<u>\$ 143,556</u>	<u>\$ 263,259</u>
 <u>Liabilities and Fund Balances</u>			
Due to other funds		<u>\$ 24,727</u>	<u>\$ 24,727</u>
Fund Balances:			
Reserved for low/moderate income housing	\$ 119,703		119,703
Unreserved, undesignated		<u>118,829</u>	<u>118,829</u>
Total Fund Balances	<u>119,703</u>	<u>118,829</u>	<u>238,532</u>
Total Liabilities and Fund Balances	<u>\$ 119,703</u>	<u>\$ 143,556</u>	<u>\$ 263,259</u>

AGOURA HILLS REDEVELOPMENT AGENCY
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - All Capital Projects Funds
For the Year Ended June 30, 2000

	Set-Aside Fund	Redevelopment Fund	Total
Revenues:			
Tax increment		\$ 579,545	\$ 579,545
Expenditures:			
Current:			
Pass through to other agencies		341,013	341,013
Professional services		124,459	124,459
Total Expenditures		465,472	465,472
Excess of Revenues Over Expenditures		114,073	114,073
Other Financing Sources (Uses):			
Operating transfers in	\$ 119,703		119,703
Operating transfers out		(119,703)	(119,703)
Advances from City of Agoura Hills		124,459	124,459
Total Other Financing Sources (Uses)	119,703	4,756	124,459
Excess of Revenues and Other Sources Over Expenditures and Other Uses	119,703	118,829	238,532
Fund Balances, Beginning			
Fund Balances, Ending	\$ 119,703	\$ 118,829	\$ 238,532

AGOURA HILLS REDEVELOPMENT AGENCY
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Set-Aside Capital Projects Fund
For the Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other Financing Sources:			
Operating transfers in		\$ 119,703	\$ 119,703
Fund Balance, Beginning			-
Fund Balance, Ending	\$ -	\$ 119,703	\$ 119,703

AGOURA HILLS REDEVELOPMENT AGENCY
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Redevelopment Capital Projects Fund
For the Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Tax increment		\$ 579,545	\$ 579,545
Expenditures:			
Current:			
Pass through to other agencies		341,013	(341,013)
Professional services	\$ 124,459	124,459	
Total Expenditures	124,459	465,472	(341,013)
Excess of Revenues Over Expenditures	(124,459)	114,073	238,532
Other Financing Sources (Uses):			
Operating transfers out		(119,703)	(119,703)
Advances from City of Agoura Hills	124,459	124,459	
Total Other Financing Sources (Uses)	124,459	4,756	(119,703)
Excess of Revenues and Other Sources Over Expenditures and Other Uses		118,829	118,829
Fund Balance, Beginning			
Fund Balance, Ending	\$ -	\$ 118,829	\$ 118,829

November 2, 2000

The Board of Directors of the
Agoura Hills Redevelopment Agency

Independent Auditors' Report on Compliance (Including the Provisions
Contained in the Guidelines for Compliance Audits of Redevelopment Agencies) and
on Internal Control over Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

We have audited the accompanying general purpose financial statements of the Agoura Hills Redevelopment Agency, a component unit of the City of Agoura Hills, California as of and for the year ended June 30, 2000, as listed in the table of contents, and have issued our report thereon dated November 2, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the general purpose financial statements of the Agoura Hills Redevelopment Agency are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the Guidelines for Compliance Audits of California Redevelopment Agencies issued by the State Controller's Office, Division of Accounting and Reporting. 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agoura Hills Redevelopment Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the

internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors and management of the Agoura Hills Redevelopment Agency and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.

Moreland & Associates, Inc.