

**AGOURA HILLS REDEVELOPMENT AGENCY**

**Annual Financial Report**

**Year Ended June 30, 2002**

AGOURA HILLS REDEVELOPMENT AGENCY  
Annual Financial Report  
Year Ended June 30, 2002

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November 8, 2002

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, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Agency 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 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. 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, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2002 on our consideration of the Agency's 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.

AGOURA HILLS REDEVELOPMENT AGENCY  
 Combined Balance Sheet  
 Governmental Fund Type and Account Group  
 June 30, 2002

	Governmental Fund Type	Account Group	Total
<u>ASSETS</u>	Capital Projects	General Long-Term Debt	(Memorandum Only)
Cash and investments (Note 5)	\$ 906,950		\$ 906,950
Interest receivable	4,952		4,952
Due from other governments	40,266		40,266
Amount to be provided for retirement of long-term debt		\$ 10,835,530	10,835,530
Total Assets	\$ 952,168	\$ 10,835,530	\$ 11,787,698
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 6,391		\$ 6,391
Advances payable to City of Agoura Hills (Note 4)		\$ 10,835,530	10,835,530
Total Liabilities	6,391	10,835,530	10,841,921
Fund Balances:			
Reserved for low/moderate income housing	570,864		570,864
Unreserved, undesignated	374,913		374,913
Total Fund Balances	945,777		945,777
Total Liabilities and Fund Balance	\$ 952,168	\$ 10,835,530	\$ 11,787,698

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, 2002

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Tax increment (Note 3)	\$ 701,000	\$ 1,483,609	\$ 782,609	\$ 685,335
Use of money and property	5,000	17,112	12,112	8,422
Total Revenues	<u>706,000</u>	<u>1,500,721</u>	<u>794,721</u>	<u>693,757</u>
Expenditures:				
Current:				
Pass through to other agencies	544,705	952,716	(408,011)	507,234
Community development	207,498	204,529	2,969	134,912
Total Expenditures	<u>752,203</u>	<u>1,157,245</u>	<u>(405,042)</u>	<u>642,146</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(46,203)</u>	<u>343,476</u>	<u>389,679</u>	<u>51,611</u>
Other Financing Sources (Uses):				
Transfers in	140,199	296,722	156,523	137,067
Transfers out	(140,199)	(296,722)	(156,523)	(137,067)
Advances from City general fund		182,027	182,027	130,131
Total Other Financing Sources (Uses)		<u>182,027</u>	<u>182,027</u>	<u>130,131</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(46,203)</u>	<u>525,503</u>	<u>571,706</u>	<u>181,742</u>
Fund Balance, July 1	<u>420,274</u>	<u>420,274</u>		<u>238,532</u>
Fund Balance, June 30	<u>\$ 374,071</u>	<u>\$ 945,777</u>	<u>\$ 571,706</u>	<u>\$ 420,274</u>

See Accompanying Notes to Financial Statements.

AGOURA HILLS REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2002

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, 2002

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, 2002

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, 2002:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
Long-term advance payable to City of Agoura Hills	<u>\$10,653,503</u>	<u>\$182,027</u>	<u>\$ -</u>	<u>\$10,835,530</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 \$10,835,530 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, 2002, \$8,441,743 in unpaid and unrecorded interest had accumulated on the amount advanced.

5. CASH AND INVESTMENTS

Cash and investments at June 30, 2002 consisted of the following:

Pooled Deposits:

Equity in City deposit pool <sup>(1)</sup>	\$ 182,027
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Investments:

Pooled:

Local agency investment fund <sup>(1) (2)</sup>	<u>724,923</u>
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Total Cash and Investments	<u>\$ 906,950</u>
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<sup>(1)</sup> Not subject to categorization.

<sup>(2)</sup> The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF), that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire



AGOURA HILLS REDEVELOPMENT AGENCY  
Notes to Financial Statements (Continued)  
June 30, 2002

LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

Pooled Cash and Investments:

The cash balances of the Agency are pooled with the other funds of the City. The Agency pools its cash and investments of all funds with the City Treasurer for investing.

6. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations in individual funds are as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
Capital Project Fund: Redevelopment	\$405,042

AGOURA HILLS REDEVELOPMENT AGENCY  
Combining Balance Sheet - All Capital Projects Funds  
June 30, 2002

<u>Assets</u>	<u>Set-Aside Fund</u>	<u>Redevelopment Fund</u>	<u>Total</u>
Cash and investments	\$ 548,276	\$ 358,674	\$ 906,950
Interest receivable	3,503	1,449	4,952
Due from other governments	19,085	21,181	40,266
 Total Assets	 <u>\$ 570,864</u>	 <u>\$ 381,304</u>	 <u>\$ 952,168</u>
 <u>Liabilities and Fund Balances</u>			
Accounts payable		\$ 6,391	\$ 6,391
Fund Balances:			
Reserved for low/moderate income housing	\$ 570,864		570,864
Unreserved, undesignated		374,913	374,913
 Total Fund Balances	 <u>570,864</u>	 <u>374,913</u>	 <u>945,777</u>
 Total Liabilities and Fund Balances	 <u>\$ 570,864</u>	 <u>\$ 381,304</u>	 <u>\$ 952,168</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, 2002

	Set-Aside Fund	Redevelopment Fund	Total
<b>Revenues:</b>			
Tax increment		\$ 1,483,609	\$ 1,483,609
Use of money and property	\$ 11,805	5,307	17,112
Total Revenues	11,805	1,488,916	1,500,721
<b>Expenditures:</b>			
Current:			
Pass through to other agencies		952,716	952,716
Community development		204,529	204,529
Total Expenditures		1,157,245	1,157,245
Excess of Revenues Over Expenditures	11,805	331,671	343,476
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	296,722		296,722
Operating transfers out		(296,722)	(296,722)
Advances from City of Agoura Hills		182,027	182,027
Total Other Financing Sources (Uses)	296,722	(114,695)	182,027
Excess of Revenues and Other Sources Over Expenditures and Other Uses	308,527	216,976	525,503
Fund Balances, Beginning	262,337	157,937	420,274
Fund Balances, Ending	\$ 570,864	\$ 374,913	\$ 945,777

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, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ 3,000	\$ 11,805	\$ 8,805
Other Financing Sources:			
Operating transfers in	140,199	296,722	156,523
Total Revenues and Other Sources	143,199	308,527	165,328
Fund Balance, Beginning	262,337	262,337	
Fund Balance, Ending	\$ 405,536	\$ 570,864	\$ 165,328

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, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Tax increment	\$ 701,000	\$ 1,483,609	\$ 782,609
Use of money and property	2,000	5,307	3,307
Total Revenues	<u>703,000</u>	<u>1,488,916</u>	<u>785,916</u>
Expenditures:			
Current:			
Pass through to other agencies	544,705	952,716	(408,011)
Community development	207,498	204,529	2,969
Total Expenditures	<u>752,203</u>	<u>1,157,245</u>	<u>(405,042)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(49,203)</u>	<u>331,671</u>	<u>380,874</u>
Other Financing Sources (Uses):			
Operating transfers out	(140,199)	(296,722)	(156,523)
Advances from City of Agoura Hills		182,027	182,027
Total Other Financing Sources (Uses)	<u>(140,199)</u>	<u>(114,695)</u>	<u>25,504</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(189,402)</u>	<u>216,976</u>	<u>406,378</u>
Fund Balance, Beginning	<u>157,937</u>	<u>157,937</u>	
Fund Balance, Ending	<u>\$ (31,465)</u>	<u>\$ 374,913</u>	<u>\$ 406,378</u>

November 8, 2002

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, 2002, as listed in the table of contents, and have issued our report thereon dated November 8, 2002. 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.

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.*