

CITY OF AGOURA HILLS

Single Audit Report

June 30, 2007

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November 7, 2007

The Honorable City Council of
the City of Agoura Hills, California

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Agoura Hills (City), California as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 7, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Agoura Hills' internal control over financial reporting as a basis for designing our auditing procedures 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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Agoura Hills' basic financial statements are free of 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 determination of financial statement amounts. 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.

This report is intended solely for the information and use of the City Council, management and others within the City of Agoura Hills, and the City's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moreland & Associates, Inc.

November 7, 2007

The Honorable City Council of
the City of Agoura Hills, California

Report on Compliance with Requirements
Applicable to Each Major Program, Internal Control Over
Compliance and on the Schedule of Expenditures of Federal
Awards in Accordance with OMB Circular A-133

Compliance

We have audited the compliance of the City of Agoura Hills (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Agoura Hills' management. Our responsibility is to express an opinion on the City of Agoura Hills' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Agoura Hills' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Agoura Hills' compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Agoura Hills is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit,

we considered the City of Agoura Hills' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the City's internal control over the applicable compliance requirements of its major federal programs.

A control deficiency 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 on a timely basis misstatements or noncompliance with applicable requirements of its major federal programs. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably or to administer a major federal program such that there is more than a remote likelihood that noncompliance with applicable compliance requirements of a major federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with applicable compliance requirements of a major federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described above and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Agoura Hills as of and for the year ended June 30, 2007, and have issued our report thereon dated November 7, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, management and others within the City of Agoura Hills, and the City's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



CITY OF Agoura Hills
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	Program Identification Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through the County of Los Angeles			
Community Development Block Grant	14.218	D96781-03	\$ 7,995
Community Development Block Grant	14.218	D96783-03	14,192
Community Development Block Grant	14.218	D98790-03	55,221
			<u>77,408</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through the State of California			
Department of Transportation			
Highway Planning and Construction	20.205	H230/H23	500,000
Highway Planning and Construction	20.205	HY10	684,378
Highway Planning and Construction	20.205	Q970	993,500
			<u>2,177,878</u> *
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through the County of Los Angeles			
Office of Emergency Management			
2004 St Homeland Security Grant	97.067	2004-0045	29,950
			<u>29,950</u>
Total Federal Expenditures			<u>\$ 2,285,236</u>

* Major program.

See Accompanying Note to Schedule of Expenditures of Federal Awards.

CITY OF AGOURA HILLS
Note to the Schedule of Expenditures of Federal Awards
June 30, 2007

1. Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards:

a. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Agoura Hills (City) that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

b. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

CITY OF SEAL BEACH
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2007

I. SUMMARY OF AUDITORS' RESULTS

A. Financial statements

1. Type of auditors' report issued: unqualified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? yes x no
 - b. Significant deficiency(ies) identified not considered to be material weaknesses? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

B. Federal Awards

1. Internal control over major programs:
 - a. Material weakness(es) identified? yes x no
 - b. Significant deficiency(ies) identified not considered to be material weaknesses? yes x none reported
2. Type of auditors' report issued on compliance for major programs: unqualified
3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? yes x no
4. Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.218	<u>Community Development Block Grant</u>
5. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
6. Auditee qualified as low-risk auditee? yes x no

CITY OF SEAL BEACH
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2007

II. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT

None.