

REPORT TO CITY COUNCIL

DATE: DECEMBER 8, 2010

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: CHRISTY PINUELAS, DIRECTOR OF FINANCE

SUBJECT: RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2010

The citywide annual audit was performed by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants for the FY 2009-10. All reports and letters have been attached for your review. The Finance Committee met prior to the meeting to review the information with the auditors. The audit information is presented to the City Council as a receive and file item and no further action is required.

RECOMMENDATION

It is recommended the City Council receive and file the 2009-10 Comprehensive Annual Financial Report.

Attachment: 2009-10 Comprehensive Annual Financial Report



November 16, 2010

The Honorable City Council of
The City of Agoura Hills

We were engaged to audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Agoura Hills (the City) for the year ended June 30, 2010, and have issued our reports thereon dated as indicated below:

Reporting Entity

Comprehensive Annual Financial Report (CAFR)
Redevelopment Agency

Audit Report Date

November 16, 2010
November 16, 2010

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated August 12, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of 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. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the City's compliance with those requirements.

Planned Scope and Timing of the Audit

As described in our engagement letter:

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1C to the financial statements, the City adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as of July 1, 2009. Also, as described in Note 5, the City restated beginning equity to record loans receivable and net OPEB obligation in the amounts of \$27,700 and \$66,022, respectively. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was:

- The depreciation of assets for which useful lives are estimated.
- The other post-employment benefit actuarial accrued liability, net OPEB liability and annual required contributions, prepared by the City's actuary.
- The fair market values of investments.

We evaluated the key factors and assumptions used to develop the above estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

Management adjusted deferred loans and loans receivable in the amount of \$224,625 and \$199,500, respectively.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 16, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management of the City, and City Council and is not intended to be and should not be used by anyone other than these specified parties.

Varrinich, Train, Day & Co., LLP

Rancho Cucamonga, California
November 16, 2010



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

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

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, California (City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 16, 2010. Our report was modified to include an explanatory paragraph for the issuance of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, effective July 1, 2009. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 *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, detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 described above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 2010-1, 2010-2, and 2010-3 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's 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*.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of City in a separate letter dated November 16, 2010.

This report is intended solely for the information and use of the City's management, City Council, 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.



Rancho Cucamonga, California
November 16, 2010

CITY OF AGOURA HILLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2010

The following findings and recommendations represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Audit Standards*.

Finding 2010-1

OTHER POST-EMPLOYMENT BENEFITS

Criteria

The City was required to implement GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during fiscal year 2008-2009.

Condition

During our examination of the City's pension and other postemployment benefit plans (OPEB) it was noted that the City was required to implement GASB 45 effective July 1, 2008. The City did not implement GASB 45 effective July 1, 2008.

Context

The condition noted above was identified during our examination of the City's pension and OPEB plans.

Effect

The City did not implement GASB 45 as required by the effective date.

Cause

The City's policies and procedures did not ensure that new accounting pronouncements were analyzed, evaluated and implemented in accordance with the effective date of the accounting standard.

Recommendation

We recommend that the City implement procedures to ensure that new accounting pronouncements are properly analyzed, evaluated and implemented as necessary on a timely basis.

Views of Responsible Officials and Planned Corrective Actions

GASB No. 45 was implemented over a three year period throughout the nation based on implementation of GASB No. 34. The City prepared an actuarial valuation report in October 2008 and was instructed that we were a Phase 3 City, required to implement in 2009/2010. However, our current auditors determined that the city was a Phase 2 City and was required to implement in 2008/2009. We recognize the importance of staying abreast of the various pronouncements and have made every effort to stay abreast by attending more webinars, trainings and conferences. We will incorporate into our financial accounting procedure a review of accounting pronouncements effective for that year.

CITY OF AGOURA HILLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2010

Finding 2010-2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Criteria

In accordance with the U.S. Office of Management and Budget (OMB) Circular A-133 Subpart C-Auditees, §___.310(b), the City shall prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the City's financial statements.

Condition

During our examination of the City's grant activity it was noted that the City did not maintain formal policies and procedures to track Federal, state or local grants.

Context

The condition noted above was identified during our examination of the City's grant activity and assessment of federal reporting requirements per OMB Circular A-133.

Effect

There is an increased risk of misstatement for the City's SEFA.

Cause

The City did not maintain formal policies and procedures in place to ensure that grant activity is tracked, reconciled and reported.

Recommendation

We recommend that the City implement procedures to ensure that grant activity is tracked, reconciled and properly reported in accordance with OMB Circular A-133.

Views of Responsible Officials and Planned Corrective Actions

The procedures for tracking Federal, state or local grants reside within the department that has prepared and administered the grant. Each grant secured contains guidelines that must be adhered to and are followed by the department. Each department is responsible for updating Executive Management (City Manager's Department) on the status of grant administration and activity. As the City has limited staff resources, with many duties assigned, grant administration is shared. Currently the City Manager's Office acts as a clearinghouse for grant tracking/administration and works with other departments on various grants. The City intends to implement policies, procedures and guidelines so that all grants, whether administered by the City Manager's Office or not will be reviewed by the Assistant to the City Manager and a centralized listing of the grants will be maintained.

CITY OF AGOURA HILLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2010

Finding 2010-3

DEFERRED LOANS

Criteria

The City should ensure that deferred loan balances are reconciled and reviewed.

Condition

During our examination of deferred loan balances it was noted that the City had not reconciled the balances. Upon further examination of the balances, an adjustment to beginning fund balance/net assets was identified and recorded.

Context

The condition noted above was identified during our examination of the City's deferred loan balances.

Effect

The City's deferred loan balances required adjustments.

Cause

The City's procedures did not ensure that the deferred loan balances were reconciled.

Recommendation

We recommend that the City strengthen its procedures to ensure that deferred loan balances are reconciled.

Views of Responsible Officials and Planned Corrective Actions

The City maintained a listing of deferred loan balances in both the Community Development and Finance Department. The Community Development grant listing was the most up-to-date and was the one used by our consultant to track outstanding loan amounts. This listing has since been reconciled to the General Ledger. Staff will work closely together to ensure that the loans are reconciled to the General Ledger.

**CITY OF AGOURA HILLS,
CALIFORNIA**

MANAGEMENT LETTER

JUNE 30, 2010



November 16, 2010

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

We have audited the basic financial statements of the City of Agoura Hills (the City) for the year ended June 30, 2010 and have issued our report thereon dated November 16, 2010. In planning and performing our audit of the basic financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These observations and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS

YEAR-END CLOSING PROCEDURES

RECOMMENDATION:

The City should develop a formal year-end closing schedule that assigns responsibilities and timing requirements for all the major tasks required at the end of each fiscal year in connection with preparation for the annual audit.

STATUS AS OF JUNE 30, 2010:

Implemented.

STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS, Continued

CREDIT CARDS

RECOMMENDATION:

The City should limit the use of credit cards to certain key employees in order to minimize the risk of potential fraud or misuse of City funds.

STATUS AS OF JUNE 30, 2010:

Implemented.

RISK ASSESSMENT AND MONITORING OVER FINANCIAL REPORTING

RECOMMENDATION:

The City should continue to build on its initial assessment and evaluate the risks of the City's operating environment and develop a written contingency plan relating to the City's Information Technologies (IT) processes. In the event of loss of City staff or ability to process IT normally, the City should have written plan to ensure that IT functions are not interrupted.

STATUS AS OF JUNE 30, 2010:

Partially implemented and in progress.

MANAGEMENT'S RESPONSE:

While the City has maintained back-up tapes as a part of our contingency plan, we are migrating to a virtual back-up system. The City anticipates that this system, approved by Council in June 2010, will be implemented by January 2011. The virtual back up will allow for an easier restoration of IT in the event of a disaster. When the system is in place, the City will then proceed to provide a written plan to ensure that IT plans are not interrupted.

**NEW FINANCIAL REPORTING AND AUDITING STANDARD EFFECTIVE FOR FISCAL YEAR
2010-2011**

INFORMATIONAL ONLY

GOVERNMENTAL ACCOUNTING STANDARD No. 54

In March 2009, The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010.

GOVERNMENTAL ACCOUNTING STANDARD No. 57

In December 2009, The GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. This Statement also amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2011.

GOVERNMENTAL ACCOUNTING STANDARD No. 59

In June 2010, The GASB issued Statement No. 59, *Financial Instruments Omnibus*. This Statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the City gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the City Council, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Vavrich, Train, Day & Co, LLP

Rancho Cucamonga, California
November 16, 2010



**INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT CALCULATION**

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

We have applied the procedures enumerated below to the Appropriations Limit calculation of the City of Agoura Hills, California prepared during the year ended June 30, 2010. These procedures, which were agreed to by the City of Agoura Hills, California were performed solely to assist the City of Agoura Hills, California in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The City of Agoura Hills's management is responsible for the Appropriations Limit calculation. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained completed worksheets and compared the 2009-2010 limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

Findings: No exceptions were noted as a result of our procedures.

2. We added last year's limit to the total adjustments and compared the resulting amount to this year's limit.

Findings: No exceptions were noted as a result of our procedures.

3. We compared the current year information to the worksheets described in No. 1 above.

Finding: No exceptions were noted as result of our procedures.

4. We compared the prior year appropriations limit to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the use of the City Council and management of the City of Agoura Hills, California and is not intended to be and should not be used by anyone other than these specified parties.

Vannich, Tria, Dng & Co., LLP

Rancho Cucamonga, California
November 16, 2010

**REDEVELOPMENT AGENCIES
FINANCIAL TRANSACTIONS REPORT
COVER PAGE**

Agoura Hills Redevelopment Agency

Fiscal Year: **2010**

ID Number: **13981901000**

Submitted by:

Signature

Title

Name (Please Print)

Date

Per Health and Safety Code section 33080, this report is due within six months after the end of the fiscal year. The report is to include two (2) copies of the agency's component unit audited financial statements, and the report on the Status and Use of the Low and Moderate Income Housing Fund (HCD report). To meet the filing requirements, all portions must be received by the California State Controller's Office.

To file electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. Sign this cover page and mail to either address below with 2 audits and the HCD report.

Report will not be considered filed until receipt of this signed cover page.

To file a paper report:

1. Complete all forms as necessary.
2. Sign this cover page, and mail complete report to either address below with 2 audits and the HCD report.

Mailing Address:

State Controller's Office
Division of Accounting and Reporting
Local Government Reporting Section
P. O. Box 942850
Sacramento, CA 94250

Express Mailing Address:

State Controller's Office
Division of Accounting and Reporting
Local Government Reporting Section
3301 C Street, Suite 700
Sacramento, CA 95816

Supplement to the Annual Report of Community Redevelopment Agencies

Redevelopment Agency ID Number:	13981901000
Name of Redevelopment Agency:	Agoura Hills

Mark the appropriate box below to indicate the ending date of your agency's fiscal year. Report data for that period only.

September 2009

December 2009

June 2010

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523

A. Personnel Expenditures

Report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

Z00	\$ 513,092
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B. Mortgage Revenue Bond Interest Payments

Report your government's total amount of interest paid on mortgage revenue bonds during the year.

U20	\$
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DRAFT

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

General Information

Fiscal Year

Members of the Governing Body			
	Last Name	First Name	Middle Initial
Chairperson	<input type="text" value="Koehler"/>	<input type="text" value="William"/>	<input type="text" value="D"/>
Member	<input type="text" value="Schwartz"/>	<input type="text" value="Harry"/>	<input type="text"/>
Member	<input type="text" value="Kuperberg"/>	<input type="text" value="Daniel"/>	<input type="text"/>
Member	<input type="text" value="Edelston"/>	<input type="text" value="John"/>	<input type="text" value="M"/>
Member	<input type="text" value="Weber"/>	<input type="text" value="Denis"/>	<input type="text"/>
Member	<input type="text"/>	<input type="text"/>	<input type="text"/>
Member	<input type="text"/>	<input type="text"/>	<input type="text"/>
Member	<input type="text"/>	<input type="text"/>	<input type="text"/>
Member	<input type="text"/>	<input type="text"/>	<input type="text"/>
Member	<input type="text"/>	<input type="text"/>	<input type="text"/>

Agency Officials				
	Last Name	First Name	Middle Initial	Phone
Executive Director	<input type="text" value="Ramirez"/>	<input type="text" value="Greg"/>	<input type="text" value="P"/>	<input type="text" value="(818) 597-7300"/>
Fiscal Officer	<input type="text" value="Pinuelas"/>	<input type="text" value="Christy"/>	<input type="text" value="S"/>	<input type="text" value="(818) 597-7319"/>
Secretary	<input type="text" value="Rodrigues"/>	<input type="text" value="Kimberly"/>	<input type="text" value="M"/>	<input type="text" value="(818) 597-7303"/>

Report Prepared By		Independent Auditor
Firm Name	<input type="text"/>	<input type="text" value="Vavrinek, Trine, Day & Co., LLP"/>
Last	<input type="text" value="Martinez"/>	<input type="text" value="Pulliam"/>
First	<input type="text" value="Richard"/>	<input type="text" value="Kevin"/>
Middle Initial	<input type="text"/>	<input type="text"/>
Street	<input type="text" value="8270 Aspen Street"/>	<input type="text" value="8270 Aspen Street"/>
City	<input type="text" value="Rancho Cucamonga"/>	<input type="text" value="Rancho Cucamonga"/>
State	<input type="text" value="CA"/>	<input type="text" value="CA"/>
Zip Code	<input type="text" value="91730-"/>	<input type="text" value="91730-"/>
Phone	<input type="text" value="(909) 466-4410"/>	<input type="text" value="(909) 466-4410"/>

Mailing Address			
Street 1	<input type="text" value="30001 Ladyface Court"/>		
Street 2	<input type="text"/>		
City	<input type="text" value="Agoura Hills"/>	State	<input type="text" value="CA"/>
		Zip	<input type="text" value="91301-"/>
Phone	<input type="text" value="(818) 597-7300"/>	<input type="checkbox"/> Is Address Changed?	

Agoura Hills Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Audit Information

Fiscal Year

Was the Report Prepared from Audited Financial Data, and Did You Submit a Copy of the Audit?

Indicate Financial Audit Opinion

If Financial Audit is not yet Completed, What is the Expected Completion Date?

If the Audit Opinion was Other than Unqualified, State Briefly the Reason Given

Was a Compliance Audit Performed in Accordance with Health and Safety Code Section 33080.1 and the State Controller's Guidelines for Compliance Audits, and Did You Submit a Copy of the Audit?

Indicate Compliance Audit Opinion

If Compliance Audit is not yet Completed, What is the Expected Completion Date?

If compliance opinion includes exceptions, state the areas of non-compliance, and describe the agency's efforts to correct.

**Agoura Hills Redevelopment Agency
 Redevelopment Agencies Financial Transactions Report**

Project Area Report

Fiscal Year 2010

Project Area Name

Aguora Hill Project Area

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

Activity Report

Forwarded from Prior Year ?

Yes

Enter Code for Type of Project Area Report

P

P = Standard Project Area Report

A = Administrative Fund

L = Low and Moderate Income Housing Fund

M = Mortgage Revenue Bond Program

O = Other Miscellaneous Funds or Programs

S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions?

Yes

Date Project Area was Established (MM-DD-YY)

7/15/1992

Most Recent Date Project Area was Amended

Did this Amendment Add New Territory?

Most Recent Date Project Area was Merged

Will this Project Area be Carried Forward to Next Year?

Yes

Established Time Limit :

Repayment of Indebtedness (Year Only)

2037

Effectiveness of Plan (Year Only)

2032

New Indebtedness (Year Only)

2012

Size of Project Area in Acres

1,041

Percentage of Land Vacant at the Inception of the Project Area

19.8

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

80.2

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan

IC

(Enter the Appropriate Code(s) in Sequence as Shown)

R = Residential I = Industrial C = Commercial P = Public O = Other

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Assessed Valuation Data

Fiscal Year **2010**

Project Area Name	Agoura Hill Project Area
Frozen Base Assessed Valuation	340,152,405
Increment Assessed Valuation	561,812,391
Total Assessed Valuation	901,964,796

Agoura Hills Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Pass-Through / School District Assistance

Fiscal Year

Project Area Name

Amounts Paid To Taxing Agencies Pursuant To:	Tax Increment Pass Through Detail			Total	Other Payments	
	H & S Code Section 33401	H & S Code Section 33676	H & S Code Section 33607		H & S Code Section 33445	H & S Code Section 33445.5
County		1,923,704		\$1,923,704		
Cities				\$0		
School Districts		436,188		\$436,188		
Community College District		66,763	6,542	\$73,305		
Special Districts		1,142,609		\$1,142,609		
Total Paid to Taxing Agencies	\$0	\$3,569,264	\$6,542	\$3,575,806	\$0	\$0
Net Amount to Agency				\$1,725,898		
Gross Tax Increment Generated				5,301,704		

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Summary of the Statement of Indebtedness - Project Area

Fiscal Year 2010

Project Area Name

Agoura Hill Project Area

Tax Allocation Bond Debt

15,066,492

Revenue Bonds

Other Long Term Debt

City/County Debt

30,611,655

Low and Moderate Income Housing Fund

1,060,341

Other

Total

\$46,738,488

Available Revenues

3,865,710

Net Tax Increment Requirements

\$42,872,778

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

Project Area Name

Forward from Prior Year	<input type="text" value="Yes"/>
Bond Type	<input type="text" value="City/County Debt"/>
Year of Authorization	<input type="text" value="1992"/>
Principal Amount Authorized	<input type="text" value="28,529,592"/>
Principal Amount Issued	<input type="text" value="28,529,592"/>
Purpose of Issue	<input type="text" value="Project Expenses"/>
Maturity Date Beginning Year	<input type="text" value="1992"/>
Maturity Date Ending Year	<input type="text" value="2037"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="\$16,414,328"/>
Adjustment Made During Year	<input type="text"/>
Adjustment Explanation	<input type="text"/>
Interest Added to Principal	<input type="text"/>
Principal Amount Issued During Fiscal Year	<input type="text"/>
Principal Amount Matured During Fiscal Year	<input type="text"/>
Principal Amount Defeased During Fiscal Year	<input type="text"/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="\$16,414,328"/>
Principal Amount In Default	<input type="text"/>
Interest In Default	<input type="text"/>

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

Project Area Name

Forward from Prior Year	<input type="text" value="Yes"/>
Bond Type	<input type="text" value="Revenue Bonds"/>
Year of Authorization	<input type="text" value="2008"/>
Principal Amount Authorized	<input type="text" value="10,000,000"/>
Principal Amount Issued	<input type="text" value="10,000,000"/>
Purpose of Issue	<input type="text" value="Finance Low & Moderate Income Housing"/>
Maturity Date Beginning Year	<input type="text" value="2009"/>
Maturity Date Ending Year	<input type="text" value="2032"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="\$10,000,000"/>
Adjustment Made During Year	<input type="text"/>
Adjustment Explanation	<input type="text"/>
Interest Added to Principal	<input type="text"/>
Principal Amount Issued During Fiscal Year	<input type="text"/>
Principal Amount Matured During Fiscal Year	<input type="text" value="135,000"/>
Principal Amount Defeased During Fiscal Year	<input type="text"/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="\$9,865,000"/>
Principal Amount In Default	<input type="text"/>
Interest In Default	<input type="text"/>

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

Project Area Name

Forward from Prior Year	<input type="text" value="Yes"/>
Bond Type	<input type="text" value="Tax Allocation Bonds"/>
Year of Authorization	<input type="text" value="2008"/>
Principal Amount Authorized	<input type="text" value="5,750,000"/>
Principal Amount Issued	<input type="text" value="5,750,000"/>
Purpose of Issue	<input type="text" value="To Finance Redevelopment Project Areas"/>
Maturity Date Beginning Year	<input type="text" value="2009"/>
Maturity Date Ending Year	<input type="text" value="2037"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="\$5,750,000"/>
Adjustment Made During Year	<input type="text"/>
Adjustment Explanation	<input type="text"/>
Interest Added to Principal	<input type="text"/>
Principal Amount Issued During Fiscal Year	<input type="text"/>
Principal Amount Matured During Fiscal Year	<input type="text" value="55,000"/>
Principal Amount Defeased During Fiscal Year	<input type="text"/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="\$5,695,000"/>
Principal Amount In Default	<input type="text"/>
Interest In Default	<input type="text"/>

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year 2010

Project Area Name Agoura Hill Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>		5,301,704			\$5,301,704
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	16,779	55,360	172,022		\$244,161
Rental Income					\$0
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees					\$0
Other Revenues					\$0
Total Revenues	\$16,779	\$5,357,064	\$172,022	\$0	\$5,545,865

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year 2010

Project Area Name Aguora Hill Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs	1,295,046		402,300		\$1,697,346
Professional Services	135,942		347,042		\$482,984
Planning, Survey, and Design					\$0
Real Estate Purchases					\$0
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs			250,000		\$250,000
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

Agoura Hills Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year

Project Area Name

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Decline in Value of Land Held for Resale					\$0
Rehabilitation Costs					\$0
Rehabilitation Grants					\$0
Interest Expense		901,527			\$901,527
Fixed Asset Acquisitions					\$0
Subsidies to Low and Moderate Income Housing					\$0
Debt Issuance Costs					\$0
Other Expenditures Including Pass-Through Payment(s)		3,677,954			\$3,677,954
Debt Principal Payments:					
Tax Allocation Bonds and Notes		55,000			\$55,000
Revenue Bonds, Certificates of Participation, Financing Authority Bonds		135,000			\$135,000
City/County Advances and Loans					\$0
All Other Long-Term Debt					\$0
Total Expenditures	\$1,430,988	\$4,769,481	\$999,342	\$0	\$7,199,811
Excess (Deficiency) Revenues over (under) Expenditures	(\$1,414,209)	\$587,583	(\$827,320)	\$0	(\$1,653,946)

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2010

Project Area Name

Aguora Hill Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County	1,256,854				\$1,256,854
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)					\$0
Operating Transfers In	623,308	1,068,350			\$1,691,658
Tax Increment Transfers In			1,060,341		\$1,060,341
Operating Transfers Out	474,811	623,308	593,539		\$1,691,658
Tax Increment Transfers Out		1,060,341			\$1,060,341
<i>(To the Low and Moderate Income Housing Fund)</i>					
Total Other Financing Sources (Uses)	\$1,405,351	(\$615,299)	\$466,802	\$0	\$1,256,854

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2010

Project Area Name

Aguora Hill Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(\$8,858)	(\$27,716)	(\$360,518)	\$0	(\$397,092)
Equity, Beginning of Period	\$6,306,141	\$880,587	\$13,116,456	\$0	\$20,303,184
Prior Period Adjustments			-196,925		(\$196,925)
Residual Equity Transfers					\$0
Equity, End of Period	\$6,297,283	\$852,871	\$12,559,013	\$0	\$19,709,167

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year	2010	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Assets and Other Debits								
Cash and Imprest Cash		2,199,257	1,279,232	12,597,823				\$16,076,312
Cash with Fiscal Agent								\$0
Tax Increments Receivable			179,160					\$179,160
Accounts Receivable								\$0
Accrued Interest Receivable		6,609	372	40,018				\$46,999
Loans Receivable				189,618				\$189,618
Contracts Receivable								\$0
Lease Payments Receivable								\$0
Unearned Finance Charge								\$0
Due from Capital Projects Fund								\$0
Due from Debt Service Fund								\$0
Due from Low/Moderate Income Housing Fund								\$0
Due from Special Revenue/Other Funds								\$0

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year	2010	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long-Term Debt	General Fixed Assets	Total
Investments								\$0
Other Assets								\$0
Investments: Land Held for Resale		4,104,612						\$4,104,612
Allowance for Decline In Value of Land Held for Resale								\$0
Fixed Assets: Land, Structures, and Improvements								\$0
Equipment								\$0
Amount Available In Debt Service Fund								\$0
Amount to be Provided for Payment of Long-Term Debt						31,974,328		\$31,974,328
Total Assets and Other Debits		\$6,310,478	\$1,458,764	\$12,827,459	\$0	\$31,974,328	\$0	\$52,571,029

(Must Equal Total Liabilities, Other Credits, and Equities)

Agoura Hills Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2010	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Liabilities and Other Credits								
Accounts Payable		13,195	605,893	78,828				\$697,916
Interest Payable								\$0
Tax Anticipation Notes Payable								\$0
Loans Payable								\$0
Other Liabilities				189,618				\$189,618
Due to Capital Projects Fund								\$0
Due to Debt Service Fund								\$0
Due to Low/Moderate Income Housing Fund								\$0
Due to Special Revenue/Other Funds								\$0
Tax Allocation Bonds Payable						5,695,000		\$5,695,000
Lease Revenue, Certificates of Participation Payable, Financing Authority Bonds						9,865,000		\$9,865,000
All Other Long-Term Debt						16,414,328		\$16,414,328
Total Liabilities and Other Credits		\$13,195	\$605,893	\$268,446	\$0	\$31,974,328		\$32,861,862

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2010	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long-Term Debt	General Fixed Assets	Total
Equities								
Investment In General Fixed Assets								\$0
Fund Balance Reserved		4,104,612	852,871	12,559,013				\$17,516,496
Fund Balance Unreserved-Designated								\$0
Fund Balance Unreserved-Undesignated		2,192,671						\$2,192,671
Total Equities		\$6,297,283	\$852,871	\$12,559,013	\$0		\$0	\$19,709,167
Total Liabilities, Other Credits, and Equities		\$6,310,478	\$1,458,764	\$12,827,459	\$0	\$31,974,328	\$0	\$52,571,029

Agoura Hills Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Summary, Combined Transfers In/Out

Fiscal Year 2010

Operating Transfers In	\$1,691,658
Tax Increment Transfers In	\$1,060,341
Operating Transfers Out	\$1,691,658
Tax Increment Transfers Out	\$1,060,341

AGOURA HILLS REDEVELOPMENT AGENCY

BASIC FINANCIAL STATEMENTS

JUNE 30, 2010.

AGOURA HILLS REDEVELOPMENT AGENCY

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June 30, 2010

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of the
Agoura Hills Redevelopment Agency

We have audited the accompanying financial statements of the governmental activities and each major fund 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, 2010, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the Agency. Our responsibility is to express opinions on these 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2010, and the respective changes in financial position of the Agency 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 16, 2010 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.

The management's discussion and analysis on pages 3 through 5 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements as a whole. The supplementary information listed in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary 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.

Vavrinch, Train, Day & Co., LLP

Rancho Cucamonga, California
November 16, 2010

**AGOURA HILLS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The discussion and analysis of the Agoura Hills Redevelopment Agency's (RDA) financial performance provides an overall review of the RDA's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the RDA's financial performance as a whole. Readers should also review the basic financial statements, as well as the prior years' report ended June 30, 2009, to enhance their understanding of the RDA's financial performance.

The financial section of this report has been prepared to show the results of the financial administration, financial condition, and operations of the RDA. The combined financial statements in this report have been audited by the firm of Vavrinek, Trine, Day and Co., LLP, whose opinion is included in this report.

BASIS OF ACCOUNTING AND FUND GROUPINGS

The basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the RDA's assets and liabilities, including capital assets and long-term liabilities are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The RDA maintains funds in accordance with generally accepted accounting principles set forth by the GASB and other rule-making entities.

FINANCIAL DISCUSSION

The following is the condensed Statement of Activities and Changes in Net Assets for the fiscal years ended June 30, 2010 and 2009.

**Agoura Hills Redevelopment Agency's Net Assets
As of June 30, 2010 and 2009**

	2010	2009
Current and other assets	\$ 17,314,671	\$ 17,727,082
Land held for resale	4,104,612	4,104,612
Total Assets	21,419,283	21,831,694
Current liabilities	1,138,657	1,096,604
Long-term liabilities outstanding	15,190,221	15,384,915
Total Liabilities	16,328,878	16,481,519
Net Assets:		
Restricted for low/moderate income housing	4,240,278	13,116,456
Restricted	612,130	880,587
Unrestricted (deficit)	237,997	(8,646,868)
Total Net Assets	\$ 5,090,405	\$ 5,350,175

**AGOURA HILLS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Restricted net assets decreased \$8.8 million primarily due to the reclassification of outstanding bond proceeds which are restricted to low/moderate income housing projects. Net assets of the Agoura Hills Redevelopment Agency (RDA) at the beginning of 2010 were restated due to an adjustment for deferred loans. Please refer to Note 5 of the financial statements.

**Agoura Hills Redevelopment Agency's Changes in Net Assets
As of June 30, 2010 and 2009**

	2010	2009
Revenues:		
Taxes	\$ 5,301,704	\$ 5,454,294
Investment Income	244,161	417,751
Transfer from Agoura Hills	1,256,854	-
Other	-	25,000
Total Revenues	6,802,719	5,897,045
Expenses:		
Community development	976,463	1,057,651
General government	1,484,879	74,420
Pass through to other agencies	3,677,954	3,805,788
Interest and fiscal charges	915,886	953,309
Total Expenses	7,055,182	5,891,168
Change in net assets	\$ (252,463)	\$ 5,877

Under the fund financial statements, the RDA reports a decrease in fund balances of \$397 thousand and the total fund balance at June 30, 2010 was \$19.7 million, of which \$17.5 million is reserved. Reservations represent amounts that are either not available for appropriation or have been formally committed to a specific use.

Major changes to net assets included the following:

- ◆ The Redevelopment Agency paid \$1.0 million in "Supplemental" Educational Revenue Augmentation Funds (SERAF). This payment was included in the city administrative charges. Please refer to Note 4, C3.
- ◆ The Redevelopment Agency received reimbursement of \$2 million in grant funds for expenditures for the Kanan Interchange.

The tax increment revenue decreased by \$153 thousand, or 3 percent, in fiscal year 2009-10 to \$5.3 million from the previous fiscal year. However, a corresponding decrease of \$128 thousand in "Pass-through" payments to Other Public Agencies resulted in a decrease of only \$25 thousand or .01 percent in net tax increment revenue for the fiscal period. The net overall decrease in tax increment revenues is primarily attributable to a change in assessed value which is affected when property is sold and reassessed at the new sales price and to temporary reassessments on properties as allowed under AB-8. With the significant amount of reassessments of existing properties within the last few years, the assessed values decreased at an unusually high rate.

Investment income decreased \$174 thousand, or 42 percent, from the prior fiscal year primarily due to lower interest rates.

**AGOURA HILLS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Total governmental funds expenditures for the fiscal year were \$7.2 million, which included \$1.4 million for city administrative charges; \$904 thousand in community development costs, \$72 thousand in public works, and \$1.1 million in debt service payments.

The Debt Service Fund reflected a net total negative variance to the final budget of \$53 thousand. The variance primarily relates to decreased net tax increment which is primarily attributable to declining values for commercial real estate and residential apartments. In the Set-Aside Capital Projects Fund there was a net positive variance of \$168 thousand. This primarily relates to a savings of \$197 thousand in expenditures due to timing differences and planned expenditures within the Community development department. The Capital Projects Fund reflected a net total negative budget variance of \$58 thousand when comparing actual amounts to the final budget for the current fiscal year. The budget reflects a negative variance in revenues of \$3 thousand and a positive variance in expenditures of \$25 thousand. The revenue variance relates to a decrease in investment income related to declining investment returns. The expenditure variances primarily relate to timing differences in planned expenditures.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, creditors and investors with a general overview of the RDA's finances and to show the RDA's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Agoura Hills Redevelopment Agency, 30001 Ladyface Court, Agoura Hills, California 91301.

AGOURA HILLS REDEVELOPMENT AGENCY

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 16,076,312
Interest receivable	46,999
Deferred loans	189,618
Due from other governments	179,160
Deferred charges	822,582
Land held for resale	4,104,612
	<hr/>
Total Assets	21,419,283
	<hr/>
LIABILITIES	
Accounts payable	697,916
Interest payable	240,741
Noncurrent liabilities:	
Due within one year	200,000
Due in more than one year	15,190,221
	<hr/>
Total Liabilities	16,328,878
	<hr/>
NET ASSETS	
Restricted for:	
RDA Set-Aside (Low and Moderate Income Housing)	4,240,278
Debt service	612,130
Unrestricted	237,997
	<hr/>
Total Net Assets	\$ 5,090,405
	<hr/> <hr/>

See accompanying notes to financial statements.

AGOURA HILLS REDEVELOPMENT AGENCY

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>
		<u>Governmental Activities</u>
Governmental Activities:		
General government	\$ 1,484,879	\$ (1,484,879)
Pass-through to other agencies	3,677,954	(3,677,954)
Community development	976,463	(976,463)
Interest and fiscal charges	915,886	(915,886)
Total Governmental Activities	<u>\$ 7,055,182</u>	<u>(7,055,182)</u>
General Revenues:		
Taxes		5,301,704
Use of money and property		244,161
Transfers from the City of Agoura Hills		<u>1,256,854</u>
Total General Revenues		<u>6,802,719</u>
Change in Net Assets		(252,463)
Net Assets at Beginning of Year, as restated		<u>5,342,868</u>
Net Assets at End of Year		<u>\$ 5,090,405</u>

See accompanying notes to financial statements.

AGOURA HILLS REDEVELOPMENT AGENCY

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010**

	Debt Service		Capital Projects		Total Governmental Funds
	Redevelopment	Redevelopment	Set-Aside	Redevelopment	
	Fund	Fund	Fund	Fund	
ASSETS					
Cash and investments	\$ 1,279,232	\$ 12,597,823	\$ 2,199,257	\$ 16,076,312	
Interest receivable	372	40,018	6,609	46,999	
Deferred loans	-	189,618	-	189,618	
Due from other governments	179,160	-	-	179,160	
Land held for resale	-	-	4,104,612	4,104,612	
Total Assets	\$ 1,458,764	\$ 12,827,459	\$ 6,310,478	\$ 20,596,701	
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 605,893	\$ 78,828	\$ 13,195	\$ 697,916	
Deferred revenue	-	189,618	-	189,618	
Total Liabilities	605,893	268,446	13,195	887,534	
FUND BALANCES					
Reserved for:					
Low/moderate income housing	-	12,559,013	-	12,559,013	
Land held for resale	-	-	4,104,612	4,104,612	
Debt service	852,871	-	-	852,871	
Unreserved:					
Capital projects fund	-	-	2,192,671	2,192,671	
Total Fund Balances	852,871	12,559,013	6,297,283	19,709,167	
Total Liabilities and and Fund Balances	\$ 1,458,764	\$ 12,827,459	\$ 6,310,478	\$ 20,596,701	

See accompanying notes to financial statements.

AGOURA HILLS REDEVELOPMENT AGENCY

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Fund Balances of Governmental Funds	\$ 19,709,167
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
The long-term debt (e.g. bonds, leases) is not due and payable in the current period and therefore is not reported in funds.	(15,390,221)
Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in funds.	(240,741)
Deferred charges related to the issuance of long-term debt are recorded as expenditures in governmental fund statements.	822,582
Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the governmental-wide statements.	<u>189,618</u>
Net Assets of Governmental Activities	<u>\$ 5,090,405</u>

See accompanying notes to financial statements.

AGOURA HILLS REDEVELOPMENT AGENCY

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2010**

	Debt Service	Capital Projects		Total Governmental Funds
	Redevelopment Fund	Redevelopment Set-Aside Fund	Redevelopment Fund	
REVENUES				
Tax increment	\$ 5,301,704	\$ -	\$ -	\$ 5,301,704
Use of money and property	55,360	172,022	16,779	244,161
Total Revenues	5,357,064	172,022	16,779	5,545,865
EXPENDITURES				
Current:				
General government	-	433,639	1,020,228	1,453,867
Pass-through to other agencies	3,677,954	-	-	3,677,954
Community development	-	549,892	354,527	904,419
Public works	-	15,811	56,233	72,044
Debt Service:				
Principal	190,000	-	-	190,000
Interest and fiscal charges	901,527	-	-	901,527
Total Expenditures	4,769,481	999,342	1,430,988	7,199,811
Excess (Deficiency) of Revenues Over (Under) Expenditures	587,583	(827,320)	(1,414,209)	(1,653,946)
Other Financing Sources (Uses):				
Transfers in	1,068,350	1,060,341	623,308	2,751,999
Transfers out	(1,683,649)	(593,539)	(474,811)	(2,751,999)
Transfers from the City of Agoura Hills	-	-	1,256,854	1,256,854
Total Other Financing Sources (Uses)	(615,299)	466,802	1,405,351	1,256,854
Net Change in Fund Balances	(27,716)	(360,518)	(8,858)	(397,092)
Fund Balances, Beginning of Year, as restated	880,587	12,919,531	6,306,141	20,106,259
Fund Balances, End of Year	\$ 852,871	\$ 12,559,013	\$ 6,297,283	\$ 19,709,167

See accompanying notes to financial statements.

AGOURA HILLS REDEVELOPMENT AGENCY

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

Net Change in Fund Balances - Total Governmental Funds \$ (397,092)

Amounts reported for governmental activities in
the Statement of Activities are different because

Governmental funds report the effect of issuance costs, premiums
discounts, and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the statement of activities.
This amount is the net effect of these differences in the treatment of
long-term liabilities and similar items.

Principal payment	190,000
Amortization of bond discounts	(5,306)
Amortization of bond issuance costs	(25,706)

Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in funds.	<u>(14,359)</u>
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Change in Net Assets of Governmental Activities	<u>\$ (252,463)</u>
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See accompanying notes to financial statements.

AGOURA HILLS REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Agoura Hills Redevelopment Agency.

A. Reporting Entity - Agoura Hills Redevelopment Agency

The Agoura Hills Redevelopment Agency (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.

The Agency is a blended component unit of the City of Agoura Hills (City) and, accordingly, is included in the City's basic financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Agoura Hills Redevelopment Agency. The effect of interfund activity has been eliminated from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On the accrual basis, revenue from property taxes is recognized in the fiscal year from which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year from which all eligibility requirements have been satisfied.

Governmental fund statements are reported using the modified accrual basis of accounting wherein revenues are recognized as soon as they are both measurable and available. Revenues are recorded when susceptible to accrual. "Measurable" is defined as the amount that can be determined. "Available" is defined as collectible in the current period or soon enough thereafter to be used to pay the liabilities of the current period. The availability period is defined as 60 days for property taxes and for all other revenues. The primary revenue sources susceptible to accrual are property taxes and investment income. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt which is recognized when due.

AGOURA HILLS REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

Property tax revenue is recognized when susceptible to accrual in the accounting period in which taxes are measurable and available. Property taxes are considered available by the Agency if they are collected within 60 days after year end. There is no allowance for uncollectibles. Assessed valuations are determined on an annual basis by the Los Angeles County Assessor. Taxes attach as an enforceable lien on property as of January 1, are levied on July 1, are due November 1 and February 1, and are delinquent if not paid by December 10 and April 10 of each year.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then use unrestricted resources as needed.

The Agency reports the following major governmental funds:

The Redevelopment Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

The Redevelopment Set-Aside Capital Projects Fund is used to account for the 20 percent portion of the Agency's tax increment revenue and other revenue sources that are required to be set aside for low and moderate income housing and related expenditures.

The Redevelopment Capital Projects Fund is used to account for financial resources segregated for the acquisition and rehabilitation of capital projects within the redevelopment project area.

Use of Estimates

The preparation of the Agency's basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements, and revenues and expense/expenditures during the reported period. Actual results could differ from those estimates.

Cash and Investments

Cash and investments include cash in banks and investments held by the City Treasurer in a cash management pool. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are stated at fair value. Fair value is determined based on values provided by the Agency's investment custodian.

New Accounting Pronouncements

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for periods beginning after June 15, 2010, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Agency intends to implement the new requirements for the fiscal year 2010-11 financial statements.

AGOURA HILLS REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE #2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Practices

The Agency adopts an annual budget for the Debt Service and Capital Projects Fund on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

All annual appropriations either lapse at year end or are carried forward at the Executive Director's discretion. The budget is prepared by fund, function and activity; and includes actual information for the past year, current year estimates and requested appropriations for the next fiscal year. The budget provides management control at the functional departmental level. The Executive Director may authorize the transfer of funds within the same department. Responsible individuals review progress against their budget each month. The Board of Directors considers supplemental budget amendment requests during the year and reviews changes at mid-year and year end.

NOTE #3 – DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Demand account	\$ 88,695
State of California Local Agency Investment Fund (LAIF)	5,892,554
Equity in City investment pool	5,053,439
Federal agency securities	4,143,760
Held by bond trustee:	
Money market funds	69,894
Federal agency securities	827,970
	<u>\$ 16,076,312</u>

Equity in the Pool of the City of Agoura Hills

The Agency has investments held by bond trustee and the Agency's equity in the cash and investment pool managed by the City of Agoura Hills. The Agency is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City of Agoura Hills.

The Agency has not adopted an investment policy separate from that of the City of Agoura Hills. 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 calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis.

Investments Authorized by the California Government Code and the City's investment Policy

The City's investment policy authorizes investment in all investments authorized under provisions of California Government Code Section 53601.

AGOURA HILLS REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE #3 – DETAILED NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the general investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
Federal Housing Administration Debentures	None	None	None
U.S. Agency Securities	None	None	None
Unsecured CDs, time deposits and Bankers' Acceptance	30 days	None	None
FDIC Insured bank deposits	None	None	None
Commercial Paper	270 days	None	None
Money Market Funds	N/A	None	None
State Obligations	None	None	None
Pre-funded Municipal Obligations	None	None	None
Repurchase Agreements	270 days	None	None
Investment Agreements	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The interest rate risk is monitored by measuring the weighted average maturity of its portfolio. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of the year end, the weighted average maturity of the investments contained in the City investment pool is approximately 203 days. The City's investment policy recognized the interest rate risk and therefore places maximum maturity limits (up to five years) on various types of allowable investments.

AGOURA HILLS REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE #3 – DETAILED NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

Disclosures Relating to Interest Rate Risk, Continued

Investment Type	Totals	Remaining Maturity (In Months)		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
LAIF	\$ 5,892,554	\$ 5,892,554	\$ -	\$ -
Equity in City investment pool	5,053,439	5,053,439		
Federal agency securities				
FHLB	2,081,880	2,081,880	-	-
FFCB	2,061,880	-	-	2,061,880
Held by bond trustee:				
Money market funds	69,894	69,894		-
Federal agency securities				
FHLB	103,781	-	-	103,781
FFCB	427,374	-	-	427,374
FHLM	296,815	296,815	-	-
Total	<u>\$15,987,617</u>	<u>\$13,394,582</u>	<u>\$ -</u>	<u>\$ 2,593,035</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Totals	Minimum Legal Rating	Rating as of Year End	
			AAA	Not Rated
LAIF	\$ 5,892,554	N/A	\$ -	\$ 5,892,554
Equity in City investment pool	5,053,439	N/A	-	5,053,439
Federal agency securities:				
FHLB	2,081,880	N/A	2,081,880	-
FFCB	2,061,880	N/A	2,061,880	-
Held by bond trustee:				
Money market funds	69,894	AAA	69,894	-
Federal agency securities:				
FHLB	103,781	N/A	103,781	-
FFCB	427,374	N/A	427,374	-
FHLM	296,815	N/A	296,815	-
Total	<u>\$15,987,617</u>		<u>\$ 5,041,624</u>	<u>\$ 10,945,993</u>

AGOURA HILLS REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE #3 – DETAILED NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in anyone issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5 percent or more of total Agency's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal agency security	\$2,185,661
Federal Farm Credit Bank	Federal agency security	2,489,254

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code 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 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.

LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2010 had a balance of \$69.4 billion. Of that amount, 5.42 percent was invested in structured notes and asset-backed securities. The average maturity of PMIA investments was 203 days as of June 30, 2010.

AGOURA HILLS REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE #3 – DETAILED NOTES ON ALL FUNDS, Continued

B. Transfers

The following is a summary of transfers for the year ended June 30, 2010:

	Transfers In			
	Capital Projects		Redevelopment Debt Service Fund	Total
	Redevelopment Set-Aside Fund	Redevelopment Fund		
Transfers out				
Redevelopment Capital Projects Fund	\$ -	\$ -	\$ 474,811	\$ 474,811
Redevelopment Set-Aside Fund	-	-	593,539	593,539
Redevelopment Debt Service Fund	1,060,341	623,308	-	1,683,649
Total	\$ 1,060,341	\$ 623,308	\$ 1,068,350	\$ 2,751,999

The Redevelopment Debt Service Fund transferred funds to the Redevelopment Capital Projects Fund to pay pass thru agreements and capital projects, and to the Redevelopment Housing Set-Aside Fund equal to the 20 percent of taxes to be used to improve and preserve low and moderate income housing programs in accordance with budgetary authorizations. The transfers from the Redevelopment Capital Projects Fund and the Redevelopment Housing Set-Aside Fund to the Redevelopment Debt Service Fund represent interest payments for the 2008 Redevelopment Tax Allocation Bonds and Housing Set-Aside Bonds. The Redevelopment Capital Projects Fund received transfers of \$1,256,854 from the City to pay for capital projects.

C. Long-term Debt

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Due Within one year
Governmental Activities:					
2008 RDA Tax Allocation Bonds	\$ 5,750,000	\$ -	\$ 55,000	\$ 5,695,000	\$ 55,000
2008 RDA Housing Set-Aside Bonds	10,000,000	-	135,000	9,865,000	145,000
Bond discount	(175,085)	-	5,306	(169,779)	-
Total Governmental Long-term Liabilities	\$ 15,574,915	\$ -	\$ 195,306	\$ 15,390,221	\$ 200,000

2008 Redevelopment Agency Tax Allocation Bonds'

On May 23, 2008, the Agoura Hills Redevelopment Agency issued \$5,750,000 of Series 2008 A-T tax allocation bonds with interest rates ranging from 4.728 to 6.53 percent. The proceeds from the sale of bonds will be used to finance redevelopment projects benefiting the Agoura Hills Redevelopment Project areas. The Agency has pledged tax increment revenues to repay the entire principal and interest on the bonds. Principal of the bonds is payable on their maturity date of October 1 of each year. Interest on the bonds is payable on April 1 and October 1 each year. Total principal and interests remaining on the bond is \$15,277,690, payable through October 2041. For the current year, principal and interest paid and total tax increment revenues were \$479,996 and \$4,241,363 respectively. The outstanding balance at June 30, 2010 is \$5,695,000.

AGOURA HILLS REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE #3 – DETAILED NOTES ON ALL FUNDS, Continued

C. Long-term Debt, Continued

2008 Redevelopment Agency Tax Allocation Bonds, Continued

The future debt service payments are as follows:

Year Ending June 30	2008 Tax Allocation Bonds Series A-T		
	Principal	Interest	Total
2011	\$ 55,000	\$ 422,396	\$ 477,396
2012	60,000	419,658	479,658
2013	60,000	416,519	476,519
2014	65,000	413,260	478,260
2015	70,000	409,599	479,599
2016-2020	400,000	1,981,507	2,381,507
2021-2025	565,000	1,826,471	2,391,471
2026-2030	785,000	1,596,411	2,381,411
2031-2035	1,135,000	1,253,070	2,388,070
2036-2040	1,645,000	741,853	2,386,853
2041-2042	855,000	101,946	956,946
Total	\$ 5,695,000	\$ 9,582,690	\$ 15,277,690

2008 Redevelopment Agency Housing Set-Aside Tax Allocation Bonds

On May 23, 2008, the Agoura Hills Redevelopment Agency issued \$10,000,000 of Series 2008 Housing Set-Aside Tax Allocation bonds with interest rates ranging from 4.00 to 4.75 percent. The proceeds from the bond will be issued to finance low and moderate income housing of the Agency. The Agency has pledged Housing Set-Aside Revenues to repay the entire principal and interest on the bonds. Principal of the Bonds is payable on their maturity date of October 1 of each year. Interest on the bonds will be payable semi-annually on April 1 and October 1 of each year commencing October 1, 2008. Total principal and interest remaining on the bonds is \$19,785,129, payable through October 2041. For the current year, principal and interest paid and total Housing Set-Aside revenues were \$615,531 and \$1,060,341 respectively. The outstanding balance at June 30, 2010 is \$9,659,221, net of unamortized discount of \$169,779.

AGOURA HILLS REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE #3 – DETAILED NOTES ON ALL FUNDS, Continued

C. Long-term Debt, Continued

2008 Redevelopment Agency Housing Set-Aside Tax Allocation Bonds

The future debt service payments are as follows:

Year Ending June 30	Housing Set-Aside Tax Allocation Bonds 2008		
	Principal	Interest	Total
2011	\$ 145,000	\$ 475,131	\$ 620,131
2012	150,000	469,331	619,331
2013	155,000	463,331	618,331
2014	160,000	457,131	617,131
2015	165,000	450,731	615,731
2016-2020	945,000	2,145,699	3,090,699
2021-2025	1,175,000	1,916,775	3,091,775
2026-2030	1,485,000	1,600,750	3,085,750
2031-2035	1,905,000	1,190,250	3,095,250
2036-2040	2,430,000	664,000	3,094,000
2041-2042	1,150,000	87,000	1,237,000
Total	<u>\$ 9,865,000</u>	<u>\$ 9,920,129</u>	<u>\$ 19,785,129</u>

D. Arbitrage Rebate

The Tax Reform Act instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not paid to the federal government at least every five years.

During the current year, the Agency performed calculations of excess investment earnings on various bonds and financings in accordance with arbitrage regulations. The Agency has determined that no arbitrage rebate liability exists as of June 30, 2010.

AGOURA HILLS REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE #3 – DETAILED NOTES ON ALL FUNDS, Continued

E. Reserved Fund Balances

Reservations of fund balances represent amounts that are not appropriable or are legally segregated for a specific purpose.

Reserved fund balances at June 30, 2010 are as follows:

	Capital Projects Redevelopment Set-Aside	Capital Projects Redevelopment	Redevelopment Debt Service	Total
Reserved for:				
Land held for resale	\$ -	\$ 4,104,612	\$ -	\$ 4,104,612
Low/moderate income housing	12,559,013	-	-	12,559,013
Reserved for debt service	-	-	852,871	852,871
Total Reserved Fund Balance	\$ 12,559,013	\$ 4,104,612	\$ 852,871	\$17,516,496

NOTE #4 – OTHER INFORMATION

A. Redevelopment Set-Aside Loans

During the year the Redevelopment Agency participated in a housing rehabilitation loan program, and a first time home buyer program, with Redevelopment Set-Aside funds. The housing rehabilitation loan program offers qualified applicants a loan amount up to \$25,000 which is due to the Agency upon the sale or refinancing of the property. The first time homebuyer program offers qualified applicants up to \$85,900 which is due upon sale or refinancing of the property. As of June 30, 2010, the Agency has outstanding loans in the amount of \$103,718 for rehabilitation loans, and \$85,900 for first time homebuyer loans. The Agency records these loans as deferred loans in the Redevelopment Set-Aside Capital Projects Fund.

B. Tax Increment Revenue

The Agency's primary source of revenue is 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:

1. The assessed valuation of all property within the project area is determined on the date of adoption of the Redevelopment Plan.
2. 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.

AGOURA HILLS REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE #4 – OTHER INFORMATION

B. Tax Increment Revenue, Continued

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. Assessed valuations are determined on an annual basis by the Los Angeles County Assessor. Taxes attach as an enforceable lien on property as of January 1, are levied on July 1, are due November 1 and February 1, and are delinquent if not paid by December 10 and April 10 of each year.

C. Commitment

1. The City and the Agency entered into a reimbursement agreement for services. The City estimated the Agency will be unable to pay the entire advance from available future revenues and therefore the advance is not reflected in the financial statements. There were no advances during the fiscal year 2009-2010. The balance for the advances at June 30, 2010 was \$16,414,328.
2. In January 2009, the Agency entered into an option agreement with the Las Virgenes Unified School District (District). This agreement granted the Agency three consecutive options to lease certain real property owned by the District. In consideration of the option, the Agency agreed to pay the District three annual payments of \$250,000, beginning in fiscal year 2008-2009 and ending in 2010-2011. In fiscal year 2009-2010 the Agency extended the option and paid the second installment of \$250,000. If the Agency does not extend the third option during fiscal year 2010-2011 or does not exercise the option prior to the expiration of the third option, the option to lease will automatically expire.
3. On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency made a payment of \$1,005,275 during fiscal year 2009-2010. The Agency's share of this revenue shift is approximately \$251,094 in fiscal year in 2010-2011. Payments are to be made by May 10 of each respective fiscal year and are being accounted for by the Agency in general government of the Redevelopment Capital Projects Fund.

D. Excess Surplus

During fiscal year 2008-2009, the Agency identified excess surplus in the Redevelopment Set-Aside Fund. During fiscal year 2009-2010 the Agency spent down excess surplus and plans to continue to expend the excess surplus in fiscal year 2010-2011 in accordance with the adopted 5-year Implementation Plan.

AGOURA HILLS REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE #5 – PRIOR PERIOD ADJUSTMENT

During the 2009-10 fiscal year, the City performed a review of the deferred loans balances and identified adjustments. As a result, the City restated beginning fund balance in the RDA Set-Aside Fund and restated beginning net assets to reflect the adjustments identified.

The following is a summary of the effect of the restatement for fund balance and net assets:

RDA Set-Aside fund balance, as previously reported	\$ 13,116,456
Effect of adjustment for reporting deferred loans	<u>(196,925)</u>
RDA Set-Aside fund balance, as restated	<u>\$ 12,919,531</u>
Net assets, as previously reported	\$ 5,350,175
Effect of adjustment for reporting deferred loans	<u>(7,307)</u>
Net assets, as restated	<u>\$ 5,342,868</u>

AGOURA HILLS REDEVELOPMENT AGENCY

**REDEVELOPMENT DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,200,000	\$ 5,653,281	\$ 5,301,704	\$ (351,577)
Use of money and property	10,000	25,000	55,360	30,360
Total Revenues	<u>5,210,000</u>	<u>5,678,281</u>	<u>5,357,064</u>	<u>(321,217)</u>
EXPENDITURES				
Current:				
Pass through to other agencies	3,580,419	3,815,871	3,677,954	137,917
Debt Service:				
Principal	179,000	190,000	190,000	-
Interest and fiscal charges	901,527	901,527	901,527	-
Total Expenditures	<u>4,660,946</u>	<u>4,907,398</u>	<u>4,769,481</u>	<u>137,917</u>
Excess (deficiency) of revenues over (under) expenditures	<u>549,054</u>	<u>770,883</u>	<u>587,583</u>	<u>(183,300)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,091,526	1,091,526	1,068,350	(23,176)
Transfers out	(1,616,000)	(1,837,410)	(1,683,649)	153,761
Total Other Financing Sources (Uses)	<u>(524,474)</u>	<u>(745,884)</u>	<u>(615,299)</u>	<u>130,585</u>
Net Change in Fund Balance	24,580	24,999	(27,716)	(52,715)
Fund Balance, Beginning of Year	<u>880,587</u>	<u>880,587</u>	<u>880,587</u>	-
Fund Balance, End of Year	<u>\$ 905,167</u>	<u>\$ 905,586</u>	<u>\$ 852,871</u>	<u>\$ (52,715)</u>

AGOURA HILLS REDEVELOPMENT AGENCY

**REDEVELOPMENT SET-ASIDE CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Use of money and property	\$ 200,000	\$ 150,000	\$ 172,022	\$ 22,022
Total Revenues	<u>200,000</u>	<u>150,000</u>	<u>172,022</u>	<u>22,022</u>
EXPENDITURES				
Current:				
General government	433,623	436,566	433,639	2,927
Community development	533,791	743,791	549,892	193,899
Public works	16,081	16,081	15,811	270
Total Expenditures	<u>983,495</u>	<u>1,196,438</u>	<u>999,342</u>	<u>197,096</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(783,495)</u>	<u>(1,046,438)</u>	<u>(827,320)</u>	<u>219,118</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,036,000	1,130,656	1,060,341	(70,315)
Transfers out	(612,830)	(612,830)	(593,539)	19,291
Total Other Financing Sources (Uses)	<u>423,170</u>	<u>517,826</u>	<u>466,802</u>	<u>(51,024)</u>
Net Change in Fund Balance	<u>(360,325)</u>	<u>(528,612)</u>	<u>(360,518)</u>	<u>168,094</u>
Fund Balance, Beginning of Year, as restated	12,919,531	12,919,531	12,919,531	-
Fund Balance, End of Year	<u>\$12,559,206</u>	<u>\$12,390,919</u>	<u>\$12,559,013</u>	<u>\$ 168,094</u>

AGOURA HILLS REDEVELOPMENT AGENCY

**REDEVELOPMENT CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Use of money and property	\$ 50,000	\$ 20,000	16,779	\$ (3,221)
Total Revenues	50,000	20,000	16,779	(3,221)
EXPENDITURES				
Current:				
General government	\$ 321,800	\$ 1,083,220	\$ 1,020,228	\$ 62,992
Community development	296,774	316,074	354,527	(38,453)
Public works	56,514	56,484	56,233	251
Total Expenditures	675,088	1,455,778	1,430,988	24,790
Excess (deficiency) of revenues over (under) expenditures	(625,088)	(1,435,778)	(1,414,209)	21,569
OTHER FINANCING SOURCES (USES)				
Transfers in	580,000	1,963,607	623,308	(1,340,299)
Transfers out	(478,696)	(478,696)	(474,811)	3,885
Transfers from the City of Agoura Hills	-	-	1,256,854	1,256,854
Total Other Financing Sources (Uses)	101,304	1,484,911	1,405,351	(79,560)
Net Change in Fund Balance	(523,784)	49,133	(8,858)	(57,991)
Fund Balance, Beginning of Year	6,306,141	6,306,141	6,306,141	-
Fund Balance, End of Year	\$ 5,782,357	\$ 6,355,274	\$ 6,297,283	\$ (57,991)



**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 *AUDIT GUIDELINES FOR CALIFORNIA
REDEVELOPMENT AGENCIES AND GOVERNMENT AUDITING STANDARDS***

The Board of Directors of the
Agoura Hills Redevelopment Agency

We have audited the financial statements of the governmental activities, and each major fund 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, 2010, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated November 16, 2010. 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 Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2010-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's 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. Such provisions included those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2010-2.

The Agency's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Agency Members of the Board, management, others within the entity and the State Controller and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinch, Tami, DAS & Co., LLP

Rancho Cucamonga, California
November 16, 2010

**AGOURA HILLS REDEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010**

Finding 2010-1

DEFERRED LOANS

Criteria

The Agency should ensure that deferred loan balances are reconciled and reviewed.

Condition

During our examination of deferred loan balances it was noted that the Agency had not reconciled the balances. Upon further examination of the balances, an adjustment to beginning fund balance/net assets was identified and recorded.

Context

The condition noted above was identified during our examination of the Agency's deferred loan balances.

Effect

The Agency's deferred loan balances required adjustments.

Cause

The Agency's procedures did not ensure that the deferred loan balances were reconciled.

Recommendation

We recommend that the Agency strengthen its procedures to ensure that deferred loan balances are reconciled.

Views of Responsible Officials and Planned Corrective Actions

The City maintained a listing of deferred loan balances in both the Community Development and Finance Department. The Community Development grant listing was the most up-to-date and was the one used by our consultant to track outstanding loan amounts. This listing has since been reconciled to the General Ledger. Staff will work closely together to ensure that the loans are reconciled to the General Ledger.

Finding 2010-2

PLANNING AND ADMINISTRATION EXPENDITURES

Criteria

Planning and administrative expenditures incurred by the Low/Mod Housing Fund must be supported by written determination showing that the planning and administrative costs were necessary for the production, improvement, or preservation of low and moderate income housing, in accordance with Health and Safety Code Section 33334.3(d). Further, the written determination must be made annually in writing.

**AGOORA HILLS REDEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010**

Condition

The Agency did not prepare a written determination as required by Health and Safety Code Section 33334.3(d).

Context

The condition was noted during compliance testing in accordance with *Guidelines for Compliance Audits of California Redevelopment Agencies*.

Effect

Planning and administrative expenditures incurred in the Low/Mod fund were not supported by a written determination showing that the planning and administrative costs were necessary for the production, improvement, or preservation, of low and moderate income housing, in accordance with Health and Safety Code Section 33334.3(d).

Cause

The Agency's policies and procedures did not ensure that the written determination required by the aforementioned Health and Safety code section, was performed on an annual basis.

Recommendation

We recommend that the Agency prepare and submit a written determination showing that the planning and administrative costs appropriated in the Low/Mod Housing fund are necessary for the production, improvement, or preservation, of low and moderate income housing, in accordance with Health and Safety Code Section 33334.3(d).

View of Responsible Officials and Planned Corrective Actions

In the past the Agency has reviewed the planning and administrative costs as a part of the budget process. The Agency intends to prepare and submit a written determination and resolution for the 2009/2010 and 2010/2011 year by January 2011. We will furthermore prepare a written determination and resolution each year as a part of the budget process.