THOUSAND OAKS REDEVELOPMENT AGENCY
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

Prepared by
Finance Department

John F. Adams
Finance Director/City Treasurer

THOUSAND OAKS REDEVELOPMENT AGENCY

Annual Financial Report

Fiscal Year Ended June 30, 2011

THOUSAND OAKS REDEVELOPMENT AGENCY
(A Financial Reporting Component Unit of the City of Thousand Oaks)

ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Chair and Members of the Governing Board
Thousand Oaks Redevelopment Agency
City of Thousand Oaks, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Thousand Oaks Redevelopment Agency (Agency), a component unit of the City of Thousand Oaks, California, as of and for the year ended June 30, 2011, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. 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. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 opinion.

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, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 12 – "California Redevelopment Agency Uncertainty". The note provides information on two bills passed, AB1X26 and 27, which dissolve redevelopment agencies effective October 1, 2011 and provide an option to avoid dissolution by making certain defined payments.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2011, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

To the Honorable Chair and Members of the Governing Board
Thousand Oaks Redevelopment Agency

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's financial statements as a whole. The individual fund budgetary schedules and computation of low and moderate income housing funds excess/surplus are presented for purposes of additional analysis and are not a required part of the financial statements. These are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lance, Soll & Lunghard, LLP

Brea, California
November 16, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Thousand Oaks Redevelopment Agency (Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011.

FINANCIAL HIGHLIGHTS

- Agency assets exceeded liabilities at the close of fiscal year 2010-11 by $36.0 million. Net assets consist of $33.5 million invested in capital assets, net of related debt, $30.5 million in restricted net assets, and $28.0 million in unrestricted deficit. The deficit resulted from the Agency's debt from tax allocation bonds with no corresponding assets (Page 5).

- Agency total net assets increased $4.4 million during the fiscal year. The increase was primarily due to tax increment revenues net of pass-throughs of $7.5 million and rental revenues of $0.5 million, offset by expenses for Supplemental Educational Revenue Augmentation Funds (SERAF) of $1.3 million and interest of $3.0 million (Page 6).

- At the close of fiscal year 2010-11, the Agency's governmental funds reported ending fund balance of $48.2 million, which is a decrease of $0.8 million from the prior fiscal year. This decrease was primarily due to tax increment revenues net of pass-throughs of $7.5 million and rental revenues of $0.5 million, offset by expenses for Supplemental Educational Revenue Augmentation Funds (SERAF) of $1.3 million and debt service payments of $7.3 million (Page 7).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or disbursed.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements

The fund financial statements consist of the Agency's governmental funds. These governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Agency adopts a biennial appropriated budget for its capital project funds. Budgetary comparison statements have been provided as supplementary information to demonstrate compliance with this budget on pages 35-37 of this report.

The basic governmental fund financial statements can be found on pages 11-16 of this report.

Notes to basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 17-34 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Agency assets exceeded liabilities by $36.0 million at the close of fiscal year 2010-11. The unrestricted deficit of $28.0 million is due to the Agency carrying debt with no related assets. For example, the Agency constructs infrastructure with bond proceeds; however, the Agency contributes infrastructure it constructs, such as roads, to the City.

SUMMARY OF NET ASSETS
June 30, 2011

	Governmental Activities		
	2011	**2010**	**Variance**
Assets:			
Current and other assets	$ 86,780,284	$ 89,040,337	$ (2,260,053)
Capital assets	50,189,902	49,166,331	1,023,571
Total assets	**136,970,186**	**138,206,668**	**(1,236,482)**
Liabilities:			
Current and other liabilities	34,721,223	36,127,529	(1,406,306)
Noncurrent liabilities	66,237,468	70,509,468	(4,272,000)
Total liabilities	**100,958,691**	**106,636,997**	**(5,678,306)**
Net assets:			
Invested in capital assets, net of related debt	33,525,299	31,322,383	2,202,916
Restricted	30,461,009	28,754,507	1,706,502
Unrestricted (deficit)	(27,974,813)	(28,507,219)	532,406
Total net assets	**$ 36,011,495**	**$ 31,569,671**	**$ 4,441,824**

A more detailed statement of net assets is shown on page 9.

Statement of Activities

The statement of activities shows how the Agency's net assets changed during fiscal year 2010-11. Provided below is a summary of changes in net assets.

The Agency's net assets increased $4.4 million compared to an increase of $0.5 million during the prior fiscal year. This net increase of $3.9 million is primarily the result of a decrease in expenses of $4.8 million in SERAF payments, from $6.1 million in the prior fiscal year, to $1.3 million in fiscal year 2010-11. The net increase is also due to a decrease in expenses of $1.1 million in affordable housing project loans, offset by a $1.9 million decrease in tax increment revenues.

SUMMARY OF ACTIVITIES
June 30, 2011

	Governmental Activities		
	2011	**2010**	**Variance**
Revenues:			
Program revenues:			
Charges for services	$ 510,573	$ 424,716	$ 85,857
General revenues:			
Tax increment	20,800,954	22,663,230	(1,862,276)
Other revenues	317,441	73,288	244,153
Unrestricted invest./interest earnings	285,794	818,568	(532,774)
Total revenues	**21,914,762**	**23,979,802**	**(2,065,040)**
Expenses:			
Community development	14,471,446	20,220,356	(5,748,910)
Interest on long-term debt	3,001,492	3,286,879	(285,387)
Total expenses	**17,472,938**	**23,507,235**	**(6,034,297)**
Increase in net assets	4,441,824	472,567	3,969,257
Net assets - beginning	31,569,671	31,097,104	472,567
Net assets - ending	**$ 36,011,495**	**$ 31,569,671**	**$ 4,441,824**

A more detailed statement of activities is shown on page 10.

FINANCIAL ANALYSIS OF CITY FUNDS

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2011, the Agency's governmental funds reported combined ending fund balance of $48.2 million, a decrease of $0.8 million compared to the prior fiscal year. The decrease is primarily due to SERAF and debt service payments of $1.3 million and $7.3 million, respectively, offset by net tax increment revenues of $7.5 million.

Of the $48.2 million ending fund balance in the current fiscal year, $9.5 million constitutes nonspendable fund balance related to agency assets held for resale. The remainder of fund balance primarily consists of $16.2 million and $7.5 million restricted for debt service and low and moderate income housing programs and activities, respectively, and $14.8 million committed for capital projects.

Refer to pages 11-16 for more detail of governmental funds.

Capital asset and debt administration

Capital assets:

Agency investment in capital assets as of June 30, 2011, amounts to $50.2 million (net of accumulated depreciation), an increase of $1.0 million from the prior fiscal year primarily due to a street overlay rehabilitation project. Investment in capital assets includes land, buildings and improvements, infrastructure, and construction in progress. Refer to note 5 for more detail.

CAPITAL ASSETS
(Net of Accumulated Depreciation)
June 30, 2011

	Governmental Activities		
	2011	**2010**	**Variance**
Land	$ 19,437,251	$ 19,437,251	$ -
Buildings and improvements	26,298,410	27,051,718	(753,308)
Infrastructure	2,555,496	2,243,085	312,411
Construction in progress	1,898,745	434,277	1,464,468
Total capital assets	$ 50,189,902	$ 49,166,331	$ 1,023,571

Long-term debt:

At the end of fiscal year 2010-11, the Agency had total bonded debt outstanding of $64.3 million, which is a $4.3 million decrease from the prior fiscal year. This decrease resulted from ongoing debt service payments.

Outstanding bonded debt can be found on pages 30-32 in the notes to financial statements.

ECONOMIC FACTORS AND NEXT FISCAL YEAR'S BUDGET

Tax increment revenues decreased 8.2 percent during fiscal year 2010-11, while assessed valuation decreased 6.5 percent to $2.2 billion, compared to $2.3 billion in the prior fiscal year. Tax increment revenues are expected to remain relatively flat for the next fiscal year based on assessed valuation remaining at $2.2 billion.

Two bills were passed as part of the 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27, gives redevelopment agencies an option to avoid dissolution if they commit to making defined payments for the benefit of the State, school districts and certain special districts. In fiscal year 2011-12, these payments amount to a statewide total of $1.7 billion. In fiscal year 2012-13 and subsequent years, the payments total $400 million, annually. Each city or county's share of these payments is determined based on its proportionate share of statewide tax increment.

CRA and the League have filed a lawsuit contending that AB1X 26 and 27 are unconstitutional because they violate Proposition 22, which was passed by the voters in November 2010.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently the status and even future existence of the Agency is uncertain. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State in the estimated amount of $5.9 million in fiscal year 2011-12 to avoid dissolution. Two equal installments are due January and May 15, 2012.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Agency finances for all those interested. Questions concerning information provided in this report, or requests for additional financial information, may be obtained by writing to the Finance Director, City of Thousand Oaks, 2100 Thousand Oaks Boulevard, Thousand Oaks, California 91362, calling (805) 449-2200, or emailing finance@toaks.org. This report is also available online at the City's website at www.toaks.org.

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THOUSAND OAKS REDEVELOPMENT AGENCY
Statement of Net Assets
June 30, 2011

		Governmental Activities
Assets:		
Cash and investments (note 2)	$	45,711,442
Receivables:		
Accounts		59,285
Accrued interest		2,286,652
Taxes		9,574
Notes/loans		27,678,157
Assets held for resale		9,454,786
Noncurrent assets:		
Deferred charges		1,221,749
Restricted cash and investments (note 2)		293,475
Net OPEB asset		65,164
Capital assets (note 5):		
Land		19,437,251
Buildings and improvements		40,085,449
Infrastructure		2,936,842
Construction in progress		1,898,745
Accumulated depreciation		(14,168,385)
Total assets		136,970,186
Liabilities:		
Accounts payable		542,283
Accrued liabilities		271,764
Due to other agencies		6,711,840
Unearned revenue		27,195,336
Noncurrent liabilities (note 7):		
Due within one year		4,505,000
Due in more than one year		61,732,468
Total liabilities		100,958,691
Net assets:		
Invested in capital assets, net of related debt		33,525,299
Restricted for:		
Community development		1,221,749
Low and moderate housing		11,177,300
Debt service		18,061,960
Total restricted		30,461,009
Unrestricted (deficit)		(27,974,813)
Total net assets	$	36,011,495

See accompanying notes to basic financial statements.

THOUSAND OAKS REDEVELOPMENT AGENCY
Statement of Activities
Year ended June 30, 2011

		Program Revenues	
	Expenses	Charges for Services	Net (Expenses) Revenues and Changes in Net Assets
Functions/Programs			
Governmental activities:			
Community development	$ 14,471,446	510,573	(13,960,873)
Interest on long-term debt	3,001,492	-	(3,001,492)
Total governmental activities	$ 17,472,938	510,573	(16,962,365)

General revenues:	
Tax increment	$ 20,800,954
Other revenue	317,441
Unrestricted investment/interest earnings	285,794
Total general revenues	21,404,189
Change in net assets	4,441,824
Net assets - beginning	31,569,671
Net assets - ending	$ 36,011,495

See accompanying notes to basic financial statements.

THOUSAND OAKS REDEVELOPMENT AGENCY
Balance Sheet
Governmental Funds
June 30, 2011

		Debt Service Funds		
		Thousand Oaks Blvd. Project No. 2	Newbury Road Project No. 5	Low and Moderate Income Housing
Assets				
Cash and investments	$	18,420,618	4,164,165	-
Receivables:				
Accounts		-	-	-
Accrued interest		-	-	-
Taxes		588	6,954	-
Notes/loans		-	-	-
Assets held for resale		-	-	-
Restricted cash and investments		-	293,475	-
Total assets	$	18,421,206	4,464,594	-
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	$	-	-	-
Due to other agencies		5,790,565	921,275	-
Unearned revenue		-	-	-
Total liabilities		5,790,565	921,275	-
Fund balances:				
Nonspendable:				
Assets held for resale		-	-	-
Restricted for:				
Debt service reserve		12,630,641	3,543,319	-
Low and moderate income housing program and activities		-	-	-
Capital projects		-	-	-
Committed to:				
Capital projects		-	-	-
Total fund balances		12,630,641	3,543,319	-
Total liabilities and fund balances	$	18,421,206	4,464,594	-

See accompanying notes to basic financial statements.

Capital Projects Funds			
Thousand Oaks Blvd. Project No. 2	Newbury Road Project No. 5	Low and Moderate Income Housing	Total
11,298,891	4,320,494	7,507,274	45,711,442
4,910	-	54,375	59,285
33,363	11,831	2,241,458	2,286,652
-	-	2,032	9,574
-	-	27,678,157	27,678,157
3,903,583	-	5,551,203	9,454,786
-	-	-	293,475
15,240,747	4,332,325	43,034,499	85,493,371
497,970	1,250	43,063	542,283
-	-	-	6,711,840
69,200	-	29,926,136	29,995,336
567,170	1,250	29,969,199	37,249,459
3,903,583	-	5,551,203	9,454,786
-	-	-	16,173,960
-	-	7,514,097	7,514,097
269,450	2,513	-	271,963
10,500,544	4,328,562	-	14,829,106
14,673,577	4,331,075	13,065,300	48,243,912
15,240,747	4,332,325	43,034,499	85,493,371

THOUSAND OAKS REDEVELOPMENT AGENCY
Reconciliation of Balance Sheet Fund Balances of Governmental Funds
To the Statement of Net Assets
June 30, 2011

Amounts reported for governmental activities in the statement of net assets (page 9) are different because:

Total fund balances - total governmental funds (page 12)	$	48,243,912
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		50,189,902
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		4,086,913
Long-term liabilities, including bonds payable, interest payable and notes/loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(66,509,232)
Net assets - governmental activities (page 9)	$	36,011,495

See accompanying notes to basic financial statements.

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THOUSAND OAKS REDEVELOPMENT AGENCY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2011

	Debt Service Funds		
	Thousand Oaks Blvd. Project No. 2	Newbury Road Project No. 5	Low and Moderate Income Housing
Revenues:			
Taxes	$ 14,714,106	1,926,657	-
Use of money and property	37	24	-
Other	253	-	-
Total Revenues	14,714,396	1,926,681	-
Expenditures:			
Current:			
Community development	9,759,118	1,245,302	532,109
Debt service:			
Principal	3,050,000	95,000	1,175,000
Interest	1,949,600	197,090	822,791
Capital outlay	-	-	-
Total expenditures	14,758,718	1,537,392	2,529,900
Excess (deficiency) of revenues over (under) expenditures	(44,322)	389,289	(2,529,900)
Other financing sources (uses):			
Transfers in	-	-	2,529,900
Transfers out	-	-	-
Total other financing sources (uses)	-	-	2,529,900
Net change in fund balance	(44,322)	389,289	-
Fund balance-beginning	12,674,963	3,154,030	-
Fund balance-ending	$ 12,630,641	3,543,319	-

See accompanying notes to basic financial statements.

Capital Projects Funds			
Thousand Oaks Blvd. Project No. 2	Newbury Road Project No. 5	Low and Moderate Income Housing	Total
-	-	4,160,191	20,800,954
256,989	57,844	693,883	1,008,777
94,778	-	10,000	105,031
351,767	57,844	4,864,074	21,914,762
1,011,459	19,752	861,036	13,428,776
-	-	-	4,320,000
-	-	-	2,969,481
1,953,374	1,338	-	1,954,712
2,964,833	21,090	861,036	22,672,969
(2,613,066)	36,754	4,003,038	(758,207)
-	-	-	2,529,900
-	-	(2,529,900)	(2,529,900)
-	-	(2,529,900)	-
(2,613,066)	36,754	1,473,138	(758,207)
17,286,643	4,294,321	11,592,162	49,002,119
14,673,577	4,331,075	13,065,300	48,243,912

THOUSAND OAKS REDEVELOPMENT AGENCY
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities (page 10) are different because:

Net change in fund balances - total governmental funds (page 15)	$	(758,207)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		1,023,571
Some expenses (e.g., accrued interest payable) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		16,063
The issuance of long-term debt (bonds and loans payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, 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. The amount is the net effect of these differences in the treatment of long-term debt and related items.		4,160,397
Change in net assets - governmental activities (page 10)	$	4,441,824

See accompanying notes to basic financial statements.

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of Reporting Entity

The Thousand Oaks Redevelopment Agency (Agency) was established pursuant to the Community Redevelopment Law of California as modified in Part I of Division 24 of the State of California Health and Safety Code. As such, the Agency acts as a legal entity, separate and distinct from the City of Thousand Oaks (City), even though the City Council of the City has the authority to appoint, and currently acts as, the Agency's governing board.

The actions of the Agency are binding, and business, including the incurrence of long-term debt, is transacted in the Agency's name by its appointed representatives. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property in those areas of the City determined to be in declining condition.

The Agency consists of two separate project areas known as the Thousand Oaks Boulevard Project Area No. 2 and the Newbury Road Project Area No. 5. In addition, the Low and Moderate Income Housing Debt Service and Capital Projects funds have been established for the Low and Moderate Income Housing Program. The accounting policies of the Agency conform to generally accepted accounting principles as applicable to governments.

The Agency is a blended component unit of the City. Accordingly, the financial operations of the Agency have also been included in the Comprehensive Annual Financial Report (CAFR) issued by the City.

(b) Implementation of New Accounting Principles

Effective July 1, 2010, the Agency adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of GASB Statement No. 54 is to enhance 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.

GASB Statement No. 54 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 initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned, based on the relative strength of the constraints that control how specific amounts can be spent.

GASB Statement No. 54 improves financial reporting by providing fund balance categories and classifications that will be more easily understood. Elimination of the *reserved* component of fund balance in favor of a *restricted* classification will enhance the consistency between

information reported in the government-wide statements and information in the governmental fund financial statements and avoid confusion about the relationship between reserved fund balance and restricted net assets.

(c) Government-wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net assets and statement of activities, and report information on all activities of the Agency. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated, with the exception of those representing balances between the Agency and the City.

The statement of activities demonstrates the degree to which the direct and indirect 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. Indirect expenses are allocated based on the annual citywide cost allocation plan. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included in program revenues are reported as general revenues.

In accordance with GASB Statement No. 34, reconciliations of the differences between the fund and government-wide financial statements are provided on pages 13 and 16.

(d) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they represent a summary of sources and uses of “available spendable resources” during a period. Noncurrent portions of long-term

receivables due to governmental funds are reported on their balance sheets regardless of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until these revenues become current receivables.

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Agency considers property taxes as available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

The Agency reports the following major governmental funds:

The **Thousand Oaks Boulevard Project Area No. 2 Debt Service Fund** is used to account for the accumulation of resources and payment of principal and interest for Thousand Oaks Boulevard Project Area No. 2.

The **Newbury Road Project Area No. 5 Debt Service Fund** is used to account for the accumulation of resources and payment of principal and interest for Newbury Road Project Area No. 5.

The **Low and Moderate Income Housing Debt Service Fund** is used to account for the accumulation of resources and payment of principal and interest for Low and Moderate Housing Program.

The **Thousand Oaks Boulevard Project Area No. 2 Capital Projects Fund** is used to account for the financial activities of Thousand Oaks Boulevard Project Area No. 2.

The **Newbury Road Project Area No. 5 Capital Projects Fund** is used to account for the financial activities of Newbury Road Project Area No. 5.

The **Low and Moderate Income Housing Capital Projects Fund** is used to account for the financial activities of the Low and Moderate Income Housing Program.

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

(e) Cash and Investments

In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and External Investment Pools*", the Agency's investments are stated at fair value. As of June 30, 2011, the aggregate unrealized gain for the Agency's entire investment portfolio across all funds was $27,488.

(f) Restricted Cash and Investments

Some debt covenants require resources to be set aside as restricted assets to cover one annual principal and interest payment. As required, amounts are set aside in the Agency's Newbury Road Project No. 5 Debt Service Fund.

(g) Capital Assets

Capital assets are reported in the government-wide financial statements. Included in capital assets are land, buildings and improvements, infrastructure, and construction in progress. The Agency follows the City's capitalization policy, which sets the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the Capital Projects funds and as assets in the government-wide financial statements to the extent the Agency's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and Improvements – 20 to 50 years
Infrastructure – 10 to 50 years

(h) Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums, discounts, issuance costs, and gain or loss on defeasance are deferred and amortized over the life of the bonds. Bond payables are reported net of the applicable bond premiums, discounts, and gain or loss on defeasance, while bond issuance costs are reported as deferred charges.

In the fund financial statements, the governmental funds recognize bond premiums, discounts, issuance costs, and gain or loss on defeasance during the current period. The face amount of debt issued and premiums are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(i) Use of Estimates

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

(j) Tax Increment Financing and Related Receivable

The Agency's primary source of revenue comes from property taxes, referred to as tax increment revenues. When a redevelopment plan for a project area is adopted, the assessed valuation of property in that project area is "frozen." Property taxes related to an incremental increase in assessed values after the adoption of the redevelopment plan are allocated to the Agency; all taxes on the "frozen" assessed valuation of the property are allocated to the City and other districts.

The Agency has no power to levy and collect taxes, and any legislative property tax de-emphasis may reduce the amount of tax revenues that would otherwise be available to pay principal and interest on bonds or loans. 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 may increase the amount of tax revenues that would be available to pay principal and interest on bonds or loans.

Property taxes attach as an enforceable lien on property as of January 1. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of Ventura bills and collects property taxes on behalf of the Agency. Tax increment revenues receivable of $9,574 represents assessments attributable to the fiscal year ended June 30, 2011, that were remitted to the Agency after year-end.

(k) Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – *total governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, interest payable, and notes/loans payable, are not due and

payable in the current period and, therefore, are not reported in the funds." The details of this ($66,509,232) difference are as follows:

Tax allocation bonds payable	($64,340,000)
Notes/loans payable	(1,600,000)
Interest payable	(569,232)
Net adjustment to reduce fund balance – *total governmental funds* to arrive at *net assets - governmental activities*	**($66,509,232)**

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets – governmental activities,* as reported in the government-wide statement of activities. One element of the reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period." The details of this $1,023,571 difference are presented below:

Capital outlay	$1,954,712
Depreciation expense	(931,141)
Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *change in net assets of governmental activities*	**$1,023,571**

Another element of that reconciliation explains that "the issuance of long-term debt (bonds and loans payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, 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." The details of this $4,160,397 difference are as follows:

Tax allocation bonds principal payments	$4,320,000
HELP Loan interest accrual	(48,000)
Amortization of debt issuance costs, premiums, and discounts	(111,603)
Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *change in net assets of governmental activities*	**$4,160,397**

(2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2011, are classified in the accompanying financial statements as follows:

Cash and investments	$	45,711,442
Restricted cash and investments		293,475
Total cash and investments	$	46,004,917

Cash and investments as of June 30, 2011, consist of the following:

Cash on hand	$	9,637
Deposits with financial institutions		15,485,986
Investments		30,509,294
Total cash and investments	$	46,004,917

(a) Investments Authorized by the California Government Code and the Agency's Investment Policy

The table below identifies the **investment types** that are authorized for the Agency by the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of *Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	N/A
U.S. Agencies	5 years	None	None
City of Thousand Oaks Debt Obligations	5 years	None	N/A
State of California Debt Obligations	5 years	None	N/A
State of California Local Agency Debt Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	10%	5%
Collateralized Certificates of Deposit	5 years	None	None
Repurchase Agreements	30 days	None	None
Medium-Term Notes	5 years	30%	10%
Mutual Funds	N/A	15%	10%
Money Market Funds	N/A	15%	None
Local Agency Investment Fund	N/A	None	N/A

*Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

(b) Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. The table below identifies the **investment types** that are authorized for investments held by 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	N/A
U.S. Agencies	None	None	None
U.S. Dollar Denominated Deposit Accounts, Federal Funds, and Banker's Acceptances	1 year	None	None
Commercial Paper	270 days	None	None
Pre-refunded Municipal Obligations	None	None	None
Money Market Funds	N/A	None	None
Investment Contracts	None	None	None
Local Agency Investment Fund	N/A	None	N/A

(c) 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. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Agency manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments, as well as by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Agency monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Agency has no specific limitations with respect to this metric.

Investment Type		Weighted Average Maturity (in years)
U.S. Agencies - Fixed Coupons	$8,914,352	3.22
U.S. Agencies - Step-Up Coupons	1,384,626	4.38
Medium Term Notes	1,309,124	0.47
Local Agency Investment Fund	5,795,809	0.65
Money Market Funds	8	0.04
GNMA Passthrough Securities	415	5.07
Held by Fiscal Agent:		
Money Market Funds	302,640	0.13
Local Agency Investment Fund	12,802,320	0.65
Total	$30,509,294	

(d) 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 (Standard & Poor's). Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of year-end:

Investment Type		Minimum Legal Rating	AAA	AA/A	Unrated
U.S. Agencies - Fixed Coupons	$8,914,352	None	$8,914,352		
U.S. Agencies - Step-Up Coupons	1,384,626	None	1,384,626		
Medium Term Notes	1,309,124	A	1,309,124		
Local Agency Investment Fund	5,795,809	None			$5,795,809
Money Market Funds	8	AAA/Aaa	8		
GNMA Passthrough Securities	415	None	415		
Held by Fiscal Agent:					
Money Market Funds	302,640	AAA/Aaa	302,640		
Local Agency Investment Fund	12,802,320	None			12,802,320
Total	$30,509,294				

(e) Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover deposits or 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 a failure of the counterparty to a transaction, an entity will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party. As of June 30, 2011, $15,485,986 of the Agency's deposits or investments were exposed to custodial credit risk.

The California Government Code and the Agency's investment 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent 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. As of June 30, 2011, the Agency had $5,923,904 in deposits collateralized by securities held by a third party trust department. The Agency also had $1,422,361 in debt proceeds held by a bond trustee invested in U.S.

dollar denominated deposit accounts with a domestic commercial bank pursuant to the debt agreements and $8,139,721 invested in U.S. dollar denominated deposit accounts with a domestic commercial bank pursuant to an escrow agreement.

(f) 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 any one issuer that represent 5 percent or more of total Agency investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Coupon Security	$3,364,817
Federal National Mortgage Association	Coupon Security	4,720,236
Commerica Bank	Certificate of Deposit	2,775,943
Community Bank	Certificate of Deposit	2,590,880
U.S. Bank	Dollar Deposit Account	9,562,082

(g) Investment in State Investment Pool

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

(h) Pooled Cash and Investments

The City and Agency follow the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures and except for amounts in its deferred compensation plan. As of June 30, 2011, all of the Agency's deposits and investments not held by fiscal agents were pooled with the City's. Interest income from pooled cash balance investments is allocated quarterly to the various funds based on their average daily cash balances.

The Agency does not own specifically identifiable securities in the City's pool. As of June 30, 2011, the Agency's cash and investments represent their proportionate share of the pooled deposits and investments.

(3) LOANS AND NOTES RECEIVABLE

The Agency engages in projects designed to improve, construct, and preserve low and moderate income housing units. Under these projects, loans are provided under favorable terms to non-profit organizations or developers who agree to comply with the Agency's terms. As of June 30, 2011, loans and notes receivable totaling $27,678,157 are as follows:

Shadows Apartments	$ 6,900,000
Los Feliz Drive	6,600,000
Hillcrest Drive	6,056,500
Bella Vista Apartments	4,139,200
Oak Creek Senior Villas	2,450,000
Hacienda de Feliz	600,000
Warwick Apartments	420,000
Housing Rehabilitation	372,674
Others	139,783
Total notes/loans receivable	$ 27,678,157

Major loan projects that the Agency is involved in are described below:

Shadows Apartments

During fiscal year 2006-07, the Agency entered into a $6.9 million loan agreement with Shadows TC Investors for the acquisition, rehabilitation, and operation of Shadows Apartments, a 148 unit low and very-low income housing project. The outstanding balance of the loan bears interest at a rate of 3 percent per annum. The repayment on the loan shall be made from residual receipts and the Agency expects the loan to be repaid in full by April 1, 2062.

Los Feliz Drive

During fiscal year 2006-07, the Agency entered into a $5.9 million loan agreement with the Area Housing Authority of the County of Ventura for the acquisition and pre-development of a 60 unit low and very-low income housing project on five parcels located on Los Feliz Drive. During February 2010, an Owner Participation Agreement was executed and an additional $0.7 million loan was issued to fund pre-development costs. The loan is due on September 30, 2011, unless financing is approved and construction is ready to commence by the same date, or later, upon mutual agreement.

Hillcrest Drive

During fiscal years 2006-07 and 2007-08, the Agency entered into a $5.6 million loan agreement with Many Mansions for the acquisition and pre-development of five parcels located on Hillcrest Drive and Los Feliz Drive. The project will be developed with 60 units with an affordability level targeted to a mix of low, very low, and extremely low income families. During February 2010, the Agency issued an additional $0.5 million one-year loan to fund pre-construction costs. The loan is due on March 30, 2012, unless financing is approved and construction is ready to commence by the same date, or later, upon mutual agreement.

Bella Vista Apartments

During fiscal year 2004-05, the Agency entered into a $4.1 million loan agreement with Many Mansions for the acquisition, rehabilitation, and operation of Bella Vista Apartments, a 72 unit low and very-low income housing project. The outstanding balance of the loan bears interest at a rate of 3 percent per annum. The repayment on the loan shall be made from residual receipts and the Agency expects the loan to be repaid in full by June 29, 2060.

Oak Creek Senior Villas

During fiscal year 2004-05, the Agency entered into a $2.4 million loan agreement with Oak Creek Housing Investors, L.P. for the development and construction of the Oak Creek Senior Villas, a 57 unit low and very-low income senior housing project. The outstanding balance of the loan bears interest at a rate of 3 percent per annum. The repayment on the loan shall be made from residual receipts and the Agency expects the loan to be repaid in full by December 18, 2057.

(4) ASSETS HELD FOR RESALE

As part of Low and Moderate Income Housing Fund activities, the Agency exercises its option to acquire restricted properties for resale to preserve affordable housing units. The Agency subsequently resells the properties to income eligible homebuyers, in accordance with the affordable housing program, at below market value. As part of the Thousand Oaks Boulevard Project Area Property Acquisition Program implementation strategy, the Agency also acquires properties to create a sustainable downtown. These assets held for resale are accounted for at the lower of cost or market value in the governmental funds and an equivalent portion of fund balance is identified as nonspendable.

Pursuant to the 1989 Option Agreement between 2800 Skyline Associates and the Agency, the Agency opted to retire a $2.2 million loan receivable, along with the accumulated interest receivable, for the return of Schillo Gardens Apartments from Conejo Valley Housing Corporation, a 501(c)(3) non-profit organization. Schillo Gardens Apartments is an affordable housing project located in the city and managed by Many Mansions. On February 16, 2006,

the Agency completed the transaction and recorded $4.9 million in assets held for resale. During January 2010, the Agency acquired the Westside Properties, four parcels located within the downtown portion of the Thousand Oaks Redevelopment Agency Project Area on East Thousand Oaks Boulevard and Oakwood Drive. These parcels contain four small businesses operating on a month-to-month lease and generate rental revenues for the Agency. During February 2011, the Agency also acquired an adjacent vacant land parcel. When the time is appropriate, proposals for acquisition and development of the Westside Properties will be solicited. The Agency recorded $3.9 million in assets held for resale upon acquisition.

As of June 30, 2011, assets held for resale totaling $9.5 million consist of the Schillo Gardens Apartments for $4.9 million, the Westside Properties for $3.9 million, and two Park Lane Condominiums for $0.7 million acquired during fiscal years 2005-06 through 2006-07.

(5) CAPITAL ASSETS

Capital assets for the year ended June 30, 2011 were as follows:

	Balance at June 30, 2010	Additions	Disposals	Balance at June 30, 2011
Capital assets, not being depreciated:				
Land	$ 19,437,251	$ -	$ -	$ 19,437,251
Construction in progress	434,277	1,687,552	223,084	1,898,745
Total	19,871,528	1,687,552	223,084	21,335,996
Capital Assets, being depreciated:				
Buildings and improvements	39,990,285	95,164	-	40,085,449
Infrastructure	2,541,762	395,080	-	2,936,842
Total	42,532,047	490,244	-	43,022,291
Less accumulated depreciation for:				
Buildings and improvements	12,938,568	848,471	-	13,787,039
Infrastructure	298,676	82,670	-	381,346
Total	13,237,244	931,141	-	14,168,385
Total assets, net of depreciation	29,294,803	(440,897)	-	28,853,906
Total capital assets, net	$ 49,166,331	$ 1,246,655	$ 223,084	$ 50,189,902

Depreciation expense totaling $931,141 was charged to community development in the statement of activities.

Significant Commitments

On March 8, 2011, the Agency approved a funding agreement with the Thousand Oaks Auto Mall Association in the amount of $8.6 million to construct and finance public improvements pursuant to the Auto Mall specific plan approved by City Council on December 14, 2010. As part of the agreement, the Agency placed $1.5 million in an escrow account to provide for a portion of future public improvements, as well as $6.6 million to provide financing for the Auto Mall Association's cost of infrastructure improvements.

(6) INTERFUND TRANSFERS

Interfund transfers of $2,529,900 are reflected in the fund financial statements for the year ended June 30, 2011:

From Fund	To Fund	Purpose	Amount
Low and Moderate Income Housing Capital Projects	Low and Moderate Income Housing Debt Service	Debt service transfer	$ 2,529,900

(7) LONG-TERM LIABILITIES

The following is a summary of changes in the Agency's long-term liabilities for the year ended June 30, 2011:

	Balance at June 30, 2010	Additions	Reductions	Balance at June 30, 2011	Due Within One Year
Governmental Activities:					
Accrued Interest Payable	$ 249,468	$ 48,000	$ -	$ 297,468	$ -
Notes/loans payable	1,600,000	-	-	1,600,000	-
Tax allocation bonds payable	68,660,000	-	4,320,000	64,340,000	4,505,000
Total	$ 70,509,468	$ 48,000	$ 4,320,000	$ 66,237,468	$ 4,505,000

(a) Governmental Activities – Loans Payable

California Housing Finance Agency HELP Loan

On April 20, 2005, the Agency received $1,600,000 HELP Loan from the State of California, and the funds were loaned to Many Mansions for the acquisition of the Bella Vista Apartments, a 72 unit low and very-low income housing project. Principal and 3 percent per annum simple interest are due on April 20, 2015. As of June 30, 2011, outstanding principal and accrued interest totaled $1,600,000 and $297,468 respectively.

(b) Governmental Activities – Tax Allocation Bonds Payable

2005 Tax Allocation Refunding Bonds

On December 22, 2005, the Agency issued $56,215,000 Thousand Oaks Boulevard Redevelopment Project 2005 Tax Allocation Refunding Bonds, Series A and Series B. The Series A bond proceeds were used to redeem the Agency's 1995 Tax Allocation Refunding Bonds totaling $42,415,000. The purpose of the Series B bonds is to finance projects to implement the Thousand Oaks Boulevard Redevelopment Plan. These bonds are special obligations of the Agency and are secured by pledged tax revenues. For the current fiscal year, principal and interest paid and total tax increment revenues were $4,999,600 and $14,714,106, respectively. Commencing on December 1, 2006, the bonds mature annually in amounts ranging from $1,105,000 to $4,885,000 in 2021. Interest on the bonds is payable on June 1 and December 1 of each year, with interest rates ranging from 4 percent to 5.25 percent. As of June 30, 2011, $43,655,000 was outstanding.

2005 Housing Tax Refunding Allocation Bonds

On December 22, 2005, the Agency issued $21,500,000 Low and Moderate Redevelopment Project 2005 Housing Tax Allocation Refunding Bonds, Series A and Series B. The Series A bond proceeds were used to redeem the Agency's 1998 Housing Tax Allocation Bonds totaling $10,205,000. The purpose of the Series B bonds is to finance additional low and moderate income housing projects. These bonds are special obligations of the Agency and are secured by pledged tax revenues. For the current fiscal year, principal and interest paid and total tax increment revenues were $1,997,791 and $4,160,191, respectively. Commencing on December 1, 2007, the bonds mature annually in amounts ranging from $1,035,000 to $1,950,000 in 2021. Interest on the bonds is payable on June 1 and December 1 of each year, with interest rates ranging from 3.5 percent to 5.375 percent. As of June 30, 2011, $17,085,000 was outstanding.

2002 Tax Allocation Refunding Bonds

On February 6, 2002, the Agency issued $4,295,000 Newbury Road Redevelopment Project 2002 Tax Allocation Refunding Bonds. The bond proceeds were used to redeem the Agency's 1992 Tax Allocation Bonds totaling $2,065,000. The purpose of the remaining proceeds is to finance projects to implement the Newbury Road Redevelopment Plan. These bonds are special obligations of the Agency and are secured by pledged tax revenues. For the current fiscal year, principal and interest paid and total tax increment revenues were $292,090 and $1,926,657, respectively. Commencing on April 1, 2003, the bonds mature annually in amounts ranging from $40,000 to $275,000 in 2032. Interest on the bonds is payable on April 1 and October 1 of each year, with interest rates ranging from 2.5 percent to 5.5 percent. As of June 30, 2011, $3,600,000 was outstanding.

Future Debt Payments-Tax Allocation Bonds

As of June 30, 2011, the total future debt payments for the tax allocation bonds, including interest thereon, are as follows:

Year Ending June 30,	Tax Allocation Bonds Principal	Interest	Total
2012	$ 4,505,000	$ 2,782,209	$ 7,287,209
2013	4,700,000	2,586,375	7,286,375
2014	4,905,000	2,381,643	7,286,643
2015	5,120,000	2,167,219	7,287,219
2016	5,345,000	1,941,904	7,286,904
2017-2021	30,575,000	5,851,864	36,426,864
2022-2026	7,735,000	711,816	8,446,816
2027-2031	1,180,000	277,200	1,457,200
2032	275,000	15,125	290,125
Total	$ 64,340,000	$ 18,715,355	$ 83,055,355

(8) NON-OBLIGATORY DEBT

Multifamily Housing Mortgage Revenue Bonds

Multifamily Housing Mortgage Revenue Bonds provide financing for multifamily rental projects. The bonds are secured by payments made by the project owner and by the underlying property. The bonds are also secured by third-party guarantees for the unequivocal and timely payment of the principal and interest on the bonds.

Multifamily Housing Mortgage Revenue Bonds in the outstanding amount of $11,654,979 at June 30, 2011, are not considered obligations of the City and are not reflected in the accompanying basic financial statements.

(9) RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS

California Public Employees' Retirement System (CalPERS)

The City contributes to CalPERS, an agent multiple-employer defined benefit pension plan for full-time employees, a single-employer defined benefit pension plan for hourly and part-time employees, and an agent multiple-employer defined benefit healthcare plan for eligible retirees. Employees whose salaries are charged to the Agency (as contract expenditures) participate with all other City employees in the retirement and postemployment benefits plans.

Salaries charged to the Agency include an employee benefits mark-up, of which the retirement and postemployment retirement contributions are components. The amount of contributions

allocated to the Agency by the City for the period was $45,804 for pension and $30,279 for OPEB. Net OPEB asset as of June 30, 2011, was $65,164.

Further information regarding the City's participation in the retirement and postemployment retirement plans may be found in the City's CAFR.

(10) SELF-INSURANCE

The City on behalf of the Agency provides vision insurance under a self-insurance plan and is self-insured for workers' compensation and general liability claims below the insured limits. The City contracts with outside agencies to supervise and administer the self-insurance programs. Estimated liabilities related to outstanding workers' compensation and general liability claims (including estimates for incurred but not reported claims) are based upon actuarial valuations and are recorded in the City's internal service funds. Further information regarding the City's self-insurance programs may be found in the City's CAFR.

(11) TRANSACTIONS WITH THE STATE OF CALIFORNIA

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009-10 and 2010-11 to be deposited into the County SERAF. These monies were to be distributed to meet the State's Proposition 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010, the Sacramento Superior Court upheld the legislation.

The Agency remitted its share of the SERAF shift for fiscal years 2009-10 and 2010-11 in the amount of $6.1 million and $1.3 million, respectively.

(12) SUBSEQUENT EVENT

California Redevelopment Agency Uncertainty

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27, gives redevelopment agencies an option to avoid dissolution if they commit to making defined payments for the benefit of the State, school districts and certain special districts. In fiscal year 2011-12, these payments amount to a statewide total of

$1.7 billion. In fiscal year 2012-13 and subsequent years, the payments total $400 million, annually. Each city or county's share of these payments is determined based on its proportionate share of statewide tax increment.

CRA and the League contend that AB1X 26 and 27 are unconstitutional because they violate Proposition 22, which was passed by the voters in November 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies' tax increment funds to benefit the State and other units of local government, by way of threatening of the dissolution of redevelopment agencies.

Therefore, the CRA and the League have requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11th, the California Supreme Court agreed to hear the case and granted a partial stay, which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently the status and even future existence of the Agency is uncertain. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State in the estimated amount of $5.9 million in fiscal year 2011-12 to avoid dissolution. Two equal installments are due January and May 15, 2012.

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SUPPLEMENTARY INFORMATION

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THOUSAND OAKS REDEVELOPMENT AGENCY
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Budget and Actual)
Thousand Oaks Blvd. Project No. 2 - Capital Project Fund
Year ended June 30, 2011

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	$ 1,560,000	1,560,000	256,989	(1,303,011)
Other	-	-	94,778	94,778
Total Revenues	1,560,000	1,560,000	351,767	(1,208,233)
Expenditures:				
Current:				
Community development	334,449	15,819,407	1,011,459	14,807,948
Capital Outlay	245,154	4,918,904	1,953,374	2,965,530
Total expenditures	579,603	20,738,311	2,964,833	17,773,478
Excess (deficiency) of revenues over (under) expenditures	980,397	(19,178,311)	(2,613,066)	16,565,245
Other financing sources (uses):				
Transfers out	-	(560,000)	-	560,000
Total other financing sources (uses)	-	(560,000)	-	560,000
Net change in fund balance	980,397	(19,738,311)	(2,613,066)	17,125,245
Fund balance-beginning	17,286,643	17,286,643	17,286,643	-
Fund balance-ending	$ 18,267,040	(2,451,668)	14,673,577	17,125,245

See accompanying independent auditors' report.

THOUSAND OAKS REDEVELOPMENT AGENCY
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Budget and Actual)
Newbury Road Project No. 5 - Capital Project Fund
Year ended June 30, 2011

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	$ 270,000	270,000	57,844	(212,156)
Total Revenues	270,000	270,000	57,844	(212,156)
Expenditures:				
Current:				
Community development	70,900	70,900	19,752	51,148
Capital Outlay	5,135	1,034,821	1,338	1,033,483
Total expenditures	76,035	1,105,721	21,090	1,084,631
Excess (deficiency) of revenues over (under) expenditures	193,965	(835,721)	36,754	872,475
Net change in fund balance	193,965	(835,721)	36,754	872,475
Fund balance-beginning	4,294,321	4,294,321	4,294,321	-
Fund balance-ending	$ 4,488,286	3,458,600	4,331,075	872,475

See accompanying independent auditors' report.

THOUSAND OAKS REDEVELOPMENT AGENCY
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Budget and Actual)
Low and Moderate Income Housing - Capital Project Fund
Year ended June 30, 2011

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 4,757,000	4,757,000	4,160,191	(596,809)
Use of money and property	367,000	755,000	693,883	(61,117)
Other	-	-	10,000	10,000
Total Revenues	5,124,000	5,512,000	4,864,074	(647,926)
Expenditures:				
Current:				
Community development	1,924,884	3,228,384	861,036	2,367,348
Total expenditures	1,924,884	3,228,384	861,036	2,367,348
Excess of revenues over expenditures	3,199,116	2,283,616	4,003,038	1,719,422
Other financing sources (uses):				
Transfers out	(2,507,800)	(2,507,800)	(2,529,900)	(22,100)
Total other financing sources (uses)	(2,507,800)	(2,507,800)	(2,529,900)	(22,100)
Net change in fund balance	691,316	(224,184)	1,473,138	1,697,322
Fund balance-beginning	11,592,162	11,592,162	11,592,162	-
Fund balance-ending	$ 12,283,478	11,367,978	13,065,300	1,697,322

See accompanying independent auditors' report.

THOUSAND OAKS REDEVELOPMENT AGENCY
Computation of Low and Moderate Income
Housing Funds - Excess Surplus
July 1, 2010

		All Project Areas
Opening fund balance - July 1, 2010		$ 11,592,162
Less unavailable amounts:		
Assets held for resale		(5,551,203)
Encumbrances		(269,650)
Debt service		(1,840,000)
Available Low and Moderate Income Housing Funds		$ 3,931,309
Limitation (Greater of $1,000,000 or four years set-aside):		
Set-aside for last four fiscal years:		
2009 - 2010	$ 4,532,646	
2008 - 2009	4,595,746	
2007 - 2008	4,190,422	
2006 - 2007	3,783,762	
Total set-aside for previous four years	$ 17,102,576	
Base limitation	$ 1,000,000	
Greater amount		$ 17,102,576
Computed Excess Surplus - July 1, 2010		$ -

LSL
CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
  A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Chair and Members of the Governing Board
Thousand Oaks Redevelopment Agency
City of Thousand Oaks, California

Compliance

We have audited Thousand Oaks Redevelopment Agency's (Agency) compliance with the California Health and Safety Code as required by Section 33080.1 for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Guidelines for Compliance Audits of California Redevelopment Agencies, June 2011*, issued by the State Controller and as interpreted in the *Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, August 2011*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on redevelopment program has occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that are applicable to the redevelopment program for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Agency's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

To the Honorable Chair and Members of the Governing Board
Thousand Oaks Redevelopment Agency
City of Thousand Oaks, California

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

This report is intended for the information of management, the Audit Committee, and the California State Controller and it is not intended to be and should not be used by anyone other then these specified parties.

Lance, Soll & Lunghard, LLP

Brea, California
November 16, 2011