

CITY OF HIDDEN HILLS, CALIFORNIA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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CITY OF HIDDEN HILLS

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Hidden Hills, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Hidden Hills, California, (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Honorable Mayor and Members of the City Council
City of Hidden Hills, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hidden Hills, California, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund, the schedule of proportionate share of the net pension liability, and the schedule of contributions, 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. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



CPAs AND ADVISORS

To the Honorable Mayor and Members of the City Council
City of Hidden Hills, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017 on our consideration of the City'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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
October 30, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HIDDEN HILLS

As management of the Hidden Hills, we offer readers of the Hidden Hills financial statements this narrative overview and analysis of the financial activities of the City of Hidden Hills for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in audited financial statements.

Financial Highlights

- The City's net position increased by \$344,188.
- The general revenues were \$1,433,243 and overall revenues were \$2,566,092.
- The cost of governmental activities was \$2,221,904.
- Total Governmental Funds reported revenues in excess of expenditures of \$400,609.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Hidden Hills' basic financial statements. The Hidden Hills basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Hidden Hills finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Hidden Hills assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Hidden Hills is improving or deteriorating. In the past several years, the City's financial position has continued to improve.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Hidden Hills that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Hidden Hills include general government, public safety, public works, and parks and recreation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HIDDEN HILLS

(Continued)

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hidden Hills, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Hidden Hills can be combined into one category: governmental funds.

Governmental Funds. 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 statements, governmental fund financial statements focus on near-term and outflows of spendable resource, 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 City of Hidden Hills maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City Hidden Hills adopts an annual appropriated budget for it general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the 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 statement.

Combining Statements. The combining statements referred to earlier in connection with non-major governmental are presented immediately following the notes.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HIDDEN HILLS

(Continued)

Government-Wide Financial Analysis.

Our analysis focuses on the net position and changes in net position of the City's governmental activities.

City of Hidden Hills Net Assets

Government Activities

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 8,997,381	\$ 8,365,607
Capital assets	944,104	947,961
Total assets	<u>9,941,485</u>	<u>9,313,568</u>
Long term debt outstanding	985,300	427,561
Other Liabilities	573,106	743,644
Total liabilities	<u>1,558,406</u>	<u>1,171,205</u>
Deferred pension related items	<u>(31,578)</u>	<u>71,894</u>
Net assets:		
Invested in capital assets, net of debt	944,104	947,961
Restricted	901,944	811,877
Unrestricted	<u>6,568,609</u>	<u>6,310,631</u>
Total net position	<u>\$ 8,414,657</u>	<u>\$ 8,070,469</u>

The City's net position from governmental activities increased to \$8,414,657. This is an increase of \$344,188. The following is an explanation of the major changes.

- Revenue basically remained the same as in the previous year
- Expenditures were basically the same as in the previous year
- Capital assets decreased to \$944,961 net of depreciation, as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HIDDEN HILLS

(Continued)

City of Hidden Hills Asset Type

	2017	2016
Land	\$ 59,779	\$ 59,779
Buildings and Improvements	316,521	316,521
Furniture and Equipment	410,634	331,215
Infrastructure	1,205,559	1,205,559
Less Accumulated Depreciation	<u>(1,048,389)</u>	<u>(965,113)</u>
Capital asset net increase	<u>\$ 944,104</u>	<u>\$ 947,961</u>

- The City of Hidden Hills uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Government Activities. Governmental activities increased the City of Hidden Hill's net position by \$344,188. Key elements of the increase are as follows:

City of Hidden Hills Changes in Net Position

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Revenues		
Program revenues:		
Charges for services	\$ 725,231	\$ 615,007
Operating contributions and grants	407,618	288,662
General revenues:		
Taxes:		
Property taxes	1,243,177	1,226,756
Sales taxes	25,870	29,425
Franchise taxes	69,598	58,563
Business License Tax	59,006	62,376
Motor vehicle in lieu	839	767
Investment income	29,317	75,897
Other	<u>5,436</u>	<u>7,333</u>
Total revenues	<u>2,566,092</u>	<u>2,364,786</u>
Expenses		
General government	1,017,398	857,126
Public safety	516,889	475,276
Public works	687,617	728,568
Parks and recreation	<u>-</u>	<u>103,093</u>
Total expenses	<u>2,221,904</u>	<u>2,164,063</u>
Increase in net position	<u>\$ 344,188</u>	<u>\$ 200,723</u>

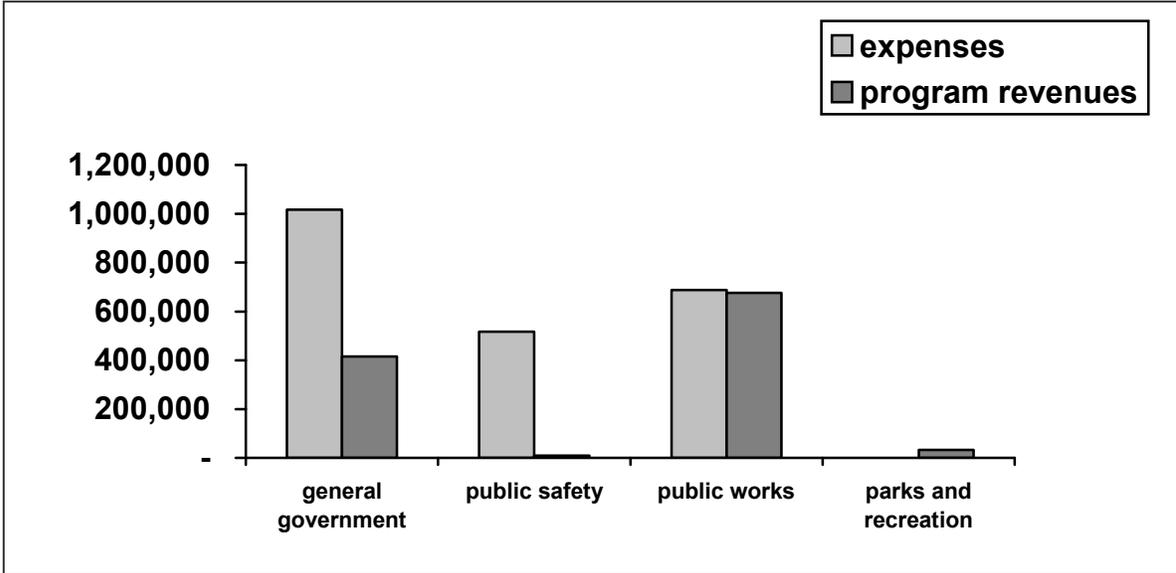
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HIDDEN HILLS

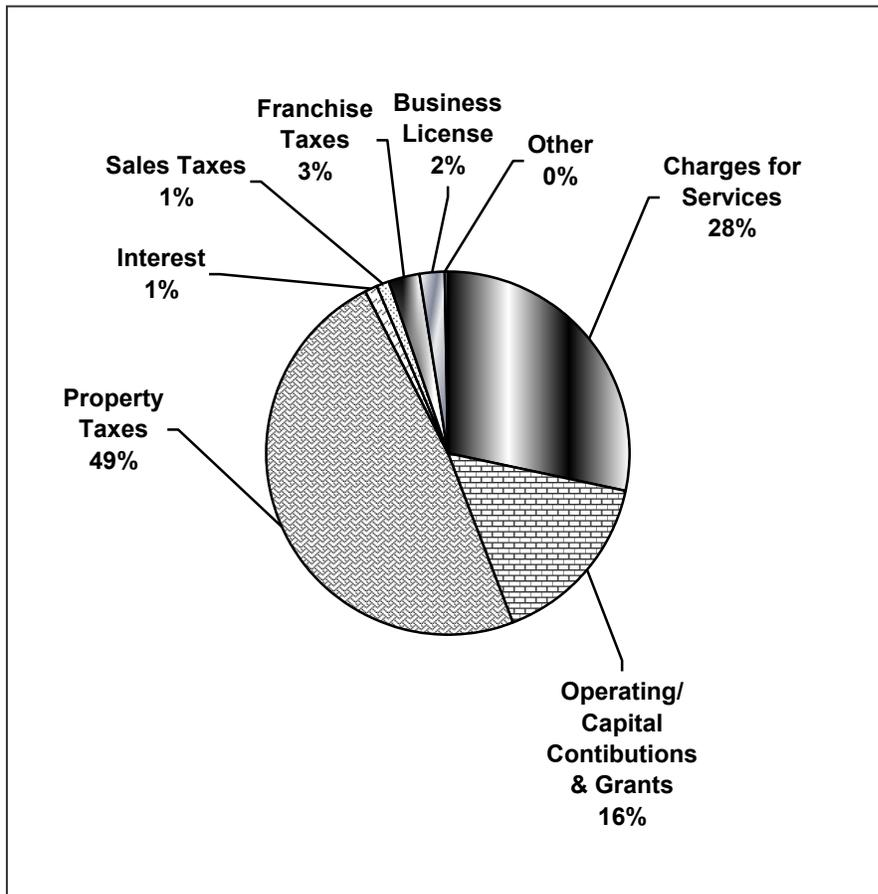
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City of Hidden Hills Government Activities

Expense and Program Revenues



City of Hidden Hills Government Activities – Revenue by Source



MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HIDDEN HILLS

(Continued)

The City's total revenues are \$2,566,092 while the costs of all programs and services are \$2,221,904. Charges for services increased from \$615,007 to \$725,231 because of increased building activity permitted during the current year. Most of the tax categories increased slightly due an increase in property and sales activity.

The following presents the cost of each of the City's programs—general government, public safety, public works and parks and recreation, as well as each program's *net* cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

City of Hidden Hills Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
General government	\$ 1,017,398	\$ 857,126	\$ (601,737)	\$ (562,023)
Public safety	516,889	475,276	(507,809)	(468,976)
Parks and recreation	-	103,093	32,306	(74,947)
Public works	687,617	728,568	(11,815)	(154,448)
Totals	<u>\$ 2,221,904</u>	<u>\$ 2,164,063</u>	<u>\$ (1,089,055)</u>	<u>\$ (1,260,394)</u>

- The net cost of services indicates that the overall cost of government is more than the revenues generated to support it. The City is not fully recovering the cost of these services with program revenues from user fees and other contributions. See the Statement of Activities for further detail on program revenues and general revenues.

Financial Analysis of the City's Funds

The City of Hidden Hills uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Hidden Hills governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Hidden Hills's financing requirements. In particular, unassigned 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 the end of the current fiscal year, the City of Hidden Hills governmental funds reported combined ending fund balances of \$8,030,788 and the General Fund reported an unassigned fund balance of \$6,748,359.

The general fund is the chief operating fund of Hidden Hills. At the end of the current fiscal year, excluding operating transfers, the General Fund had revenues in excess of expenditures of \$310,542.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HIDDEN HILLS

(Continued)

General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$136,005 more than the final revenue budget before transfers because of increased tax revenue. The actual expenditures were under the appropriations by \$53,450. Actual revenues and reduced budgeted expenditures resulted in a positive variance to the budget of \$189,455. No budget amendments were made to revenues and some budgeted expenditures were increased during the year. The ending result for the City was revenues exceeding expenditures for the year and expenditures being less than the amended budget.

Contacting The City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, at the City of Hidden Hills, 6165 Spring Valley Road, Hidden Hills, CA 91302.

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CITY OF HIDDEN HILLS

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets:	
Cash and investments	\$ 8,734,081
Receivables:	
Accounts	122,168
Taxes	80,104
Accrued interest	24,488
Prepaid costs	36,540
Capital assets not being depreciated	59,779
Capital assets, net of depreciation	<u>884,325</u>
Total Assets	<u>9,941,485</u>
Deferred Outflows of Resources:	
Deferred pension related items	<u>125,550</u>
Total Deferred Outflows of Resources	<u>125,550</u>
Liabilities:	
Accounts payable	130,375
Deposits payable	836,218
Noncurrent liabilities:	
Due within one year - compensated absences	18,707
Other post employment benefit liability	191,474
Net pension liability	<u>381,632</u>
Total Liabilities	<u>1,558,406</u>
Deferred Inflows of Resources:	
Deferred pension related items	<u>93,972</u>
Total Deferred Inflows of Resources	<u>93,972</u>
Net Position:	
Investment in capital assets	944,104
Restricted for:	
Community development projects	54,137
Public safety	62,536
Public works	785,271
Unrestricted	<u>6,568,609</u>
Total Net Position	<u>\$ 8,414,657</u>

CITY OF HIDDEN HILLS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 1,017,398	\$ 8,043	\$ 407,618	\$ -
Public safety	516,889	9,080	-	-
Parks and recreation	-	32,306	-	-
Public works	687,617	675,802	-	-
Total Governmental Activities	2,221,904	725,231	407,618	-
Total Primary Government	\$ 2,221,904	\$ 725,231	\$ 407,618	\$ -
General Revenues:				
Taxes:				
Property taxes, levied for general purpose				1,243,177
Sales taxes				25,870
Franchise taxes				69,598
Business licenses taxes				59,006
Motor vehicle in lieu - unrestricted				839
Use of money and property				29,317
Other				5,436
Total General Revenues				1,433,243
Change in Net Position				344,188
Net Position at Beginning of Year				8,070,469
Net Position at End of Year				\$ 8,414,657

CITY OF HIDDEN HILLS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and investments	\$ 8,486,832	\$ 247,249	\$ 8,734,081
Receivables:			
Accounts	40,545	81,623	122,168
Taxes	80,104	-	80,104
Accrued interest	24,488	-	24,488
Prepaid costs	36,540	-	36,540
Due from other funds	32,967	606,743	639,710
Total Assets	<u>\$ 8,701,476</u>	<u>\$ 935,615</u>	<u>\$ 9,637,091</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 129,671	\$ 704	\$ 130,375
Deposits payable	836,218	-	836,218
Due to other funds	606,743	32,967	639,710
Total Liabilities	<u>1,572,632</u>	<u>33,671</u>	<u>1,606,303</u>
Fund Balances:			
Nonspendable:			
Prepaid costs	36,540	-	36,540
Restricted for:			
Community development projects	-	54,137	54,137
Public safety	-	62,536	62,536
Public works	-	785,271	785,271
Assigned to:			
Underground utilities	343,945	-	343,945
Unassigned	<u>6,748,359</u>	<u>-</u>	<u>6,748,359</u>
Total Fund Balances	<u>7,128,844</u>	<u>901,944</u>	<u>8,030,788</u>
Total Liabilities, and Fund Balances	<u>\$ 8,701,476</u>	<u>\$ 935,615</u>	<u>\$ 9,637,091</u>

CITY OF HIDDEN HILLS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Fund balances of governmental funds	\$ 8,030,788
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	944,104
Deferred outflows related to pensions:	
Contributions made subsequent to measurement date	46,325
Adjustment due to differences in proportions	26,799
Differences between actual and expected	52,426
Long-term debt are not due and payable in the current period and, therefore, are not reported in the governmental fund activity:	
Compensated absences	(18,707)
OPEB obligation	(191,474)
Net pension liability	(381,632)
Deferred inflows related to pensions:	
Net difference between projected and actual earnings on plan investments	(239)
Changes in assumptions	(9,873)
Adjustment due to differences in proportions	(83,860)
Net Position of governmental activities	<u>\$ 8,414,657</u>

CITY OF HIDDEN HILLS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 1,397,651	\$ -	\$ 1,397,651
Licenses and permits	4,211	-	4,211
Intergovernmental	839	407,618	408,457
Charges for services	725,231	-	725,231
Use of money and property	23,048	6,269	29,317
Miscellaneous	1,225	-	1,225
Total Revenues	<u>2,152,205</u>	<u>413,887</u>	<u>2,566,092</u>
Expenditures:			
Current:			
General government	849,420	111,557	960,977
Public safety	365,785	151,104	516,889
Public works	626,458	61,159	687,617
Total Expenditures	<u>1,841,663</u>	<u>323,820</u>	<u>2,165,483</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	310,542	90,067	400,609
Fund Balances, Beginning of Year	<u>6,818,302</u>	<u>811,877</u>	<u>7,630,179</u>
Fund Balances, End of Year	<u><u>\$ 7,128,844</u></u>	<u><u>\$ 901,944</u></u>	<u><u>\$ 8,030,788</u></u>

CITY OF HIDDEN HILLS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Net change in fund balances - total governmental funds \$ 400,609

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	79,419
Depreciation	(83,276)

Compensated absences expenses 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.

(10,491)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.

(22,703)

Pension obligation expenses 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.

(19,370)

Change in net position of governmental activities

\$ 344,188

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Hidden Hills, California (the City), was incorporated on October 19, 1961, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. The City is governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present the City of Hidden Hills (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be incomplete. Under this definition, it is determined that there are no component units for this reporting entity, and these financial statements present the financial reporting entity that consisted solely of the City of Hidden Hills as the primary government.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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: 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 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The fiduciary funds are reported on the accrual basis of accounting. Major individual governmental funds are reported as separate columns in the fund financial statements. As of June 30, 2017, the City does not have any fiduciary funds.

c. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

The General fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City also reports special revenue funds to account for and report the proceeds of specific revenue sources that are restricted for specified purposes.

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

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Governmental Funds.

Investments for the City are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1st; the second installment is due February 1st. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1st of each year and are delinquent, if unpaid, on August 31st.

3. Prepaid Costs and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements.

4. Capital Assets

Capital assets which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets other than infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Infrastructure assets have a capitalization threshold of \$25,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets acquired from 1999 to present. As permitted under GASB Statement No. 34, the City will not report any infrastructure assets acquired prior to 1999 retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	25 - 50
Furniture, fixtures and equipment	7
Infrastructure	20

Note 1: Summary of Significant Accounting Policies (Continued)

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category, the deferred outflows relating to the net pension obligation reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, differences between expected and actual experiences, adjustments due to differences in proportion and the difference between actual contributions made and the proportionate share of the risk pool's total contributions. These amounts are deferred and amortized over the expected average remaining service lifetime.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category which are deferred inflows relating to the net pension obligation reported in the government-wide statement of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments, adjustments due to differences in proportion, changes in assumptions and the difference between actual contributions made and the proportionate share of the risk pool's total contributions. These amounts are deferred and amortized over the expected average remaining service lifetime, with the exception of the net difference between projects and actual earnings on pension plan investments, which is amortized straight-line over a five-year period.

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than his regular annual entitlement. Payment for vacation not taken is payable at the end of the cumulative time.

Sick leave is payable when an employee is unable to work because of illness. Upon termination, an employee will be paid for one-half of any unused sick leave.

All vacation and sick leave pay is accrued when incurred in the government-wide statements. Compensated absences are paid, if matured, out of the general fund.

7. Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans

Note 1: Summary of Significant Accounting Policies (Continued)

and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

8. Fund Balance

In the fund financial statements, governmental funds report the following fund balance classification:

Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest authority, the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is through a resolution or ordinance.

Assigned includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (assigned or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed, assigned and unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

9. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

10. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

II. DETAILED NOTES ON ALL FUNDS

Note 2: Cash and Investments

Cash and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	<u>\$ 8,734,081</u>
Total Cash and investments	<u><u>\$ 8,734,081</u></u>

Cash and investments as of June 30, 2017, consist of the following:

Cash on hand	\$ 1,131,954
Investments	<u>7,602,127</u>
Total cash and investments	<u><u>\$ 8,734,081</u></u>

The City of Hidden Hills maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy which authorizes it to invest in various investments.

Deposits

At June 30, 2017, the carrying amount of the City's deposits was \$1,131,954 and the bank balance was \$1,201,470. The \$69,516 difference represents deposits in transit and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

CITY OF HIDDEN HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2017

Note 2: Cash and Investments (Continued)

Investments

Under provision of the City's investment policy and in accordance with the California Government Code, the following investments are authorized:

- Securities of the U.S. Government, or its agencies
- Negotiable Certificates of Deposit (CDs) or Non-negotiable, FDIC-insured CDs or Time Deposits
- Local Agency Investment Funds (LAIF)
- Repurchase Agreements (Repos)
- Passbook accounts
- Money Market Mutual Funds

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

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. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and 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 City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity.

Investment Type	Total	Remaining Maturity (in Months)			
		6 months or less	6 months to 1 year	1 year to 3 years	3 years to 5 years
U.S. Agency Securities	\$ 79,543	\$ 79,543	\$ -	\$ -	\$ -
Medium-term notes	1,853,882	299,958	69,743	252,136	1,232,045
Obligations of the State of California or any local agency	1,433,676	105,166	35,834	630,389	662,287
Registered Treasury Notes or Bonds of Any Other 49 States	1,134,681	150,003	29,980	908,703	45,995
Local Agency Investment Fund (LAIF)	3,100,345	3,100,345	-	-	-
Total	\$ 7,602,127	\$ 3,735,015	\$ 135,557	\$ 1,791,228	\$ 1,940,327

CITY OF HIDDEN HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 2: Cash and Investments (Continued)

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 or the City's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type:

Investment Type	Minimum Legal Rating	Total	Remaining as of Year End				
			AAA	AA- to AA+	A- to A+	BBB+	Unrated
U.S. Agency Securities	N/A	\$ 79,543	\$ -	\$ 79,543	\$ -	\$ -	\$ -
Medium-term notes	A	1,853,882	-	299,958	939,879	614,045	-
Obligations of the State of California or any local agency	N/A	1,433,677	20,032	1,016,016	245,455	-	152,174
Registered Treasury Notes or Bonds of Any Other 49 States	N/A	1,134,680	10,063	780,869	20,768	-	322,980
Local Agency Investment Fund (LAIF)	N/A	3,100,345	-	-	-	-	3,100,345
Total		<u>\$ 7,602,127</u>	<u>\$ 30,095</u>	<u>\$ 2,176,386</u>	<u>\$ 1,206,102</u>	<u>\$ 614,045</u>	<u>\$ 3,575,499</u>

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 City'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 (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 City. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured City deposits. Investments held by a bond trustee are selected under the terms of the applicable trust agreement. The trustee acquires the investment and holds the investment on behalf of the reporting government.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond what is stipulated by the California Government Code. The City did not have any investments in any one issuer (other than Certificates of Deposit, mutual funds, and external investment pools) that represents 5% or more of total City investments.

CITY OF HIDDEN HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2017

Note 2: Cash and Investments (Continued)

Investment in State Investment Pool

The City 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 City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City'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.

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2017:

Investment Type	Totals	Level		
		1	2	3
U.S. Agency Securities	\$ 79,543	\$ -	\$ 79,543	\$ -
Medium-term notes	1,853,882	-	1,853,882	-
Obligations of the State of California or any local agency	1,433,676	-	1,433,676	-
Registered Treasury Notes or Bonds of Any Other 49 States	1,134,681	-	1,134,681	-
Local Agency Investment Fund (LAIF)	3,100,345	-	3,100,345	-
Total Investments	<u>\$ 7,602,127</u>	<u>\$ -</u>	<u>\$ 7,602,127</u>	<u>\$ -</u>

Deposits and Federal Agency Securities, Local Agency Investment Funds, Certificates of Deposit, Obligations of the State or California or any local agency, and Registered Treasury Notes or Bonds of any other 49 States are classified in Level 2 of the fair value hierarchy are value using institutional bond quotes or specified fair market value factors.

CITY OF HIDDEN HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 59,779	\$ -	\$ -	\$ 59,779
Total Capital Assets, Not Being Depreciated	<u>59,779</u>	<u>-</u>	<u>-</u>	<u>59,779</u>
Capital assets, being depreciated:				
Buildings and improvements	316,521	-	-	316,521
Furniture, fixtures & equipment	331,215	79,419	-	410,634
Infrastructure	1,205,559	-	-	1,205,559
Total Capital Assets, Being Depreciated	<u>1,853,295</u>	<u>79,419</u>	<u>-</u>	<u>1,932,714</u>
Less accumulated depreciation				
Buildings and improvements	168,339	7,319	-	175,658
Furniture, fixtures & equipment	299,197	15,679	-	314,876
Infrastructure	497,577	60,278	-	557,855
Total Accumulated Depreciation	<u>965,113</u>	<u>83,276</u>	<u>-</u>	<u>1,048,389</u>
Total Capital Assets, Being Depreciated, Net	<u>888,182</u>	<u>(3,857)</u>	<u>-</u>	<u>884,325</u>
Governmental Activities Capital Assets, Net	<u>\$ 947,961</u>	<u>\$ (3,857)</u>	<u>\$ -</u>	<u>\$ 944,104</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	<u>\$ 83,276</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 83,276</u>

CITY OF HIDDEN HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 4: Long-Term Debt

The following is a schedule of changes in governmental fund long-term debt for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Compensated absences	\$ 8,216	\$ 31,628	\$ 21,137	\$ 18,707	\$ 18,707
Total	<u>\$ 8,216</u>	<u>\$ 31,628</u>	<u>\$ 21,137</u>	<u>\$ 18,707</u>	<u>\$ 18,707</u>

The City's policy relating to compensated absences is described in Note 1 of the Notes to Financial Statements. This liability will be paid in future years from the general fund. The outstanding liability for compensated absences accrued was \$18,707.

Note 5: Interfund Balances

Interfund balances at June 30, 2017, consisted of the following:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
General Fund	\$ -	\$ 32,967	\$ 32,967
Nonmajor Governmental Funds	606,743	-	606,743
Total	<u>\$ 606,743</u>	<u>\$ 32,967</u>	<u>\$ 639,710</u>

Interfund balances resulted from the General Fund receiving all monies due to the City and disbursing the revenues to the individual funds.

Note 6: Pension Plan

a. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City of Hidden Hills Miscellaneous cost-sharing multiple-employer defined benefit pension plan (the "Plan") administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 6: Pension Plan (Continued)***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

Major Benefit Options	Miscellaneous	Miscellaneous PEPRA
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit Provision		
Benefit Formula	2.0% @ 60	2.0% @ 62
Social Security	no	no
Full/Modified	full	full
Benefit vesting schedule	5 yrs service	5 yrs service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52-67
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rate	7.000%	6.555%
Required employer contribution rate	7.159%	6.250%

Note: There were no participants in Miscellaneous PEPRA Plan as of June 30, 2015 therefore, the GASB 68 Plan was not available to be accounted in the Net Pension Liability.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2017, the contributions recognized as a reduction to net pension liability for the Plan was \$19,898.

b. Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2017, the City reported a net pension liability for its proportionate share of the net pension liability of \$381,632.

CITY OF HIDDEN HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2017

Note 6: Pension Plan (Continued)

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on the CalPERS' Public Agency Cost-Sharing Allocation Methodology Report, which can be obtained on the CalPERS website. The City's proportionate share of the net pension liability for the Plan as a percentage of the CalPERS risk pool plans as of June 30, 2015 and 2016 was as follows:

	Miscellaneous Rate Plan	Total Plan
Proportion - June 30, 2015	0.00377%	0.00377%
Proportion - June 30, 2016	0.00613%	0.00613%
Change - Increase (Decrease)	0.00236%	0.00236%

For the year ended June 30, 2017, the City recognized a total pension expense of (\$65,695) for the Plan. At June 30, 2017, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 46,325	\$ -
Changes in assumptions	-	(9,873)
Difference between expected and actual experiences	1,043	(239)
Net differences between projected and actual earnings on plan investments	51,383	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Adjustment due to differences in proportions	7,829	(28,687)
Total	<u>\$ 125,550</u>	<u>\$ (93,972)</u>

\$46,325 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2017	\$ (27,148)
2018	(21,359)
2019	20,451
2020	13,309

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2017

Note 6: Pension Plan (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015, total pension liability. The June 30, 2015 and the June 30, 2016, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Investment Rate of Return	7.50% (1)
Mortality Rate Table (2)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	2.75%

(1) Net of pension plan investment expenses, including inflation

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 6: Pension Plan (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.50 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18, fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Current Target Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	20.0	0.99	2.43
Inflation Assets	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	1.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2017

Note 6: Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability/ (asset) of the Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.65 percent) or 1% point higher (8.65 percent) than the current rate:

Plan's Net Pension Liability/(Assets)	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Miscellaneous	\$ 646,990	\$ 381,632	\$ 162,328

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

Payable to Pension Plan

At June 30, 2017, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Note 7: Post-Employment Benefits

Plan Description

The City provides other postemployment benefits (OPEB) through a single-employer defined benefit healthcare plan by contributing 100% of all premiums charged under the health benefit plan for all eligible employees. These benefits are provided per contract between the City and the employee associations. A separate financial report is not available for the plan.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or employee associations. Currently, contributions are not required from plan members. No contributions were made by the City during the 2015-2016 fiscal year.

Annual OPEB Costs and Net OPEB Obligation

The City's annual *other postemployment benefit* (OPEB) cost (expense) for each plan is calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the value of employer promised benefits expected to be earned or allocated for each fiscal year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for the current year and the related information for the plan are as follows:

CITY OF HIDDEN HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2017

Note 7: Post-Employment Benefits (Continued)

Annual required contribution (ARC)	\$ 27,021
Interest on net OPEB obligation	6,751
Adjustment to ARC	<u>(11,069)</u>
Annual OPEB cost (expense)	<u>22,703</u>
Contributions made	<u>-</u>
Increase (decrease) in net OPEB obligation	22,703
Net OPEB obligation (asset) - beginning of year	<u>168,771</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ 191,474</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2017 and the two preceding years were as follows:

<u>Ended</u>	<u>Cost</u>	<u>Cost Contributed</u>	<u>(Asset)</u>
6/30/2015	\$ 25,110	0%	\$ 144,323
6/30/2016	24,448	0%	168,771
6/30/2017	22,703	0%	191,474

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Schedule of Funding Progress of OPEB

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as percent of Covered Payroll</u>
7/1/2009	\$ -	\$ 192,685	0.0%	\$ 247,894	78%
7/1/2012	-	270,783	0.0%	260,307	104%
7/1/2015	-	321,567	0.0%	309,201	104%

Note 7: Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015, actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.00% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 8% beginning July 1, 2015, and graded down to an ultimate 5% over the next three years. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2016, was twenty-four years. The number of active participants is 3.

Note 8: Liability, Workers' Compensation, and Purchased Insurance

a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Hidden Hills is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 117 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

b. Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Note 8: Liability, Workers' Compensation, and Purchased Insurance (Continued)

Primary Liability Program

In the liability program claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2016-17 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2016-17 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

c. Purchased Insurance

Pollution Legal Liability Insurance

The City of Hidden Hills participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Hidden Hills. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 8: Liability, Workers' Compensation, and Purchased Insurance (Continued)

for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of Hidden Hills participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Hidden Hills property is currently insured according to a schedule of covered property submitted by the City of Hidden Hills to the Authority. City of Hidden Hills property currently has all-risk property insurance protection in the amount of \$1,290,511. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance

The City of Hidden Hills purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Hidden Hills property currently has earthquake protection in the amount of \$1,126,634. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

The City of Hidden Hills purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

d. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2016-17.

Note 9: Commitments and Contingent Liabilities

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation, which is likely to have a material adverse effect on the financial position of the City.

CITY OF HIDDEN HILLS

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,818,302	\$ 6,818,302	\$ 6,818,302	\$ -
Resources (Inflows):				
Taxes	1,139,000	1,139,000	1,397,651	258,651
Licenses and permits	8,000	8,000	4,211	(3,789)
Intergovernmental	180,000	180,000	839	(179,161)
Charges for services	615,200	615,200	725,231	110,031
Use of money and property	72,000	72,000	23,048	(48,952)
Miscellaneous	2,000	2,000	1,225	(775)
Amounts Available for Appropriations	8,834,502	8,834,502	8,970,507	136,005
Charges to Appropriation (Outflow):				
General government	806,600	833,863	849,420	(15,557)
Public safety	359,000	407,000	365,785	41,215
Public works	654,250	654,250	626,458	27,792
Total Charges to Appropriations	1,819,850	1,895,113	1,841,663	53,450
Budgetary Fund Balance, June 30	\$ 7,014,652	\$ 6,939,389	\$ 7,128,844	\$ 189,455

CITY OF HIDDEN HILLS

**COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2017</u>		<u>2016</u>		<u>2015</u>
Miscellaneous					
Proportion of the Net Pension Liability	0.01099%		0.00943%		0.00478%
Proportionate Share of the Net Pension Liability	\$ 381,632	\$	258,790	\$	297,606
Covered Payroll	\$ 341,869	\$	282,947	\$	263,690
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	111.63%		91.46%		112.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.06%		78.40%		79.82%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applied for voluntary benefit changes as well as any offer of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent to 7.65 percent (net of administrative expense) to correct for an adjustment

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only three years is shown.

CITY OF HIDDEN HILLS

**COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Miscellaneous			
Actuarially Determined Contribution	\$ 46,325	\$ 19,898	\$ 39,178
Contribution in Relation to the Actuarially Determined Contribution	(46,325)	(19,898)	(39,178)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employee Payroll	\$ 324,379	\$ 309,201	\$ 282,947
Contributions as a Percentage of Covered Payroll	14.28%	6.44%	13.85%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Direct Rate Smoothing Method
Remaining amortization period	Gains and Losses over fixed 30-years with a 5 yr ramp-up/ramp-down
Assets valuation method	Market Value
Inflation	2.75%
Salary Increases	3.2% to 12.20%
Investment rate of return	7.50% net of pension plan investment and administrative expense; includes inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF HIDDEN HILLS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017**

Budgets and Budgetary Accounting Data

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The annual budget is adopted by the City Council and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council approves each year's budget prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, when required during the period, are also approved by the Council. In most cases, expenditures may not exceed appropriations at the function level. At fiscal year-end, all operating budget appropriations lapse.
3. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
4. A budget is adopted at the beginning of each fiscal year for the General Fund only.
5. Excesses of expenditures over appropriations in the General Fund are as follows:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General government	\$ 849,420	\$ 833,863	\$ (15,557)

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CITY OF HIDDEN HILLS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Special Revenue Funds			
	State Gas Tax	Traffic Safety	Curb Side Recycling	Proposition A
Assets:				
Cash and investments	\$ 233,676	\$ 13,573	\$ -	\$ -
Receivables:				
Accounts	-	237	-	-
Due from other funds	233,248	-	40,104	57,161
Total Assets	\$ 466,924	\$ 13,810	\$ 40,104	\$ 57,161
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	704	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	704	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	466,220	13,810	40,104	57,161
Total Fund Balances	\$ 466,220	\$ 13,810	\$ 40,104	\$ 57,161

CITY OF HIDDEN HILLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

	<u>Special Revenue Funds</u>		
	<u>Air Quality Improvement</u>	<u>COPS AB3229</u>	<u>Proposition C</u>
Assets:			
Cash and investments	\$ -	\$ -	\$ -
Receivables:			
Accounts	-	-	-
Due from other funds	54,137	62,536	126,597
Total Assets	<u>\$ 54,137</u>	<u>\$ 62,536</u>	<u>\$ 126,597</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	-	-	-
Due to other funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted for:			
Community development projects	\$ 54,137	\$ -	\$ -
Public safety	-	62,536	-
Public works	-	-	126,597
Total Fund Balances	<u>\$ 54,137</u>	<u>\$ 62,536</u>	<u>\$ 126,597</u>

CITY OF HIDDEN HILLS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Special Revenue Funds		Total Nonmajor Governmental Funds
	STPL	Measure R	
Assets:			
Cash and investments	\$ -	\$ -	\$ 247,249
Receivables:			
Accounts	-	81,386	81,623
Due from other funds	32,960	-	606,743
Total Assets	\$ 32,960	\$ 81,386	\$ 935,615
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	-	-	704
Due to other funds	-	32,967	32,967
Total Liabilities	-	32,967	33,671
Fund Balances:			
Restricted for:			
Community development projects	\$ -	\$ -	\$ 54,137
Public safety	-	-	62,536
Public works	32,960	48,419	785,271
Total Fund Balances	\$ 32,960	\$ 48,419	\$ 901,944

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CITY OF HIDDEN HILLS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Special Revenue Funds</u>			
	<u>State Gas Tax</u>	<u>Traffic Safety</u>	<u>Curb Side Recycling</u>	<u>Proposition A</u>
Revenues:				
Intergovernmental	\$ 44,537	\$ 4,376	\$ 5,000	\$ 34,688
Use of money and property	2,885	-	-	546
Total Revenues	47,422	4,376	5,000	35,234
Expenditures:				
Current:				
General government	-	-	4,893	-
Public safety	-	-	-	-
Public works	39,175	7	-	-
Total Expenditures	39,175	7	4,893	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,247	4,369	107	35,234
Fund Balances, Beginning of Year	457,973	9,441	39,997	21,927
Fund Balances, End of Year	\$ 466,220	\$ 13,810	\$ 40,104	\$ 57,161

CITY OF HIDDEN HILLS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	<u>Special Revenue Funds</u>		
	<u>Air Quality Improvement</u>	<u>COPS AB3229</u>	<u>Proposition C</u>
Revenues:			
Intergovernmental	\$ 2,433	\$ 129,324	\$ 28,903
Use of money and property	705	-	1,585
Total Revenues	<u>3,138</u>	<u>129,324</u>	<u>30,488</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	151,104	-
Public works	-	-	21,977
Total Expenditures	<u>-</u>	<u>151,104</u>	<u>21,977</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,138	(21,780)	8,511
Fund Balances, Beginning of Year	<u>50,999</u>	<u>84,316</u>	<u>118,086</u>
Fund Balances, End of Year	<u><u>\$ 54,137</u></u>	<u><u>\$ 62,536</u></u>	<u><u>\$ 126,597</u></u>

CITY OF HIDDEN HILLS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>STPL</u>	<u>Measure R</u>	
Revenues:			
Intergovernmental	\$ 32,960	\$ 125,397	\$ 407,618
Use of money and property	-	548	6,269
Total Revenues	32,960	125,945	413,887
Expenditures:			
Current:			
General government	-	106,664	111,557
Public safety	-	-	151,104
Public works	-	-	61,159
Total Expenditures	-	106,664	323,820
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,960	19,281	90,067
Fund Balances, Beginning of Year	-	29,138	811,877
Fund Balances, End of Year	\$ 32,960	\$ 48,419	\$ 901,944