

CITY OF HIDDEN HILLS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

**City of Hidden Hills
Annual Financial Report
Year Ended June 30, 2021**

Table of Contents

	<u>Page Number</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to the Financial Statements	16 - 33
Required Supplementary Information:	
Schedule of Changes in Total OPEB Liability	34
Schedule of the City's Proportionate Share of the Net Pension Liability	35
Schedule of Pension Plan Contributions	36
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	37
Measure R Fund	38
Notes to Required Supplementary Information	39
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	40 41 - 42
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	43 - 44



Independent Auditor's Report

The Honorable 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 the City of Hidden Hills (City), as of and for the year ended June 30, 2021, 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.

Van Lant & Fankhanel, LLP

29970 Technology Drive, Suite 105 A
Murrieta, CA 92563
909.856.6879

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, as of June 30, 2021, 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 and other required supplementary information, 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. 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 an opinion on the financial statements that collectively comprise the City's basic financial statements. The schedules listed in the Supplementary Information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the Supplementary Information section 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. Such 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 schedules listed in the Supplementary Information section are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 20, 2021, 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 to describe the scope of our testing of internal control over financial reporting

and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Van Lant & Fankhanel, LLP

October 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HIDDEN HILLS

As management of 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, 2021. 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 decreased by \$109,690.
- The general revenues were \$2,695,116 and overall revenues were \$4,225,524.
- The cost of governmental activities was \$4,335,214.
- Total Governmental Funds reported revenues in excess of expenditures of \$175,527.

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

CITY OF HIDDEN HILLS

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 thirteen 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 and Measure R fund; the Individual fund data for each of the 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 its 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.

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 Position – Governmental Activities

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 12,481,400	\$ 12,503,869
Capital assets	<u>2,943,885</u>	<u>3,043,775</u>
Total assets	<u>15,425,285</u>	<u>15,547,644</u>
Deferred outflows of resources	<u>403,342</u>	<u>758,917</u>
Long-term debt outstanding	564,706	1,071,904
Other liabilities	<u>1,217,045</u>	<u>1,330,482</u>
Total liabilities	<u>1,781,751</u>	<u>2,402,386</u>
Deferred inflows of resources	<u>322,257</u>	<u>69,866</u>
Net position:		
Net investment in capital assets	2,943,885	3,043,775
Restricted	1,231,134	1,023,617
Unrestricted	<u>9,549,600</u>	<u>9,766,917</u>
Total net position	<u>\$ 13,724,619</u>	<u>\$ 13,834,309</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

CITY OF HIDDEN HILLS

The City's net position from governmental activities decreased to \$13,724,619. This is a decrease of \$109,640. The following is an explanation of the major changes.

- General revenues decreased by \$851,064 which was the result of the city receiving a legal settlement in the prior year of \$1,062,548 and operating revenues increasing largely due to increased property tax collections.
- Expenditures increased by \$737,269. This was result of public works project expenditures, which represent one-time costs since these projects will benefit the City for many years.
- Net Capital assets decreased by \$99,890 as follows:

City of Hidden Hills Capital Asset Type

	2021	2020
Land	\$2,012,764	\$2,012,764
Construction-in-progress	45,267	18,620
Buildings and Improvements	331,360	331,360
Furniture and Equipment	851,781	833,986
Infrastructure	1,205,559	1,205,559
Less: Accumulated Depreciation	(1,502,846)	(1,358,514)
Net Capital Assets	\$2,943,885	\$3,043,775

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

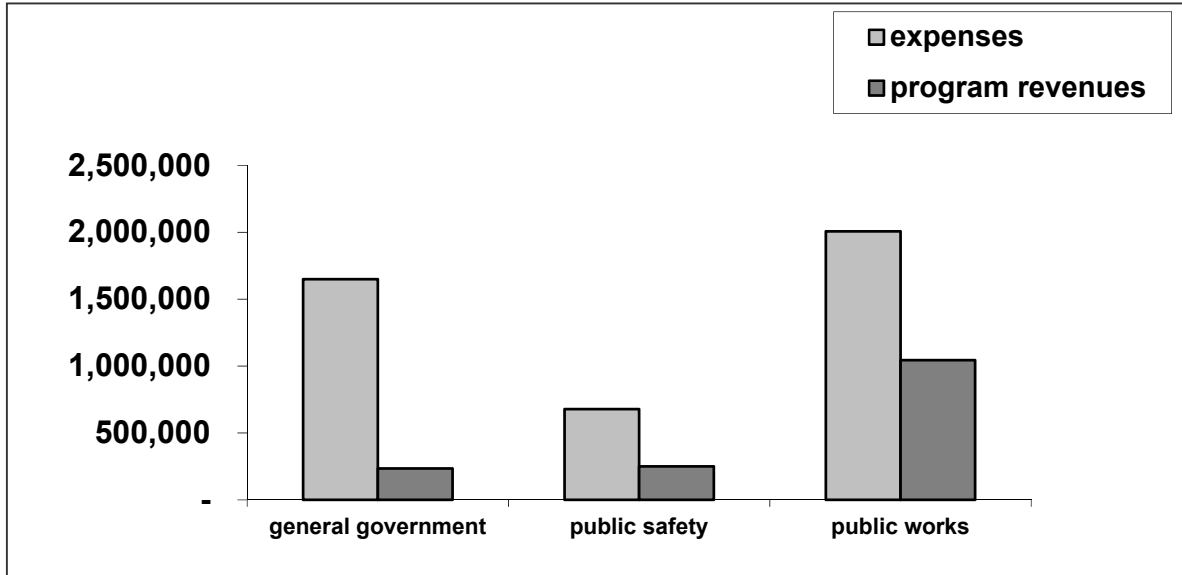
Government Activities. Governmental activities decreased the City of Hidden Hill's net position by \$109,690. Key elements of the decrease are as follows:

	Governmental Activities	
	2021	2020
Program revenues:		
Charges for services	\$ 689,257	\$ 816,265
Operating contributions and grants	472,436	105,000
Capital grants and contributions	368,715	499,095
General revenues:		
Taxes:		
Property taxes	2,307,917	1,938,940
Franchise taxes	147,979	136,565
Investment income	214,434	380,058
Other	24,786	1,090,617
Total revenues	4,225,524	4,966,540
Expenses		
General government	1,650,056	1,633,527
Public safety	678,289	754,014
Public works	2,006,869	1,210,404
Total expenses	4,335,214	3,597,945
Increase (decrease) in net position	\$ (109,690)	\$ 1,368,595

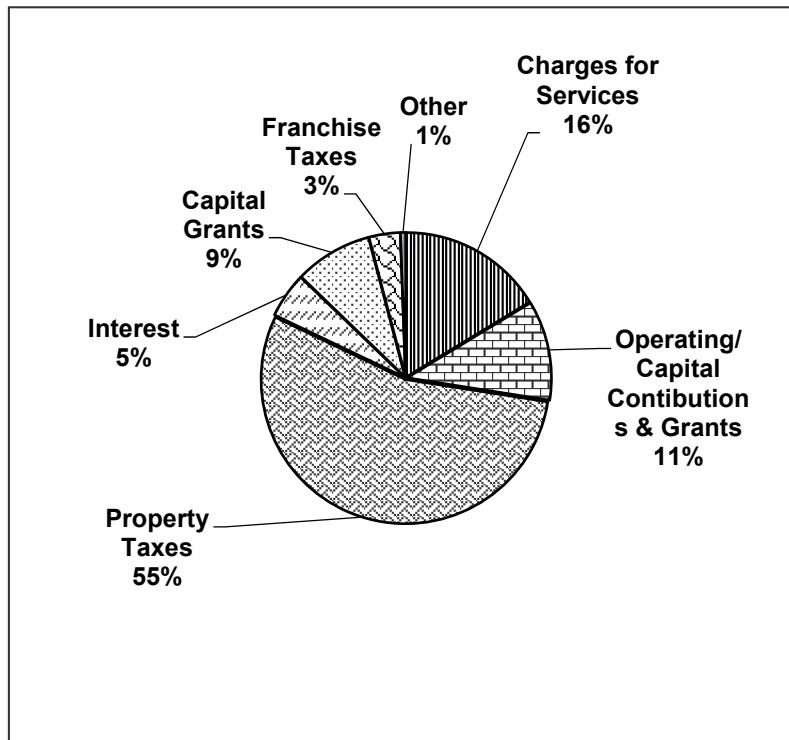
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

CITY OF HIDDEN HILLS

City of Hidden Hills Government Activities – Expenses and Program Revenues



City of Hidden Hills Government Activities – Revenues by Source



MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

CITY OF HIDDEN HILLS

The City's total revenues are \$4,225,524 while the costs of all programs and services are \$4,335,214. Charges for services decreased from \$816,265 to \$689,257 because of a decrease in building activity permitted during the current year. Tax categories increased especially with an increase in property tax collections. Overall revenue had a decrease because of a large one-time receipt for a settlement in the prior year. Public works expenditures increased because of ongoing improvement projects within the city.

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	
	2021	2020	2021	2020
General government	\$ 1,650,056	\$ 1,633,527	\$(1,414,812)	\$(1,622,537)
Public safety	678,289	754,014	(428,157)	(587,083)
Parks and recreation	-	-	-	32,479
Public works	2,006,869	1,210,404	(961,837)	(444)
Totals	<u>\$ 4,335,214</u>	<u>\$ 3,597,945</u>	<u>\$(2,804,806)</u>	<u>\$(2,177,585)</u>

The net cost of services indicates that the overall cost of government is greater than the revenues generated to support it. The City is not fully recovering the cost of regular 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.

As of the end of the current fiscal year, the City of Hidden Hills governmental funds reported combined ending fund balances of \$11,160,282 and the General Fund reported unassigned fund balance of \$636,153.

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 expenditures in excess of revenues of \$285,641.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

CITY OF HIDDEN HILLS

General Fund Budgetary Highlights

The actual revenues in the General Fund at year-end were \$405,085 more than the estimated revenues before transfers, because of an increase in property tax collections and receipts from other governmental entities. The actual expenditures exceeded the projected appropriations by \$551,861. This was the result of increased expenditures on capital improvements by \$858,459 and expenditures for general government and public safety being under appropriated by \$306,598. Actual revenues and expenditures combined resulted in a negative variance to the budget of \$146,776. No budget amendments were made to revenues and some budgeted expenditures were increased during the year. The ending result for the City was expenditures exceeding revenue for the year.

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.

BASIC FINANCIAL STATEMENTS

**City of Hidden Hills
Statement of Net Position
June 30, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 11,746,863
Receivables:	
Accounts	570,098
Taxes	52,404
Interest	72,781
Prepaid Items	39,254
Capital Assets Not Being Depreciated	2,058,031
Capital Assets, Net of Depreciation	885,854
Total Assets	15,425,285
DEFERRED OUTFLOWS OF RESOURCES	
OPEB Related Items	52,423
Pension Related Items	350,919
Total Deferred Outflows	403,342
LIABILITIES	
Accounts Payable	269,218
Deposits Payable	890,099
Compensated Absences, Current	57,728
Noncurrent Liabilities:	
Total OPEB Liability	561,197
Net Pension Liability	3,509
Total Liabilities	1,781,751
DEFERRED INFLOWS OF RESOURCES	
Pension Related Items	322,257
NET POSITION	
Net Investment in Capital Assets	2,943,885
Restricted for:	
Public Safety	75,770
Public Works	1,155,364
Unrestricted	9,549,600
Total Net Position	\$ 13,724,619

The accompanying notes are an integral part of this statement.

**City of Hidden Hills
Statement of Activities
Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 1,650,056	\$ 9,180	\$ 226,064	\$ -	\$ (1,414,812)
Public Safety	678,289	-	241,372	8,760	(428,157)
Parks and Recreation	-	-	-	-	-
Public Works	2,006,869	680,077	5,000	359,955	(961,837)
Total Governmental Activities	\$ 4,335,214	\$ 689,257	\$ 472,436	\$ 368,715	(2,804,806)

General Revenues:

Taxes:

Property Tax	2,307,917
Sales and Use Tax	17,576
Franchise Tax	147,979
Investment Income	214,434
Miscellaneous	7,210
	<u>2,695,116</u>

Total General Revenues 2,695,116

Change in Net Position (109,690)

Net Position - Beginning of Year 13,834,309

Net Position - End of Year \$ 13,724,619

The accompanying notes are an integral part of this statement.

**City of Hidden Hills
Balance Sheet
Governmental Funds
June 30, 2021**

	General Fund	Measure R Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 10,644,613	\$ 55,496	\$ 1,046,754	\$ 11,746,863
Receivables:				
Accounts	298,671	185,905	85,522	570,098
Taxes	52,404	-	-	52,404
Interest	72,781	-	-	72,781
Prepaid Items	39,254	-	-	39,254
Due from Other Funds	118,445	-	-	118,445
Total Assets	\$ 11,226,168	\$ 241,401	\$ 1,132,276	\$ 12,599,845
LIABILITIES				
Accounts Payable	\$ 245,120	\$ 6,527	\$ 17,571	\$ 269,218
Deposits Payable	890,099	-	-	890,099
Due to Other Funds	-	35,492	82,953	118,445
Total Liabilities	1,135,219	42,019	100,524	1,277,762
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	32,790	129,011	-	161,801
Total Deferred Inflows of Resources	32,790	129,011	-	161,801
FUND BALANCES (DEFICITS)				
Nonspendable	39,254	-	-	39,254
Restricted	-	70,371	1,031,752	1,102,123
Committed	-	-	-	-
Assigned	9,382,752	-	-	9,382,752
Unassigned	636,153	-	-	636,153
Total Fund Balances	10,058,159	70,371	1,031,752	11,160,282
Total Liabilities, Deferred Inflows and Fund Balances	\$ 11,226,168	\$ 241,401	\$ 1,132,276	\$ 12,599,845

The accompanying notes are an integral part of this statement.

City of Hidden Hills
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances of Governmental Funds	\$ 11,160,282
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When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the City as a whole.

Capital Assets, Not Being Depreciated	2,058,031	
Capital Assets, Being Depreciated	2,388,700	
Accumulated Depreciation	<u>(1,502,846)</u>	
		2,943,885

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Compensated Absences	(57,728)	
Net Pension Liability	(3,509)	
Total OPEB Liability	<u>(561,197)</u>	
		(622,434)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds.

Deferred Outflows Related to OPEB	52,423	
Deferred Outflows Related to Pensions	350,919	
Deferred Inflows Related to Pensions	(322,257)	

In governmental funds, other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Net Position of Governmental Activities	<u>\$ 13,724,619</u>
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The accompanying notes are an integral part of this statement.

City of Hidden Hills
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	General Fund	Measure R Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,473,475	\$ -	\$ -	\$ 2,473,475
Licenses and Permits	632,593	-	-	632,593
Intergovernmental	312,079	148,972	431,330	892,381
Charges for Services	56,663	-	-	56,663
Investment Income	214,935	1,275	14,321	230,531
Miscellaneous	5,840	-	-	5,840
Total Revenues	3,695,585	150,247	445,651	4,291,483
EXPENDITURES				
Current:				
General Government	1,386,356	-	-	1,386,356
Public Safety	678,289	-	-	678,289
Public Works	895,452	-	55,002	950,454
Capital Outlay	1,021,129	79,728	-	1,100,857
Total Expenditures	3,981,226	79,728	55,002	4,115,956
Excess (Deficiency) of Revenues Over Expenditures	(285,641)	70,519	390,649	175,527
OTHER FINANCING SOURCES (USES)				
Transfers In	252,674	-	-	252,674
Transfers Out	-	-	(252,674)	(252,674)
Total Other Financing Sources (Uses)	252,674	-	(252,674)	-
Net Change in Fund Balances	(32,967)	70,519	137,975	175,527
Fund Balances, Beginning of Year	10,091,126	(148)	893,777	10,984,755
Fund Balances, End of Year	\$ 10,058,159	\$ 70,371	\$ 1,031,752	\$ 11,160,282

The accompanying notes are an integral part of this statement.

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, 2021

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

Net Changes in Fund Balances - Total Governmental Funds	\$	175,527
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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 depreciation exceeded capital outlays in the current period, and also the net effect of various transactions involving capital assets (i.e., sales and donations):

Capital Expenditures		44,442
Depreciation Expense		(144,332)

Revenues reported in the Statement of Activities, which are not considered available to finance current expenditures, are not reported as revenues in the governmental funds.		(65,959)
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The expenses below included in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (net change):

Compensated Absences		(18,600)
Net Pension Liability		501,450
Total OPEB Liability		5,748

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds. This is the net change in deferred inflows and outflows related to the net pension liability:

Deferred Outflows Related to OPEB		(30,401)
Deferred Outflows Related to Pensions		(325,174)
Deferred Inflows Related to Pensions		(252,391)

Change in Net Position of Governmental Activities	\$	<u><u>109,690</u></u>
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The accompanying notes are an integral part of this statement.

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Hidden Hills, California (City) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

A) Reporting Entity

The City of Hidden Hills, California 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 (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. Fiduciary funds, as applicable, are reported on the accrual basis of accounting. Major individual governmental funds are reported as separate columns in the fund financial statements. Currently, 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.

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

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 funds:

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 Measure R Fund accounts for a half-cent sales tax for Los Angeles County to finance roadway improvements or new transportation projects and programs and accelerate those already in the pipeline.

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. Cash and Investments

Cash includes amounts in demand and time deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance. 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.

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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

Property tax revenue is recognized on the modified accrual basis in the fiscal year for which the taxes have been levied providing they become available. Available means when 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 1st to June 30th. 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 10th and April 10th, 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 reported as prepaid items 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 and an estimated useful life in excess of two years. 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 acquisition value at the date of donation.

The City has prospectively reported general infrastructure assets in accordance with the requirements of GASB Statement No. 34. 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:

**City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

	Years
Buildings and Improvements	25 - 50
Furniture, Fixtures and Equipment	7
Infrastructure	20

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently reports deferred outflows related to the net pension and net OPEB liabilities in accordance with GASB Statements No. 68 and 75.

In addition to liabilities, the statement of financial position and the governmental funds balance sheet 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 certain items, which arise only under the modified accrual basis of accounting, which qualify for reporting in this category. Accordingly, unavailable revenue is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows related to pensions.

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned 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, employees are not paid for any unused sick leave.

All vacation 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 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. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

8. Other Post-Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and the OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

9. 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.

The following table provides detail for fund balances as of June 30, 2021:

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

	General Fund	Measure R Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepaid Items	\$ 39,254	\$ -	\$ -	\$ 39,254
Restricted for:				
Public Safety	-	-	75,770	75,770
Public Works	-	70,371	955,982	1,026,353
Assigned:				
Contingencies	2,833,492	-	-	2,833,492
Capital Improvements	2,250,000	-	-	2,250,000
Building Replacement/Upgrade	500,000	-	-	500,000
Utility Undergrounding	3,799,260	-	-	3,799,260
Unassigned	636,153	-	-	636,153
Total Fund Balances	<u>\$ 10,058,159</u>	<u>\$ 70,371</u>	<u>\$ 1,031,752</u>	<u>\$ 11,160,282</u>

10. 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.

11. 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.

12. New Accounting Pronouncements

The following GASB Statements may affect the City's financial reporting requirements in the future:

GASB 87 – Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period: This Statement establishes accounting requirements for interest cost incurred before the end of a

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB 91 – Conduit Debt Obligations: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 11,746,863
Total Cash and Investments	\$ 11,746,863

Cash and Investments consist of the following:

Petty Cash	\$ 250
Deposits with Financial Institutions	729,921
Investments	11,016,692
Total Cash and Investments	\$ 11,746,863

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

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

Authorized Investment Type	Maximum Maturity	Maximum Allowable Percentage	Maximum Investment In One Issuer
Local Agency Investment Fund (LAIF)	N/A	None	N/A
U.S. Treasury Obligations	5 years	None	N/A
U.S. Agency Securities	5 years	None	None
Obligations of the State of California, any of the other 49 states, or any local agency of the State of CA	5 years	15%	5%
Repurchase Agreements	7 Days	20%	None
Time Deposits, Non-negotiable and Collateralized	N/A	None	None
Negotiable Certificates of Deposits	5	30%	None
Medium-Term Notes	N/A	30%	5%
Commercial Paper	270 days	25%	10%
Mortgage-backed securities	5 years	20%	None
Money Market Mutual Funds	N/A	20%	None

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

2) CASH AND INVESTMENTS – Continued

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 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. 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)			
		12 Months or Less	13 to 36 Months	36 to 60 Months	More than 60 Months
LAIF	\$ 2,800,607	\$ 2,800,607	\$ -	\$ -	\$ -
Medium-term notes	1,329,392	15,234	1,005,313	308,845	-
Registered Treasury Notes or bonds of any other 49 states	6,886,693	529,012	3,591,514	2,456,724	309,443
Total	\$ 11,016,692	\$ 3,344,853	\$ 4,596,827	\$ 2,765,569	\$ 309,443

Disclosures Relating to Credit Risk

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

Investment Type	Total Investment	Minimum Rating	Actual Rating				Not Rated
			AAA	AA+ to AA-	A+ to A-	BBB+	
LAIF	\$ 2,800,607	N/A	\$ -	\$ -	\$ -	\$ -	\$ 2,800,607
Medium-term notes	1,329,392	A	-	290,607	819,796	218,989	-
Registered Treasury Notes or bonds of any other 49 states	6,886,693	N/A	423,987	5,266,740	1,154,918	-	41,048
Total	\$ 11,016,692		\$ 423,987	\$ 5,557,347	\$ 1,974,714	\$ 218,989	\$ 2,841,655

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:

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

2) CASH AND INVESTMENTS – Continued

The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2021, no deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on 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, 2021:

Investment Type	Total	Level		
		1	2	3
Medium-term notes	\$ 1,329,392	\$ -	\$ 1,329,392	\$ -
Registered Treasury Notes or bonds of any other 49 states	6,886,693	-	6,886,693	-
Total	<u>\$ 8,216,085</u>	<u>\$ -</u>	<u>\$ 8,216,085</u>	<u>\$ -</u>

The City's investment in LAIF is not subject to the fair value hierarchy.

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

a. Due To/From Other Funds

As of June 30, 2021, the \$35,492 due from the Measure R Special Revenue Fund to the General Fund was the result of temporary borrowings for project costs. The \$82,953 due to the General Fund from nonmajor governmental funds was the result of temporary cash deficits in the nonmajor funds. These amounts will be repaid when future revenues are recognized.

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

b. Transfers In/Out

The nonmajor governmental funds transferred \$252,674 to the General Fund as follows: \$146,069 from the COPS Fund to pay for deputy expenses, \$23,652 from the Gas Tax Fund to pay for school crossing guard expenses, and \$82,953 from the Measure W Fund to cover allowable expenditures.

4) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 is as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 2,012,764	\$ -	\$ -	\$ 2,012,764
Construction in Progress	18,620	32,397	(5,750)	45,267
Total Capital Assets, Not Depreciated:	<u>2,031,384</u>	<u>32,397</u>	<u>(5,750)</u>	<u>2,058,031</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	331,360	-	-	331,360
Furniture, fixtures, and equipment	833,986	17,795	-	851,781
Infrastructure	1,205,559	-	-	1,205,559
Total Capital Assets, Depreciated:	<u>2,370,905</u>	<u>17,795</u>	<u>-</u>	<u>2,388,700</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(194,007)	(5,935)	-	(199,942)
Furniture, fixtures, and equipment	(425,818)	(78,119)	-	(503,937)
Infrastructure	(738,689)	(60,278)	-	(798,967)
Total Accumulated Depreciation	<u>(1,358,514)</u>	<u>(144,332)</u>	<u>-</u>	<u>(1,502,846)</u>
Net Capital Assets, Depreciated	<u>1,012,391</u>	<u>(126,537)</u>	<u>-</u>	<u>885,854</u>
Total Capital Assets, Net	<u>\$ 3,043,775</u>	<u>\$ (94,140)</u>	<u>\$ (5,750)</u>	<u>\$ 2,943,885</u>

Depreciation expense of \$144,332 was charged to the General Government function.

5) LONG TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2021 were as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences	\$ 39,128	\$ 38,249	\$ 19,649	\$ 57,728	\$ 57,728
Net Pension Liability	504,959	-	501,450	3,509	-
Total OPEB Liability	<u>566,945</u>	<u>-</u>	<u>5,748</u>	<u>561,197</u>	<u>-</u>
Total Governmental Activities	<u>\$ 1,111,032</u>	<u>\$ 38,249</u>	<u>\$ 526,847</u>	<u>\$ 622,434</u>	<u>\$ 57,728</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.

**City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021**

6) CITY EMPLOYEE RETIREMENT PLAN

General Information about the Defined Benefit 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 (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.

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2019 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2019 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications. The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	Miscellaneous PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2%	2%
Required employee contribution rates	7%	6.75%
Required employer contribution rates	8.794% + \$35,176	7.732% + \$505

Contributions – Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$35,681 in fiscal year 2021. The City's contributions to the Plan for the year ended June 30, 2021 were \$33,496.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the City reported a liability of \$3,509 for its proportionate share of the net pension liability.

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

6) CITY EMPLOYEE RETIREMENT PLAN – Continued

The City's net pension liability for the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability as of June 30, 2019 and 2020 was as follows:

Proportion - June 30, 2019	0.00493%
Proportion - June 30, 2020	0.00003%
Change - Increase (Decrease)	-0.00490%

For the year ended June 30, 2021, the City recognized pension expense of \$109,611. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 33,496	\$ -
Differences between actual and expected experience	181	-
Changes in assumptions	-	25
Change in employer's proportion	-	322,232
Differences between the employer's contributions and the employer's proportionate share of contributions	317,138	-
Net differences between projected and actual earnings on plan investments	104	-
Total	\$ 350,919	\$ 322,257

The \$33,496 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	
2022	\$ (5,245)
2023	(1,899)
2024	2,260
2025	50
2026	-
Thereafter	-

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

6) CITY EMPLOYEE RETIREMENT PLAN – Continued

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

(1) Depends on entry age, service and type of employment

(2) Derived using CalPERS' Membership Data for all Funds.

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	-	-0.92%

(1) An expected inflation of 2.0% used for this period.

(2) An expected inflation of 2.92% used for this period.

**City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021**

6) CITY EMPLOYEE RETIREMENT PLAN – Continued

Discount Rate – The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the 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-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$359,281
Current Discount Rat	7.15%
Net Pension Liability	\$3,509
1% Increase	8.15%
Net Pension Liability	(\$290,454)

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan – At June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

7) OTHER 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. The City provides the same medical plans to retirees and surviving spouses as to its active employees, with the exception that once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer.

Benefits Provided – The City offers the same plans to its retirees as to its active employees, with the general exception that upon reaching age 65 and becoming eligible for Medicare, the retiree must join one of the Medicare Supplement coverages offered under PEMHCA.

Employees become eligible to retire and receive City-paid healthcare benefits upon attainment of age 50 and 20 years of covered PERS service (Resolution No. 899). The City’s contribution on behalf of retirees is the same as for active employees - 100% of the medical, dental and vision premiums for the retiree only. Benefits continue for the lifetime of the retiree. The City pays a 0.23% (0.27% in 2021) of premium administrative fee on behalf of employees and retirees.

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

7) OTHER POST EMPLOYMENT BENEFITS – Continued

Employees Covered by Benefit Terms – As of the July 1, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Retirees or spouses of retirees currently receiving benefits	2
Active employees	3
Total	5

Contributions – The City currently finances benefits on a pay-as-you-go basis. 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 assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Total OPEB Liability – The City's Net OPEB Liability was measured as of June 30, 2021 and the Total OPEB Liability was determined by an actuarial valuation as of July 1, 2020. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions: The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age, Level Percent of Pay
Mortality	Preretirement and postretirement rates from 2017 CalPERS Experience Study
Health Care Trend Rate	5.80% for 2021 and 2022, 5.40% for 2023, 5.2% for 2024-2069, 4% for 2070 and later years; 3.50% for Medicare
Inflation Rate	2.75%
Salary Changes	3.00%
Discount Rate	1.92% - Fidelity GO AA – 20-year Municipal Index

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020. The discount rate used to measure the total OPEB liability was 1.92 percent and is based on the Fidelity GO AA – 20-year Municipal index.

Schedule of Changes in Total OPEB Liability

	Total OPEB Liability (TOL)
Balance at June 30, 2020	\$ 566,945
Changes in the year:	
Service cost	14,991
Interest on the total OPEB liability	12,531
Differences between expected and actual experience	9,243
Assumption Changes	(30,102)
Benefit payments, including refunds	(12,411)
Net changes	(5,748)
Balance at June 30, 2021	\$ 561,197

**City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021**

7) OTHER POST EMPLOYMENT BENEFITS – Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the Total OPEB liability, as well as what the Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (.92 percent) or 1-percentage-point higher (2.92 percent) than the current discount rate:

	1% Decrease (.92%)	Discount Rate (1.92%)	1% Increase (2.92%)
Total OPEB liability (asset)	\$ 658,167	\$ 561,197	\$ 483,140

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates - The following presents the Total OPEB liability, as well as what the Total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.80 percent decreasing to 4.80 percent) or 1-percentage-point higher (5.80 percent increasing to 6.80 percent) than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Trend	1% Increase
Total OPEB liability (asset)	\$ 472,248	\$ 561,197	\$ 674,642

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$37,064. At June 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,058	\$ -
Changes of Assumptions	44,365	-
Total	\$ 52,423	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as OPEB expense as follows:

Year Ending June 30,		
2022	\$	9,542
2023		9,542
2024		9,542
2025		9,542
2026		9,542
Thereafter		4,713

8) LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

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

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

8) LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE – Continued

Authority is composed of 123 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.

Primary 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 primary 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.

Primary 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 \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website

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 \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

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 \$1,415,765. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

City of Hidden Hills
Notes to Financial Statements
Year Ended June 30, 2021

8) LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE – Continued

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.

Workers' Compensation Insurance

The City participates in the State Compensation Insurance Fund for workers' compensation coverage, which includes an employer's liability limit of \$1 million per occurrence.

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 2020-21.

9) COMMITMENTS AND CONTINGENCIES

The City has received grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

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

REQUIRED SUPPLEMENTARY INFORMATION

**City of Hidden Hills
Required Supplementary Information
Year Ended June 30, 2021**

**Schedule of Changes in Total OPEB Liability
And Related Ratios – Last Ten Fiscal Years***

	Measurement Period			
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 14,991	\$ 18,107	\$ 15,927	\$ 15,463
Interest on total OPEB liability	12,531	15,515	15,242	14,595
Changes in assumptions	9,243	61,899	37,620	-
Changes in benefits	(30,102)	-	-	-
Benefit payments, including refunds	(12,411)	(12,247)	(12,214)	(12,146)
Net change in total OPEB liability	(5,748)	83,274	56,575	17,912
Total OPEB liability - beginning	566,945	483,671	427,096	409,184
Total OPEB liability - ending	<u>\$ 561,197</u>	<u>\$ 566,945</u>	<u>\$ 483,671</u>	<u>\$ 427,096</u>
Covered-employee payroll	\$ 389,076	\$ 347,119	\$ 307,398	\$ 275,032
Total OPEB liability as a percentage of covered-employee payroll	144.24%	163.33%	157.34%	155.29%

*Fiscal year 2018 was the first year of implementation; therefore, not all 10 years of information are available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits.

Benefit Changes: None

Changes in Assumptions:

The Discount Rate changed from 2.45% to 1.92% for the June 30, 2021 Measurement Period.

The Inflation Rate change from 3% to 2.75% for the June 30, 2021 Measurement Period.

**City of Hidden Hills
Required Supplementary Information
Year Ended June 30, 2021**

**Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Years***

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2020	0.00003%	\$ 3,509	\$ 347,119	1.01%	99.87%
2019	0.00493%	504,959	305,062	165.53%	80.58%
2018	0.00501%	446,855	282,643	158.10%	82.51%
2017	0.00466%	461,797	341,869	135.08%	79.28%
2016	0.00441%	381,632	309,201	123.43%	74.06%
2015	0.00377%	258,790	282,947	91.46%	78.40%
2014	0.00478%	297,606	263,690	112.86%	79.82%

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: The discount rate for the 6/30/14 Valuation was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense. None for 6/30/15 Valuation. In 2017, the accounting discount rate changed from 7.65% to 7.15%.

*Fiscal year 2015 was the first year of implementation; therefore, not all 10 years of information are available.

**City of Hidden Hills
Required Supplementary Information
Year Ended June 30, 2021**

**Schedule of Plan Contributions
Last 10 Years***

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 33,496	\$ (33,496)	\$ -	\$ 389,076	8.61%
2020	56,231	(593,362)	(537,131)	347,119	16.20%
2019	39,140	(39,140)	-	305,062	12.83%
2018	34,791	(34,791)	-	282,643	12.31%
2017	46,325	(46,325)	-	341,869	13.55%
2016	19,898	(19,898)	-	309,201	6.44%
2015	39,178	(39,178)	-	282,947	13.85%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013, 6/30/2014, 6/30/2015, 6/30/2016, 6/30/2017, 6/30/2018 and 6/30/2019

*Fiscal year 2015 was the first year of implementation; therefore, not all 10 years of information are available.

City of Hidden Hills
Budgetary Comparison Schedule By Department
Budget and Actual - General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,174,940	\$ 2,174,940	\$ 2,473,475	\$ 298,535
Licenses and Permits	600,000	600,000	632,593	32,593
Intergovernmental	161,000	161,000	312,079	151,079
Charges for Services	64,560	64,560	56,663	(7,897)
Investment Income	255,000	255,000	214,935	(40,065)
Miscellaneous	35,000	35,000	5,840	(29,160)
Total Revenues	<u>3,290,500</u>	<u>3,290,500</u>	<u>3,695,585</u>	<u>405,085</u>
EXPENDITURES:				
Current:				
General Government	1,526,806	1,526,806	1,386,356	140,450
Public Safety	844,437	844,437	678,289	166,148
Public Works	858,122	858,122	895,452	(37,330)
Capital Outlay	200,000	200,000	1,021,129	(821,129)
Total Expenditures	<u>3,429,365</u>	<u>3,429,365</u>	<u>3,981,226</u>	<u>(551,861)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(138,865)</u>	<u>(138,865)</u>	<u>(285,641)</u>	<u>(146,776)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	253,108	253,108	252,674	(434)
Transfers Out	(112,500)	(112,500)	-	112,500
Total Other Financing Sources (Uses)	<u>140,608</u>	<u>140,608</u>	<u>252,674</u>	<u>112,066</u>
Net Change in Fund Balance	1,743	1,743	(32,967)	(34,710)
Fund Balance, Beginning of Year	<u>10,091,126</u>	<u>10,091,126</u>	<u>10,091,126</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 10,092,869</u>	<u>\$ 10,092,869</u>	<u>\$ 10,058,159</u>	<u>\$ (34,710)</u>

City of Hidden Hills
Budgetary Comparison Schedule By Department
Budget and Actual - Measure R Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,162,220	\$ 2,162,220	\$ 148,972	\$ (2,013,248)
Investment Income	-	-	1,275	1,275
Total Revenues	<u>2,162,220</u>	<u>2,162,220</u>	<u>150,247</u>	<u>(2,011,973)</u>
EXPENDITURES:				
Current:				
Public Works	-	-	-	-
Capital Outlay	2,302,000	2,302,000	79,728	2,222,272
Total Expenditures	<u>2,302,000</u>	<u>2,302,000</u>	<u>79,728</u>	<u>2,222,272</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(139,780)</u>	<u>(139,780)</u>	<u>70,519</u>	<u>210,299</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	112,500	112,500	-	(112,500)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>112,500</u>	<u>112,500</u>	<u>-</u>	<u>(112,500)</u>
Net Change in Fund Balance	(27,280)	(27,280)	70,519	97,799
Fund Balance, Beginning of Year	<u>(148)</u>	<u>(148)</u>	<u>(148)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (27,428)</u>	<u>\$ (27,428)</u>	<u>\$ 70,371</u>	<u>\$ 97,799</u>

City of Hidden Hills
Notes to Required Supplementary Information
Year Ended June 30, 2021

BUDGETS AND BUDGETARY 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 City Council. Supplemental appropriations, when required during the period, are also approved by the City 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).

Excess of expenditures over appropriations

For the year ended June 30, 2021, expenditures exceeded appropriations in the General Fund. These over expenditures were funded by greater than anticipated revenues in that fund.

SUPPLEMENTARY INFORMATION

**City of Hidden Hills
Nonmajor Governmental Funds
Year Ended June 30, 2021**

SPECIAL REVENUE FUNDS

State Gas Tax – Gas Tax Fund consist of both Highway User Tax Account (HUTA) apportionments and the new SB1/RMRA funds restricted for use of the same purpose. The Gasoline Tax (Motor Vehicle Fuel License Tax) is allocated to cities based on population. The use of revenue is restricted to the construction, improvement and maintenance of public streets.

Traffic Safety – To account for fines and forfeitures received as a result of arrests for vehicle code violations. Funds can be used for traffic control devices maintenance of equipment and supplies for traffic law enforcement and traffic accident prevention, improvement or construction of public streets, and the compensation of school crossing guards.

Curb Side Recycling – The purpose of this fund is to address issues related to sources reduction of waste material, recycling and composting, and environmental safe transformation and land disposal of solid waste.

Proposition A - To account for the revenues and expenditures of the City's proportionate share of funds from the Metropolitan Transportation Authority funded by the ½ cent sales tax measure to be used exclusively to benefit public transit (such as fixed route and paratransit services and transportation demand management).

Air Quality Improvement (AB2766/AQMD) - This fund can be used to purchase or lease hybrid and CNG vehicles including purchase of fuel and maintenance associated with the use of these vehicles. 30 percent of the funds collected from the Department of Motor Vehicle registration fees is provided to the Air Quality Management District (AQMD) for vehicle emission reduction programs.

COPS AB 3229 – AB 3229 established the Citizen's Options for Public Safety (COPS) program and allocated state funds, based on population, to supplement the needs of local law enforcement. This fund is to be used for front line policing services.

Proposition C - To account for the revenues and expenditures of the City's proportionate share of funds from the Los Angeles County Metropolitan Transportation Authority funded by the ½ cent sales tax measure to be used for eligible project expenditures (such as management programs, bikeways and bike lanes, and pavement management systems).

TDA –This fund can be used to fund activities relating to pedestrian and bicycle facilities. TDA Article 3 local funds are allocated to local agencies on a per-capita basis.

STPL Local Fund - To account for the revenues and expenditures for local non-arterial street improvement projects.

Measure W - To account for revenues from the County-wide parcel tax that provides local, dedicated funding for rainwater and urban runoff management to increase the region's local water supply, improve water quality, and protect public health.

Measure M - To account for the "half-cent" local return revenues from the County-wide sales tax administered by Metro. These funds are to be used to pave local streets, potholes, and traffic signals.

**City of Hidden Hills
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2021**

	Special Revenue				
	State Gas Tax	Traffic Safety	Curb Side Recycling	Proposition A	Air Quality Improvement
ASSETS					
Cash and Investments	\$ 529,555	\$ 27,888	\$ 54,354	\$ 90,178	\$ 5,321
Receivables:					
Accounts	-	1,949	-	-	620
Due from Other Funds	-	-	-	-	-
Total Assets	\$ 529,555	\$ 29,837	\$ 54,354	\$ 90,178	\$ 5,941
LIABILITIES					
Accounts Payable	\$ 2,106	\$ 4,300	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Total Liabilities	2,106	4,300	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	527,449	25,537	54,354	90,178	5,941
Unassigned	-	-	-	-	-
Total Fund Balances	527,449	25,537	54,354	90,178	5,941
Total Liabilities, Deferred Inflows and Fund Balances	\$ 529,555	\$ 29,837	\$ 54,354	\$ 90,178	\$ 5,941

Special Revenue

COPS AB3229	Proposition C	TDA	STPL	Measure W	Measure M	Total Nonmajor Governmental Funds
\$ 60,377	\$ 204,295	\$ -	\$ -	\$ -	\$ 74,786	\$ 1,046,754
-	-	-	-	82,953	-	85,522
-	-	-	-	-	-	-
<u>\$ 60,377</u>	<u>\$ 204,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,953</u>	<u>\$ 74,786</u>	<u>\$ 1,132,276</u>
\$ 10,144	\$ 1,021	\$ -	\$ -	\$ -	\$ -	\$ 17,571
-	-	-	-	82,953	-	82,953
<u>10,144</u>	<u>1,021</u>	<u>-</u>	<u>-</u>	<u>82,953</u>	<u>-</u>	<u>100,524</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
50,233	203,274	-	-	-	74,786	1,031,752
-	-	-	-	-	-	-
<u>50,233</u>	<u>203,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,786</u>	<u>1,031,752</u>
<u>\$ 60,377</u>	<u>\$ 204,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,953</u>	<u>\$ 74,786</u>	<u>\$ 1,132,276</u>

City of Hidden Hills
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2021

	Special Revenue				
	State Gas Tax	Traffic Safety	Curb Side Recycling	Proposition A	Air Quality Improvement
REVENUES					
Intergovernmental	\$ 79,297	\$ 8,760	\$ 5,000	\$ 37,926	\$ 2,439
Investment Income	7,460	-	-	1,445	81
Total Revenues	<u>86,757</u>	<u>8,760</u>	<u>5,000</u>	<u>39,371</u>	<u>2,520</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Works	16,800	9,279	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>16,800</u>	<u>9,279</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>69,957</u>	<u>(519)</u>	<u>5,000</u>	<u>39,371</u>	<u>2,520</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	<u>(23,652)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(23,652)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	46,305	(519)	5,000	39,371	2,520
Fund Balances, Beginning	<u>481,144</u>	<u>26,056</u>	<u>49,354</u>	<u>50,807</u>	<u>3,421</u>
Fund Balances, End of Year	<u>\$ 527,449</u>	<u>\$ 25,537</u>	<u>\$ 54,354</u>	<u>\$ 90,178</u>	<u>\$ 5,941</u>

Special Revenue

Special Revenue						Total Nonmajor Governmental Funds
COPS AB3229	Proposition C	TDA	STPL	Measure W	Measure M	
\$ 156,726	\$ 31,459	\$ -	\$ -	\$ 82,953	\$ 26,770	\$ 431,330
-	4,094	-	-	-	1,241	14,321
<u>156,726</u>	<u>35,553</u>	<u>-</u>	<u>-</u>	<u>82,953</u>	<u>28,011</u>	<u>445,651</u>
-	-	-	-	-	-	-
-	28,923	-	-	-	-	55,002
-	-	-	-	-	-	-
<u>-</u>	<u>28,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,002</u>
<u>156,726</u>	<u>6,630</u>	<u>-</u>	<u>-</u>	<u>82,953</u>	<u>28,011</u>	<u>390,649</u>
-	-	-	-	-	-	-
<u>(146,069)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,953)</u>	<u>-</u>	<u>(252,674)</u>
<u>(146,069)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,953)</u>	<u>-</u>	<u>(252,674)</u>
10,657	6,630	-	-	-	28,011	137,975
39,576	196,644	-	-	-	46,775	893,777
<u>\$ 50,233</u>	<u>\$ 203,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,786</u>	<u>\$ 1,031,752</u>