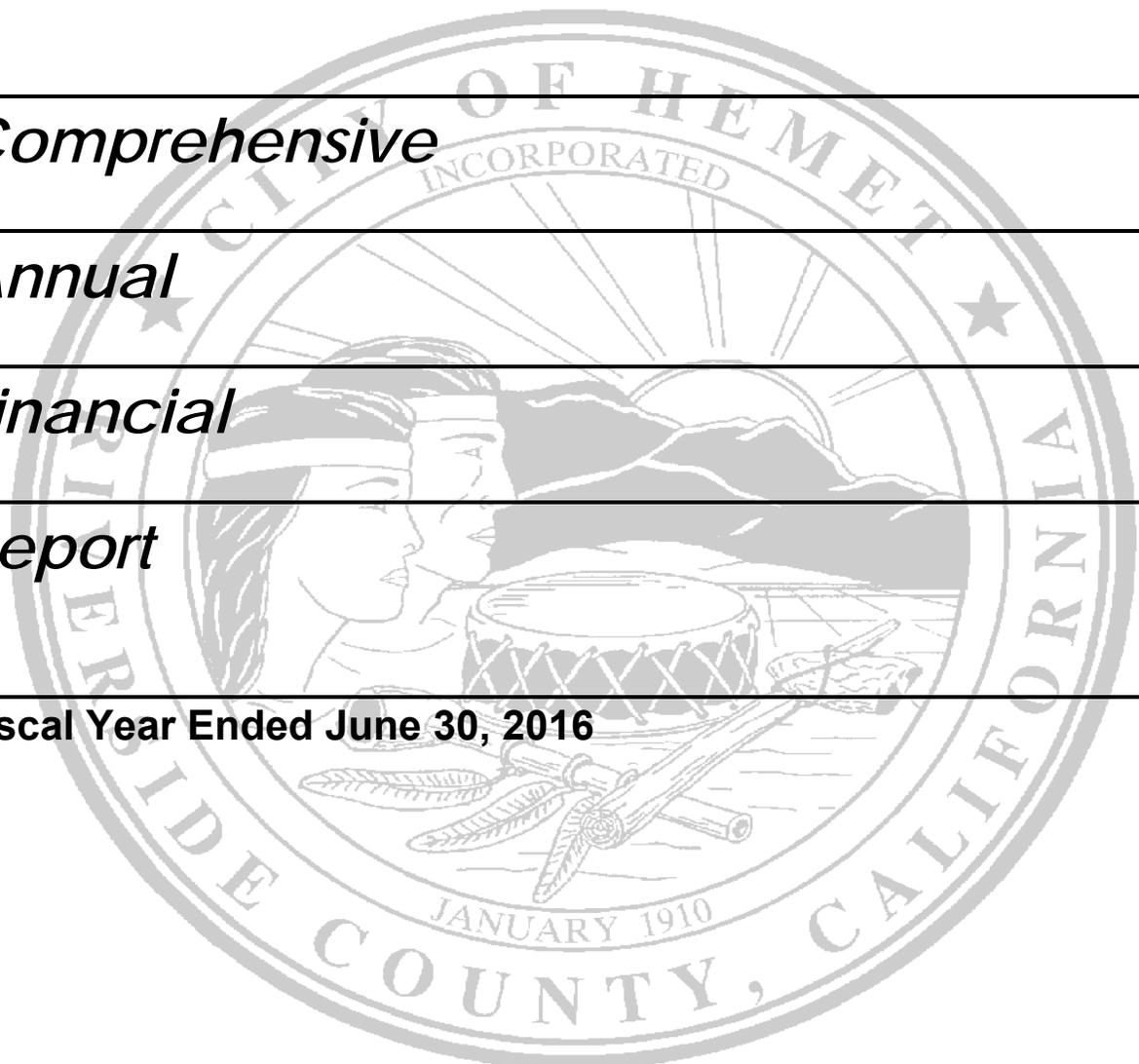

Comprehensive

Annual

Financial

Report

Fiscal Year Ended June 30, 2016



H *City of*
emet
California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
June 30, 2016**

**CITY OF HEMET
CALIFORNIA**



Bonnie Wright – Mayor

Paul Raver – Vice Mayor

Linda Krupa – Council Member

Shellie Milne – Council Member

Robert Youssef – Council Member

Prepared by the City of Hemet Finance Department

City of Hemet
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Hemet

February 28, 2017

To the Members of the City Council and Citizens of the City of Hemet

It is the policy of the City of Hemet to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Hemet for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets for loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by The Pun Group, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2016 was fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls and legal requirement involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the City of Hemet, California

The City of Hemet, incorporated in 1910, is located at the foot of the San Jacinto Mountains in the western region of Riverside County. The City currently occupies a land area of approximately 30 square miles and serves an estimated population of 83,000 residents. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Hemet has operated under the council-manager form of government since 1984. Policymaking and legislative authority are vested in a City Council consisting of the Mayor and four council members elected at-large. Beginning with the election in November 2016, council members will be elected by council districts. The City Council is responsible for, among other things, passing ordinances, adopting the annual budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and for appointing the heads of various departments. Council members are elected on a non-partisan basis and serve four-year staggered terms, with two or three council members elected every two years. The Mayor is selected in December by the City Council to serve a one-year term.

The City of Hemet provides a full range of services which include general government, public safety (police and fire protection), economic development, library services, water service, and the construction and maintenance of highways, streets, and other infrastructure. In addition to general City activities, the Council is financially accountable for the Hemet Housing Authority (additionally information on this legally separate agency can be found on Note 1 in the notes to the financial statements) and the Successor Agency to the former Hemet Redevelopment Agency (RDA).

The annual budget serves as the foundation for the City's financial planning and control. The Administrative Services Department, under the direction of the Deputy City Manager/Administrative Services, is responsible for compiling the estimated revenues and appropriations for the City Manager. Prior to the beginning of the new fiscal year, the City Council adopts the annual operating budget at a public budget workshop.

The development of the City of Hemet's annual operating budget begins with the submission of appropriation requests by all departments in March. These requests are the starting point for developing a proposed budget. The City Manager reviews the budget requests with the departments and the finance division in order to compile recommendations. The City Manager then presents these recommendations in the form of a proposed budget to the entire council for review prior to the final City Council meeting in June. The Council is required to hold public meetings on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may approve transfers of appropriations within

a fund. Transfers of appropriations between funds, however, require the approval of the City Council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

Economic Condition and Outlook

The City of Hemet is located in the Inland Empire (Metropolitan Statistical Area – “MSA”), which consists of Riverside and San Bernardino Counties. Unemployment in the MSA is currently at 8.7%, (preliminary, as of October 2016), down 0.3% for the same period the previous year, and there have been modest improvements in the real estate and home building sectors. The Inland Empire MSA is projected to grow in future years as land values continue to remain well below those in Los Angeles, Orange and San Diego Counties. The City of Hemet’s fiscal condition at the end of fiscal year 2015-2016 reflected the continued recovery in the national and state economies.

General Fund revenues for fiscal year 2015-2016 were approximately \$2.6 million higher than the previous fiscal year. This was mainly due to a slight increase in Sales Tax and Charges for Services.

- Sales tax, the largest single revenue source in the General Fund, increased by approximately 6%, from \$11 million in fiscal year 2014-2015 to just under \$11.7 million in fiscal year 2015-2016 (an increase of \$691,969).
- Development fees decreased by approximately 7% in fiscal year 2015-2016 to just under \$2.3 million. Although there was a decrease, there are several projects going through approval process for development in the near future.
- Property taxes increased by \$500,000 in fiscal year 2015-2016. This increase was a result of the continued stabilization of the housing market. The City anticipates on-going property tax distributions of approximately \$450,000 annually from tax increment revenues no longer diverted to the Hemet Redevelopment Agency.

Long-term Financial Planning

The City of Hemet continues to take steps to improve its financial stability and to eliminate the ongoing structural deficit. In addition to pension reform and contribution limitations for employee health care, the City Council has eliminated the highest-costing medical plans in order to stabilize the cost of retiree medical benefits and reviews user fees annually in order to achieve maximum cost recover for those services.

As of June 30, 2016, the total General Fund ending balance, spendable and non-spendable, was \$15.3 million. This is a decrease of over \$1.6 million from fiscal year 2014-2015, largely due to the structural deficit adopted in the annual budget.

In fiscal year 2014-2015 the City of Hemet performed a water and sewer rate study which was adopted on September 22, 2015, and went into effect October 1, 2015. The new rates, which represent the first increases since 2008 and 2006, respectively, incorporate operating cost increases and capital improvement needs. Additionally, the water rates are separated into drought and non-drought consumption rates in order to encourage compliance with state-mandated conservation requirements. The second rate increase as a result of the adopted rate study went into effect March 1, 2016.

Awards and Acknowledgements

The City of Hemet is regularly recognized for excellence in financial reporting. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hemet for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. In order to receive this prestigious award, a governmental unit must publish and easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must also satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year. We believe our current Comprehensive Annual Financial Report conforms to the GFOA Certificate of Achievement Program; however, due to the timing of the completion of the CAFR the City of Hemet will not be submitting it for review and consideration.

The preparation of the City's Comprehensive Annual Financial Report is an undertaking of the Finance Division. The report was made possible by the dedicated service of the entire staff and the City's independent auditor.

Credit also must be given to the Mayor, City Council and City Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Hemet's finances.

Respectfully Submitted,


Alexander P. Meyerhoff
City Manager


Jessica A. Hurst
Deputy City Manager/Administrative Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

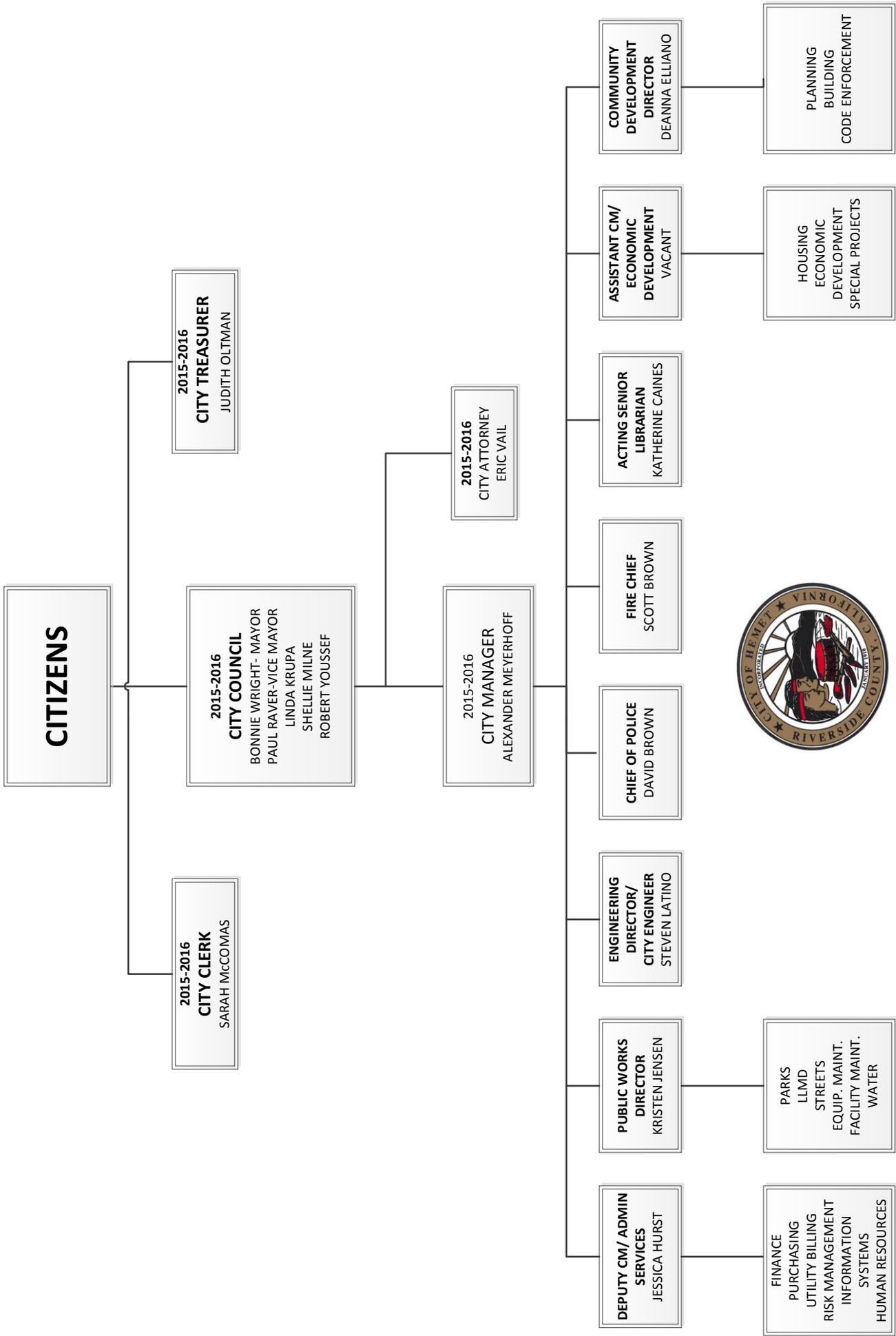
Presented to

**City of Hemet
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



**City of Hemet
Organizational Chart
2015-2016**

PRINCIPAL OFFICIALS OF THE CITY OF HEMET, CALIFORNIA

June 30, 2016

Elected and Administrative Officials

City Council

Bonnie Wright
Paul Raver
Linda Krupa
Shellie Milne
Robert Youssef

Mayor
Vice Mayor
Councilmember
Councilmember
Councilmember

Other Elected Officials

Judith Oltman

City Treasurer

Administrative Officials

Alexander Meyerhoff
Eric Vail
Jessica Hurst

Deanna Elliano

David Brown
Kristen Jensen
Scott Brown
Steven Latino

Katherine Caines

City Manager
City Attorney
Deputy City Manager/Admin
Services Director
Community Development
Director
Police Chief
Public Works Director
Fire Chief
Engineering Director/ City
Engineer
Acting Senior Librarian

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Hemet
Hemet, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hemet, California (the "City"), as of and for the year ended June 30, 2016, 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 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Net Pension Liability

As discussed in Note 13 to the basic financial statements, as of June 30, 2016, the City's governmental activities had an unrestricted net position (deficit) of \$(52,489,994). This is mainly due to reporting of net pension liability of \$(63,368,779) as required under GASB Statement No. 68 (Note 9). Our opinion is not modified with respect to this matter. As further discussed in Note 16, CalPERS approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent to 7.00 percent, over the next three years. This will increase the City's employer contribution costs and net pension liabilities beginning in fiscal year 2018-19.

General Fund Structural Deficit

As discussed in Note 15 to the basic financial statement, the General Fund had a structural deficit in the amount of \$(1,705,487). Management's plans regarding these matters are also described in the Management's Discussion and Analysis. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule-General Fund, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions, and the Schedules of Funding Progress-Other Postemployment Benefits on pages 5 to 15 and 91 to 97, 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.

To the Honorable Mayor and Members of the City Council
of the City of Hemet
Hemet, California
Page 3

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements, the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, and the Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual 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 Combining and Individual Nonmajor Fund Financial Statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

The PwC Group, LLP

Santa Ana, California
February 23, 2017

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CITY OF HEMET Management's Discussion and Analysis

The following discussion and analysis of the financial performance of the City of Hemet provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Significant Change in Financial Reporting

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. This statement was issued to improve the financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. Statement No. 68 is effective for periods beginning after June 15, 2014. The City has implemented GASB No. 68 which is reflected on the City's financial statements and beginning net position.

GASB Statement No. 72 was implemented in the current fiscal year. This statement defines fair value of investments, establishes a framework for measuring fair value, and establishes disclosures about fair value measurement.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of five parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, a *supplementary section* that presents *combining statements* for non-major governmental funds and internal service funds, and a *statistical section*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates like businesses, such as the water system.
 - *Fiduciary fund* statements provide information about the fiduciary relationships – like the agency funds of the City – in which the City acts solely as *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

CITY OF HEMET Management's Discussion and Analysis

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provides additional financial and budgetary information.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of the City's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary assets and liabilities • Statement of changes in fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

CITY OF HEMET Management's Discussion and Analysis

Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and its changes. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial health, or *financial position*. Over time, *increases* and *decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here. Sales taxes, property taxes, state subventions, and other revenues finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of the services accounted for these funds.

Reporting the City's Most Significant Funds

The **fund financial statements** provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money (like grants received). The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities.

CITY OF HEMET
Management's Discussion and Analysis

Reporting the City's Fiduciary Responsibilities

The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *statement of net position* follows:

	Table 1 Net Position (in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 75.7	\$ 73.1	\$ 12.7	\$ 9.6	\$ 88.4	\$ 82.7
Capital assets	<u>321.1</u>	<u>324.3</u>	<u>3.5</u>	<u>3.7</u>	<u>324.6</u>	<u>328.0</u>
Total assets	\$ 396.8	\$ 397.4	\$ 16.2	\$ 13.3	\$ 413.0	\$ 410.7
Deferred outflows of resources:						
Pension related items	<u>\$ 14.9</u>	<u>\$ 6.2</u>	<u>\$ 0.9</u>	<u>\$ 0.4</u>	<u>\$ 15.8</u>	<u>\$ 6.6</u>
Total deferred outflows of resources	\$ 14.9	\$ 6.2	\$ 0.9	\$ 0.4	\$ 15.8	\$ 6.6
Long-term liabilities outstanding	\$ 79.4	\$ 72.0	\$ 4.2	\$ 3.5	\$ 83.6	\$ 75.5
Other liabilities	<u>9.1</u>	<u>10.8</u>	<u>2.4</u>	<u>2.2</u>	<u>11.5</u>	<u>13.0</u>
Total liabilities	\$ 88.5	\$ 82.8	\$ 6.6	\$ 5.7	\$ 95.1	\$ 88.5
Deferred inflows of resources:						
Pension related items	<u>\$ 11.5</u>	<u>\$ 11.3</u>	<u>\$ 0.8</u>	<u>\$ 0.7</u>	<u>\$ 12.3</u>	<u>\$ 12.0</u>
Total deferred inflows of resources	\$ 11.5	\$ 11.3	\$ 0.8	\$ 0.7	\$ 12.3	\$ 12.0
Net Position:						
Net Investment in Capital Assets	\$ 321.1	\$ 324.3	\$ 3.5	\$ 3.7	\$ 324.6	\$ 328.0
Restricted	43.1	39.0	-	-	43.1	39.0
Unrestricted	<u>(52.5)</u>	<u>(53.7)</u>	<u>6.3</u>	<u>3.6</u>	<u>(46.2)</u>	<u>(50.1)</u>
Total net position	<u><u>\$ 311.7</u></u>	<u><u>\$ 309.6</u></u>	<u><u>\$ 9.8</u></u>	<u><u>\$ 7.3</u></u>	<u><u>\$ 321.5</u></u>	<u><u>\$ 316.9</u></u>

CITY OF HEMET
Management's Discussion and Analysis

A summary of the government-wide *statement of activities* follows:

Table 2
Changes in Net Position
(in millions)

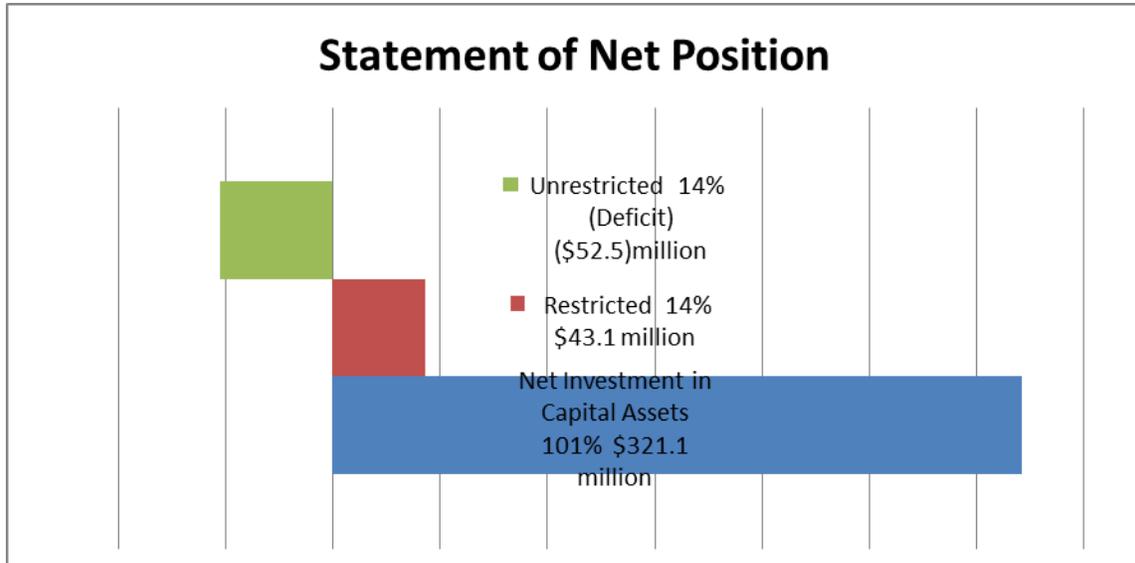
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program revenues:						
Charges for services	\$ 10.6	\$ 10.0	\$ 10.3	\$ 7.1	\$ 20.9	\$ 17.1
Operating grants/contributions	3.7	2.7	-	-	3.7	2.7
Capital grants/contributions	9.8	7.2	-	-	9.8	7.2
General revenues:						
Property taxes	6.2	5.7	-	-	6.2	5.7
Other taxes	23.9	22.8	-	-	23.9	22.8
Other general revenues	2.2	1.2	0.2	0.1	2.4	1.3
Total revenues	<u>56.6</u>	<u>49.6</u>	<u>10.3</u>	<u>7.2</u>	<u>66.9</u>	<u>56.8</u>
Program expenses						
General government	2.8	3.0	-	-	2.8	3.0
Public safety	29.6	28.9	-	-	29.6	28.9
Community development	4.8	5.3	-	-	4.8	5.3
Public works	12.1	12.1	-	-	12.1	12.1
Sanitation	2.1	2.2	-	-	2.1	2.2
Parks and library	3.1	2.7	-	-	3.1	2.7
Water and refuse	-	-	7.9	7.9	7.9	7.9
Total expenses	<u>54.5</u>	<u>54.2</u>	<u>7.9</u>	<u>7.9</u>	<u>62.4</u>	<u>62.1</u>
Excess (deficiency)	2.1	(4.6)	2.4	(0.7)	4.5	(5.3)
Beginning Net Position, as Restated	<u>309.6</u>	<u>314.4</u>	<u>7.3</u>	<u>8.1</u>	<u>316.9</u>	<u>322.5</u>
Ending Net Position	<u>\$ 311.7</u>	<u>\$ 309.8</u>	<u>\$ 9.7</u>	<u>\$ 7.4</u>	<u>\$ 321.4</u>	<u>\$ 317.2</u>

The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. The Net Position of the City's governmental activities increased by 3.1% (from \$309.6 million to \$311.7 million, as stated) in 2016. *Unrestricted* net position – the part of net position that can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased from a deficit of \$53.7 million in 2015 to a deficit of \$45.2 million in 2016. This increase was primarily due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 which required a restatement of previously reported net position and reclassification of certain accounts as of July 1, 2014 due to pension accounting and financial reporting changes (See Note 9 to the basic financial statements which contain additional information regarding pension plans and liability). Although the City's General Fund budget projected that ongoing expenditures would exceed annual revenues by just over \$5 million, increases in taxes received and Charges for services helped offset the projected structural deficit.

CITY OF HEMET Management's Discussion and Analysis

The City adopted the budget where Fund Balance would be used to close the gap between expenditures and revenues. The net position of the City's business-type activities increased by 36% (from \$7.4 million to \$10.1 million, as stated) in 2016. This is mainly due to increased revenues from utility rates that were raised as a result of a water rate study. The net position (financial position) of the City changed as a result of the revenue and expense fluctuations described below for the governmental and business-type activities of the City.

Total Net Position – Governmental Activities



Governmental Activities

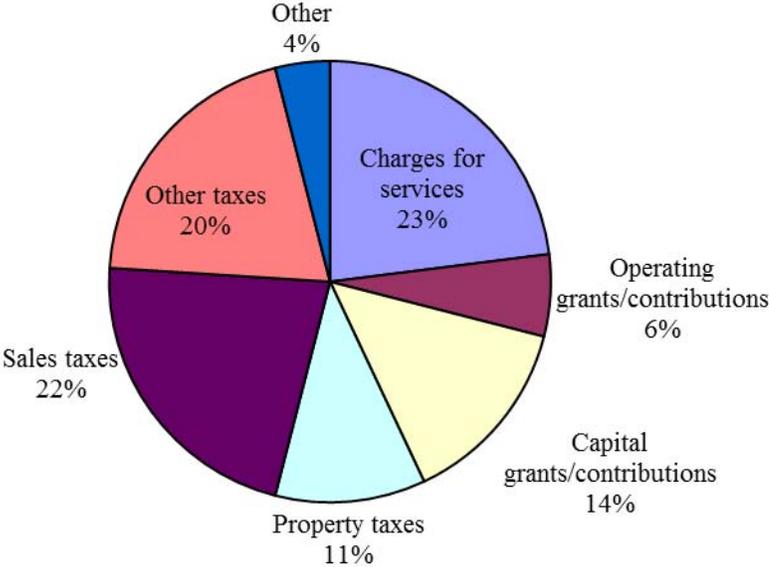
Revenues for the City's governmental activities saw an increase of \$6.7 million in 2016. Major categories contributing to revenue increases of \$6.7 million were property taxes, sales taxes and Charges for services. The cost of all *governmental* activities this year was \$54.4 million. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through property and other taxes was only \$32.5 million because some of the cost was paid by those who directly benefited from the programs (\$10.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$13.5 million).

The reasons for significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

- General revenues increased over the prior year in these categories and amounts: Transient occupancy taxes \$116,000, Property taxes \$541,300, Motor vehicle in-lieu taxes \$317,500, Franchise and other taxes \$20,362.
- Governmental activity Total Program Revenue saw an increase in revenue of \$2.8 million, of that amount Operating Grants and Contributions increased \$607,300. The City continues to pursue operating grants to reduce operating costs.
- Sales Tax revenues increased by \$594,500 due to the continued steady improvement in the local economy.

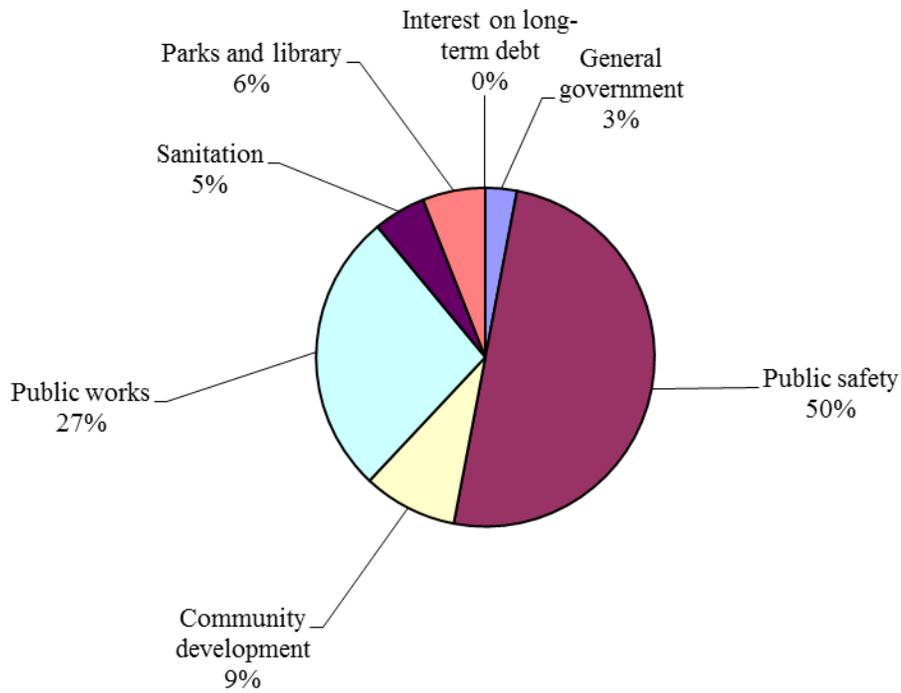
CITY OF HEMET
Management's Discussion and Analysis

Revenues by Source – Governmental Activities



**CITY OF HEMET
Management's Discussion and Analysis**

Expenses by Function – Governmental Activities



Business-Type Activities

The City's business-type activities had an increase in revenues of \$3.4 million in 2016 compared to 2015, mainly due to water rate increases as a result of both the ongoing drought and a water rate study. Prior to this study, rates had not been increased since July 2007. Recent Council review and subsequent action to update water rates improved the position of the business-type activity revenues to cover the costs of providing services and generate funds for capital improvements to utility infrastructure.

CITY OF HEMET

Management's Discussion and Analysis

MAJOR FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

Major Governmental Funds. The **General Fund** is the chief operating fund of the city. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6.0 million, while total fund balance was \$15.2 million. Fund balance decreased \$1.7 million in 2016 mainly due to an expected structural deficit in the annual budget. Fund Balance was utilized to close the gap between expenditures and revenues as originally projected in the budget.

The reasons for changes in the revenues and expenditures of the City's General Fund from the prior year are as follows:

- General Fund revenues increased \$2.6 million in 2016 from 2015. The most significant revenue increases over 2015 were Taxes with an increase of \$1.5 million and Charges for Services with an increase of \$161,191.
- General Fund expenditures increased 7% by \$2.8 million from 2015. Of this amount, Public Safety expenditures increased \$2.7 million from 2015 as a result of increased fringe benefit costs.

Major Special Revenue Fund. The City did not have any qualified Major Special Revenue Funds in the current fiscal year.

Major Enterprise Funds. Total net position of the **Water Fund** at the end of the year amounted to \$9.8 million, an increase of 25% from 2015 due to recent water rate increases.

GENERAL FUND BUDGET

The economy continues its recovery. The City continues to see increases in sales tax and property tax revenue since the Great Recession. Major deviations between the final budget of the General Fund and its actual operating results were as follows:

- Tax revenues were budgeted to increase 3% in 2016 and exceeded budget projections. This was primarily due to an increase in Property Tax of \$482,889.
- State Motor Vehicle in Lieu Tax exceeded budgeted revenues by \$415,291 in the current fiscal year. This was mainly due to the true up payments of the Triple Flip wind down.
- General Fund expenditures came in under budget in the current fiscal year. Careful monitoring of the budget and spending implemented by all departments city wide minimized the increase in expenditures.

CITY OF HEMET
Management's Discussion and Analysis

CAPITAL ASSETS
Capital Assets
(net of depreciation, in millions)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 12.3	\$ 12.3	\$ -	\$ -	\$ 12.3	\$ 12.3
Rights of way	190.5	190.5	-	-	190.5	190.5
Buildings and improvements	13.7	14.3	3.1	3.1	16.8	17.4
Machinery and equipment	5.9	4.1	0.4	0.6	6.3	4.7
Infrastructure	95.9	98.6	-	-	95.9	98.6
Construction in progress	<u>2.8</u>	<u>4.5</u>	<u>-</u>	<u>-</u>	<u>2.8</u>	<u>4.5</u>
Total	<u>\$ 321.1</u>	<u>\$ 324.3</u>	<u>\$ 3.5</u>	<u>\$ 3.7</u>	<u>\$ 324.6</u>	<u>\$ 328.0</u>

The most significant City infrastructure projects completed in 2016 were the completion of the rehabilitation of several City streets and the installation of ADA ramps at Gilbert St. These projects totaled \$2.1 million. Additional information on the City's capital assets can be found in the notes to the financial statements. (**Note 6** - Changes in Capital Assets)

CITY OF HEMET
Management's Discussion and Analysis

LONG-TERM DEBT

Outstanding Debt
(in millions)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
OPEB	\$ 10.1	\$ 9.3	-	-	10.1	9.3
Compensated absences	2.6	2.4	0.2	0.2	2.8	2.6
Claims Payable	1.3	1.4	-	-	1.3	1.4
Aggregate Net Pension						
Liabilities	68.4	61.7	4.2	3.5	72.6	65.2
Total Long-Term Liabilities	<u>\$ 82.4</u>	<u>\$ 74.8</u>	<u>\$ 4.4</u>	<u>\$ 3.7</u>	<u>\$ 86.8</u>	<u>\$ 78.5</u>

Additional information on the City's long-term debt can be found in the notes to the accompanying financial statements. (**Note 7 - Long-Term Liabilities**)

Contacting the City's Financial Management

This financial report is designed to provide 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 of Hemet Finance Division at 445 E. Florida Avenue, Hemet, California 92543.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Hemet
Statement of Net Position
June 30, 2016

ASSETS	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and investments	\$ 60,021,366	\$ 10,947,579	\$ 70,968,945
Cash with fiscal agent	15,032	-	15,032
Receivables:			
Accounts	1,955,618	1,696,920	3,652,538
Taxes	1,063,064	-	1,063,064
Interest	1,024,760	-	1,024,760
Due from other governments	4,398,918	78,646	4,477,564
Due from Successor Agency	1,151,479	-	1,151,479
Inventories	106,686	-	106,686
Prepaid items	6,753	5,399	12,152
Notes receivable, net	3,839,940	-	3,839,940
Land held for resale	2,076,419	-	2,076,419
Total current assets	75,660,035	12,728,544	88,388,579
Noncurrent assets:			
Capital assets:			
Nondepreciable	205,651,437	32,975	205,684,412
Depreciable, net	115,464,808	3,470,638	118,935,446
Total capital assets, net	321,116,245	3,503,613	324,619,858
Total noncurrent assets	321,116,245	3,503,613	324,619,858
Total assets	396,776,280	16,232,157	413,008,437
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	14,904,370	921,188	15,825,558
Total deferred outflows of resources	14,904,370	921,188	15,825,558

City of Hemet
Statement of Net Position (Continued)
June 30, 2016

LIABILITIES	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	2,135,964	411,660	2,547,624
Accrued salaries and benefits	553,173	41,791	594,964
Accrued liabilities	90,751	5,399	96,150
Deposits	2,937,656	1,549,511	4,487,167
Unearned revenue	270,147	-	270,147
Due to fiduciary fund	75,841		75,841
Accrued interest	-	224,215	224,215
Compensated absences, due within one year	2,453,229	184,323	2,637,552
Claims payable, due within one year	614,844	-	614,844
Total current liabilities	<u>9,131,605</u>	<u>2,416,899</u>	<u>11,548,504</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	156,589	9,701	166,290
Claims payable - due in more than one year	713,613	-	713,613
Other postemployment benefit liabilities	10,133,933	-	10,133,933
Aggregate net pension liability	68,368,779	4,150,924	72,519,703
Total noncurrent liabilities	<u>79,372,914</u>	<u>4,160,625</u>	<u>83,533,539</u>
Total liabilities	<u>88,504,519</u>	<u>6,577,524</u>	<u>95,082,043</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	11,479,337	774,833	12,254,170
Total deferred inflows of resources	<u>11,479,337</u>	<u>774,833</u>	<u>12,254,170</u>
NET POSITION			
Investment in capital assets	321,116,245	3,503,613	324,619,858
Restricted for:			
Public access channel	1,253,300	-	1,253,300
Community development	7,717,635	-	7,717,635
Public works	25,804,586	-	25,804,586
Public safety	1,269,551	-	1,269,551
Sanitation	5,944,451	-	5,944,451
Libraries:			
Expendable	81,020	-	81,020
Nonexpendable	1,000,000	-	1,000,000
Total restricted	<u>43,070,543</u>	<u>-</u>	<u>43,070,543</u>
Unrestricted (Deficit)	(52,489,994)	6,297,375	(46,192,619)
Total net position	<u>\$ 311,696,794</u>	<u>\$ 9,800,988</u>	<u>\$ 321,497,782</u>

City of Hemet
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 2,786,459	\$ 585,541	\$ -	\$ -	\$ 585,541
Public safety	29,686,912	759,774	1,942,606	511,818	3,214,198
Community development	4,775,550	2,674,427	1,558,764	559,444	4,792,635
Public Works	12,050,972	2,888,527	149,055	8,592,705	11,630,287
Sanitation	2,075,025	3,412,341	-	-	3,412,341
Parks	1,121,472	21,791	-	111,881	133,672
Libraries	1,957,144	222,546	31,344	-	253,890
Total governmental activities	54,453,534	10,564,947	3,681,769	9,775,848	24,022,564
Business-type activities:					
Water	7,895,756	10,305,759	-	-	10,305,759
Total business-type activities	7,895,756	10,305,759	-	-	10,305,759
Total primary government	\$ 62,349,290	\$ 20,870,706	\$ 3,681,769	\$ 9,775,848	\$ 34,328,323

City of Hemet
Statement of Activities (Continued)
For the Year Ended June 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (2,200,918)	\$ -	\$ (2,200,918)
Public safety	(26,472,714)	-	(26,472,714)
Community development	17,085	-	17,085
Public Works	(420,685)	-	(420,685)
Sanitation	1,337,316	-	1,337,316
Parks	(987,800)	-	(987,800)
Libraries	(1,703,254)	-	(1,703,254)
Total governmental activities	(30,430,970)	-	(30,430,970)
Business-type activities:			
Water	-	2,410,003	2,410,003
Total business-type activities	-	2,410,003	2,410,003
Total primary government	(30,430,970)	2,410,003	(28,020,967)
General Revenues:			
Taxes:			
Property taxes	6,207,889	-	6,207,889
Transient occupancy taxes	853,744	-	853,744
Sales taxes	12,274,938	-	12,274,938
Motor vehicle in-lieu taxes	5,715,291	-	5,715,291
Franchise and other taxes	5,053,287	-	5,053,287
Total taxes	30,105,149	-	30,105,149
Investment income	1,414,586	166,236	1,580,822
Miscellaneous	765,250	83,532	848,782
Transfers	204,983	(204,983)	-
Total general revenues	32,489,968	44,785	32,534,753
Change in net position	2,058,998	2,454,788	4,513,786
Net position - beginning of year	309,637,796	7,346,200	316,983,996
Net position - end of year	\$ 311,696,794	\$ 9,800,988	\$ 321,497,782

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The Governmental Fund of the City is outlined below:

General Fund - This is the primary operating fund of the City. It accounts for all activities of the City, except those required to be accounted for in another fund.

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City of Hemet
Balance Sheet
Governmental Funds
June 30, 2016

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
ASSETS			
Cash and investments	\$ 10,841,598	\$ 43,386,710	\$ 54,228,308
Cash with fiscal agent	-	15,032	15,032
Accounts receivable	255,340	1,301,781	1,557,121
Property taxes receivable, net	1,063,064	-	1,063,064
Interest receivable	213,366	811,394	1,024,760
Due from other governments	3,241,962	1,156,956	4,398,918
Due from other funds	1,933,958	943,519	2,877,477
Due from the fiduciary funds	1,151,479	-	1,151,479
Inventories	300	-	300
Prepaid items	6,753	-	6,753
Notes receivable, net	-	3,839,940	3,839,940
Advances to other funds	-	354,137	354,137
Land held for resale	-	2,076,419	2,076,419
Total assets	\$ 18,707,820	\$ 53,885,888	\$ 72,593,708
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 343,382	\$ 1,214,368	\$ 1,557,750
Accrued salaries and benefits	450,067	64,901	514,968
Accrued liabilities	90,751	-	90,751
Deposits	2,355,868	581,788	2,937,656
Due to other funds	-	2,877,477	2,877,477
Due from fiduciary Fund	75,841	-	75,841
Advances from other funds	-	354,137	354,137
Unearned revenue	180,863	89,284	270,147
Total liabilities	3,496,772	5,181,955	8,678,727
Deferred Inflows of Resources:			
Unavailable revenue	-	597,980	597,980
Total Inflows of Resources	-	597,980	597,980
Fund Balances:			
Nonspendable	7,053	1,000,000	1,007,053
Restricted	1,253,300	40,817,243	42,070,543
Committed	7,727,108	-	7,727,108
Assigned	215,086	6,586,014	6,801,100
Unassigned	6,008,501	(297,304)	5,711,197
Total fund balances	15,211,048	48,105,953	63,317,001
Total liabilities, deferred inflows of resources and fund balances	\$ 18,707,820	\$ 53,885,888	\$ 72,593,708

City of Hemet
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2016

Total Fund Balances - Total Governmental Funds \$ 63,317,001

Amounts reported for governmental activities in the Statement of Net Position were reported differently because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Nondepreciable, net of \$0 reported in Internal Service Funds	\$ 205,651,437	
Depreciable, net of \$1,003,488 reported in the Internal Service Funds	114,461,320	320,112,757

Revenue reported as unavailable revenue in the governmental funds when it is not received soon enough after year-end to be considered available. The Availability criteria does not apply to the government-Wide Financial Statements and, therefore, the revenue is recognized when eligibility requirements are met and earned.		597,980
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Compensated absences were not due and payable in the current period; therefore, they were not reported in the Governmental Funds Balance Sheet.		(2,609,818)
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Other postemployment benefit liabilities are not due and payable in the current period; therefore, are not reported in the governmental funds.		(10,133,933)
--	--	--------------

Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources, net of \$921,188 reported in Internal Service Fund.	13,983,182	
Aggregate net pension liability, net of \$(4,150,924) reported in Internal Service Fund.	(64,217,855)	
Pension related deferred inflows of resources, net of \$(774,833) reported in Internal Service Fund.	(10,704,504)	(60,939,177)

Internal Service Funds were used by management to charge the costs of certain activities, such as insurance and equipment replacement to individual funds. The assets and liabilities of the Internal Service Funds were included in the governmental activities in the Government-Wide Statement of Net Position.		1,351,984
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Net Position of Governmental Activities		\$ 311,696,794
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City of Hemet
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Fund		Total
	General Fund	Nonmajor Governmental Funds	
REVENUES:			
Taxes	\$ 30,105,149	\$ 1,619,495	\$ 31,724,644
Licenses and permits	1,974,017	-	1,974,017
Intergovernmental revenues	765,095	6,013,471	6,778,566
Charges for services	2,860,301	7,127,559	9,987,860
Fines and forfeitures	412,436	-	412,436
Investment Income	785,052	644,525	1,429,577
Miscellaneous	309,831	2,927,597	3,237,428
Total revenues	37,211,881	18,332,647	55,544,528
EXPENDITURES:			
Current:			
General government	2,184,934	129,329	2,314,263
Public safety	29,377,067	853,609	30,230,676
Community development	4,525,077	267,978	4,793,055
Public works	-	5,739,334	5,739,334
Sanitation	-	2,035,485	2,035,485
Parks	1,120,310	-	1,120,310
Libraries	1,363,940	142,463	1,506,403
Capital outlay	71,760	3,962,572	4,034,332
Total expenditures	38,643,088	13,130,770	51,773,858
REVENUES OVER (UNDER) EXPENDITURES	(1,431,207)	5,201,877	3,770,670
OTHER FINANCING SOURCES (USES):			
Transfers in	204,983	568,443	773,426
Transfers out	(490,176)	(78,267)	(568,443)
Proceed from sale of assets	10,913	-	10,913
Total other financing sources (uses)	(274,280)	490,176	215,896
NET CHANGES IN FUND BALANCES	(1,705,487)	5,692,053	3,986,566
FUND BALANCES:			
Beginning of year	16,916,535	42,413,900	59,330,435
End of year	<u>\$ 15,211,048</u>	<u>\$ 48,105,953</u>	<u>\$ 63,317,001</u>

City of Hemet
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 3,986,566

Governmental activities in the Statement of Activities were reported differently because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital assets additions reported in the current period is listed below.

Total capital outlay expenditures reported in governmental funds	\$ 4,034,332	
Less: repair and maintenance expenditures	<u>(214,234)</u>	3,820,098

Depreciation expense of capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds except for \$107,406 reported in the Internal Service Fund.		(6,922,313)
--	--	-------------

The net effect on disposal of capital assets.		(17,636)
---	--	----------

Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds.		597,980
--	--	---------

Changes in net other postemployment benefit assets reported in the Statement of Activities do not use current financial resources and, therefore, are not reported as an expenditures in governmental funds.		(877,880)
--	--	-----------

Compensated absences were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in the governmental funds.		(205,294)
--	--	-----------

Certain pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		2,196,906
--	--	-----------

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities.		<u>(519,429)</u>
--	--	------------------

Change in Net Position of Governmental Activities		<u><u>\$ 2,058,998</u></u>
--	--	----------------------------

PROPRIETARY FUND FINANCIAL STATEMENTS

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PROPRIETARY FUND FINANCIAL STATEMENTS

Water Enterprise Fund - This fund accounts for the financial transactions of the City's Water utility service, including water production, transmission, and distribution system.

Internal Service Funds - These funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis. These departments consist of administrative, facility maintenance, vehicle maintenance, workers' compensation, dental, vision, retiree medical and liability insurance.

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City of Hemet
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities Water Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 10,947,579	\$ 5,793,058
Accounts receivable	1,696,920	398,497
Due from other governments	78,646	-
Due from other funds	-	1,253,685
Inventories	-	106,386
Prepaid Items	5,399	-
Total current assets	12,728,544	7,551,626
Noncurrent assets:		
Nondepreciable capital assets	32,975	-
Depreciable capital assets, net of accumulated depreciation	3,470,638	1,003,488
Total noncurrent assets	3,503,613	1,003,488
Total assets	16,232,157	8,555,114
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows of resources	921,188	921,188
Total deferred outflows of resources	921,188	921,188
LIABILITIES		
Current liabilities:		
Accounts payable	411,660	578,214
Accrued salaries and benefits	41,791	38,205
Accrued liabilities	5,399	-
Interest payable	224,215	-
Deposits	1,549,511	-
Due to other funds	-	1,253,685
Compensated absences, due within one year	184,323	-
Claims payable, due within one year	-	614,844
Total current liabilities	2,416,899	2,484,948
Long-term liabilities:		
Compensated absences, due in more than one year	9,701	-
Claims payable, due in more than one year	-	713,613
Aggregate Net pension liabilities	4,150,924	4,150,924
Total long-term liabilities	4,160,625	4,864,537
Total liabilities	6,577,524	7,349,485
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows of resources	774,833	774,833
Total deferred inflows of resources	774,833	774,833
NET POSITION		
Investment in capital assets	3,503,613	1,003,488
Unrestricted	6,297,375	348,496
Total net position	\$ 9,800,988	\$ 1,351,984

City of Hemet
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities Water Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 10,305,759	\$ 14,061,572
Total operating revenues	10,305,759	14,061,572
OPERATING EXPENSES:		
Personal services	2,812,515	3,673,743
Parts and supplies	135,276	1,539,188
Maintenance	1,307,633	1,123,217
Utilities	391,478	675,944
Contracts, rents, and leases	140,756	551,276
Insurance	110,700	2,592,867
Claims and judgments	-	4,482,401
General office	528,396	-
Enterprise assessments	2,051,104	-
Depreciation	417,898	107,406
Total operating expenses	7,895,756	14,746,042
OPERATING INCOME (LOSS)	2,410,003	(684,470)
NONOPERATING REVENUES (EXPENSES):		
Investment income	166,236	-
Miscellaneous	83,532	165,041
Total nonoperating revenues (expenses)	249,768	165,041
LOSS BEFORE TRANSFERS	2,659,771	(519,429)
TRANSFERS:		
Transfers in	-	400,737
Transfers out	(204,983)	(400,737)
Total transfers	(204,983)	-
Change in net position	2,454,788	(519,429)
NET POSITION:		
Beginning of the year	7,346,200	1,871,413
End of the year	\$ 9,800,988	\$ 1,351,984

City of Hemet
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for services from customers or other funds	\$ 9,849,945	\$ 14,021,713
Cash received from insurance recovery	-	43,594
Cash payments to suppliers for goods and services	(4,320,833)	(3,821,350)
Cash payments to employees for services	(2,656,062)	(3,321,419)
Cash payment for insurance	(110,700)	(7,176,098)
Net cash provided by (used in) operating activities	2,762,350	(253,560)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(181,596)	-
Net cash (used in) capital and related financing activities	(181,596)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	400,737
Cash paid to other funds	(204,983)	(400,737)
Net cash (used in) noncapital financing activities	(204,983)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	176,252	-
Net cash provided by investing activities	176,252	-
Net change in cash and cash equivalents	2,552,023	(253,560)
CASH AND CASH EQUIVALENTS:		
Beginning of year	8,395,556	6,046,618
End of year	\$ 10,947,579	\$ 5,793,058
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating income (loss)	\$ 2,410,003	\$ (684,470)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	417,898	107,406
Miscellaneous revenue	83,532	165,041
(Increase) decrease in accounts receivable	(534,171)	(161,306)
(Increase) decrease in due from other funds	-	(736,414)
(Increase) decrease in inventories	-	(93,903)
(Increase) decrease in deferred outflows of resources related to pension	(568,688)	(587,373)
Increase (decrease) in accounts payable	233,810	168,974
Increase (decrease) in accrued wages and benefits payable	15,355	8,943
Increase (decrease) in due to other funds	-	736,414
Increase (decrease) in deposits	(5,175)	-
Increase (decrease) in claims payable	-	(107,626)
Increase (decrease) in compensated absences	2,649	-
Increase (decrease) in net pension liabilities	677,074	861,213
Increase (decrease) in deferred inflows of resources related to pension	30,063	69,541
Total adjustments	352,347	430,910
Net cash used in operating activities	\$ 2,762,350	\$ (253,560)

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FIDUCIARY FUND FINANCIAL STATEMENTS

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FIDUCIARY FUND FINANCIAL STATEMENTS

Private Purpose Trust Fund - This fund is used to account for the balances and transactions of the Successor Agency to the former Hemet Redevelopment Agency.

Agency Funds - These funds account for resources held by the City in a trustee capacity as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds consist of pass through fees collected for the County, payroll deposits, and a developer CFD.

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City of Hemet
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ -	\$ 859,824
Accounts receivable	-	14,155
Notes receivable	168,309	-
Land held for resale	2,208,773	-
Restricted Assets:		
Investments with fiscal agent	40,126	1,383,734
Total assets	2,417,208	\$ 2,257,713
LIABILITIES		
Current liabilities:		
Accounts payable	-	\$ 846,321
Accrued salaries and benefits	115	-
Deposits	-	528,555
Due to City of Hemet	192,801	882,837
Interest payable	139,415	-
Bonds payable, due within one year	470,000	-
Total current liabilities	802,331	2,257,713
Noncurrent liabilities:		
Bonds payable, due in more than one year	10,760,681	-
Total noncurrent liabilities	10,760,681	-
Total liabilities	11,563,012	\$ 2,257,713
NET POSITION		
Net position held in trust for Successor Agency	\$ (9,145,804)	

City of Hemet
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Redevelopment property tax trust fund	\$ 1,206,347
Investment income	41
Total additions	1,206,388
DEDUCTIONS	
Administrative costs	174,159
Interest and fiscal charges	619,604
Total deduction	793,763
CHANGE IN NET POSITION	412,625
NET POSITION	
Beginning of year	(9,558,429)
End of year	\$ (9,145,804)

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Hemet
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For the Year Ended June 30, 2016

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City of Hemet
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For the Year Ended June 30, 2016

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City of Hemet
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

Note 1 – Reporting Entity

The City of Hemet, California (the “City”) was incorporated in 1910 as a general law City. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, refuse and recycling collection, water, sewer maintenance, public library, parks, public improvements, planning and zoning, and general administrative services.

As required by generally accepted accounting principles, these financial statements present the financial results for the City and its component units. Component units are entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body, and the City is able to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the City. The City is also considered to be financially accountable if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

All of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are reported with the data of the City. The following organizations are considered to be component units of the City:

Hemet Housing Authority

The Hemet City Council is also the governing board of the Hemet Housing Authority; therefore the Authority is included within the reporting entity of the City. The authority was formed under the California Health and Safety Code Section 34200, et seq, to provide financing for supplying safe and sanitary dwelling accommodations to persons of low income at affordable rents. Separate financial statements are not issued for the Housing Authority

Note 2 – Summary of Significant Accounting Policy

A. Basis of Presentation

The financial statements of the City have been prepared in conformity with accounting principal generally accepted in the United States (“U.S. GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

B. Measurement Focus, Basis of Accounting and Financial Statements Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policy (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statements Presentation (Continued)

Government-Wide and Fund Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

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

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

Government Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statements Presentation (Continued)

Government Fund Financial Statements (Continued)

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 as soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major Governmental Fund:

General Fund – This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City’s internal service funds include five individual funds which provide services directly to other City funds. These departments consist of administrative, facility maintenance, vehicle maintenance, workers' compensation, dental, vision, retiree medical and liability insurance.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary fund:

Water Enterprise Fund – This fund accounts for the financial transactions of the City's water utility service, including water production, transmission, and distribution system.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statements Presentation (Continued)

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent agency funds and private purpose trust funds. Both agency funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

The City reports the following fiduciary funds:

Private-purpose Trust Fund – This fund is used to account for the balances and transactions of the Successor Agency to the former Hemet Redevelopment Agency.

Agency Funds – These funds account for resources held by the City in a trustee capacity as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds consist of pass through fees collected for the County, payroll deposits, and a developer CFD.

C. Cash and Investments

Investments are reported in the accompanying balance sheet 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.

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 from pooled investments is allocated to those various funds based on each fund's average cash and investment balance.

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or were purchased so near their maturity that they present insignificant risk of change in value because of changes in interest rates. Cash and cash equivalents in the accompanying statements include the proprietary funds' share of the cash and investment pool of the City of Hemet.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Fair Value Measurement

In accordance with GASB Statement No. 72, Fair Value Measurement and Applications, this statement defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

The three levels of the fair value measurement hierarchy are described below:

- Level 1 - Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the assets and liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets and liabilities at the measurement date.

E. Receivables

Receivables include such items as taxes, intergovernmental revenues, charges for services, miscellaneous accounts receivable, and interest receivable. No allowance for doubtful accounts has been established, as the City believes all amounts are considered to be collectible in the normal course of business

F. Inventories and Prepaid Items

All inventories are valued on the average cost method. Inventory in the General Fund consists of City promotional items. Inventory in the Internal Service fund consists of hardware supplies, auto shop supplies, fuel and oil. Inventory in the Enterprise fund consists of expendable supplies held for use by the water utility. All costs are recorded as expenditures at the time the individual inventory items are consumed.

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year ended using purchase method.

G. Interfund Transactions

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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

H. Forgivable Notes

Certain loans have been made by the City to third parties in order to enhance the redevelopment, community development, economic development, and housing objectives of the City. Certain loans contain conditions for non-collection (after being held for a certain period of time, etc.). The City has recorded as an allowance for forgivable notes the estimate of amounts that will not be collected on these loans.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

I. Land Held for Resale

Land held for resale represents land, structures and their related improvements that were acquired for resale in accordance with the objectives of the Redevelopment Projects and grants. These costs will be charged to current year project expenditures when the related land and structures are sold. Land held for resale is valued at the lower of cost or expected net realizable value.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years except in the case of infrastructure-related capital projects, which would only be capitalized when total project costs are expected to exceed \$50,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the current fiscal year.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	25 - 50 years
Infrastructure	
Roadway	20 - 75 years
Storm Drain	100 years
Water System	30 years
Sewer System	30 years
Machinery and Equipment	
Vehicles	7 years
Office Equipment	5 years
other Equipment	5 years

K. Due to Other Governments

Balances reported as due to other governments include funds under the control of other governmental agencies that are held by the City of Hemet pending remittance to the other governmental agencies.

L. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation, holiday and sick pay benefits. Compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Claims and Judgments

Claims and judgments are accounted for in accordance with GASB Statement 10, which requires that expenditures for claims be recognized when it is probable that the liability has been incurred at year-end and the amount of the loss can be reasonably estimated. Accordingly, such claims are recorded as liabilities in the Internal Service Funds.

N. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

O. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 9). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

P. Deferred Outflows/Inflows of Resources

In accordance with GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Q. Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - this category consists all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of those assets reduce this category.

Restricted - this category describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulation, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted - this category describes the portion of net position which is not restricted to use.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

When expenses are incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first, then unrestricted net position as they are needed.

R. Fund Balances

In governmental fund financial statements, fund balances are categorized as follows:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

R. Fund Balances (Continued)

The City's committed fund balance includes:

General Fund Economic Stabilization – Fund balance in the General Fund has been committed for emergency/fiscal emergency contingencies, as set by ordinance. Emergencies shall mean the actual or threatened conditions of disaster or of extreme peril to the safety of persons and property within the City caused by such conditions as air pollution, fire, flood, storm, epidemic, riot or earthquake, or other conditions, including conditions resulting from a labor controversy, which conditions are likely to be beyond the control of the services, personnel, equipment and facilities of the City, requiring combined forces of other political subdivisions to combat. A fiscal emergency is defined by the City of Hemet Municipal Code Section 2-451. The amount of the commitment as set forth by the City of Hemet Municipal Code Section 2-452 is equal to at least 20% of current year General Fund expenditures

Encumbrance accounting, under which purchase order, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds. Encumbrances outstanding at year-end are reported as committed fund balances in the fund financial statements since they do not constitute expenditures or liabilities.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources, but are neither restricted or committed. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has by resolution authorized the City Manager to assign fund balance.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental fund other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balance first. Further, when the components of unrestricted fund balance can be used for the same purpose, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

S. Property Tax Calendar

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	March 1
Levy Date	July 1 to June 30
Due Date	November 1, 1 st Installment February 1, 2 nd Installment
Collection Date	December 1, 1 st Installment April 10, 2 nd Installment

The City receives from the County of Riverside a percentage of the basic 1% maximum tax rate allowed on assessments collected and allocated by the County. Property tax assessments are recognized as revenue when they become both measurable and available to finance the expenditures of the reported fiscal year. Material delinquent property taxes (net of estimated uncollectibles) are also recorded as current year receivables. Substantially all of the property taxes associated with the reported fiscal year were considered to be both measurable and available to finance expenditures of that fiscal year. When material amounts of property taxes are considered to be measurable but not available to finance the expenditures of the reported fiscal year, they are recorded as a receivable and as deferred revenue (to be recognized as revenue in the year in which they become available).

A delinquency penalty of 6% is assessed by the County of Riverside. If taxes become delinquent, they are deeded to the State and may be sold by the County Tax Collector for taxes due plus 1% per month redemption fee. All property taxes are collected by the County of Riverside and collection fees are deducted by the County before tax revenue is remitted to the City. The assessed valuation is at "full cash value".

T. Use of Estimates

The presentation of basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosure. Actual results could differ from these estimates and assumptions.

U. Accounting Changes

GASB has issued Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement became effective for periods beginning after June 15, 2015 and did not have any measurement impact on the City's investment portfolio, except for the additional disclosure regarding to measurement input as discussed in Note 3 of the City's financial statements for the year ended June 30, 2016.

GASB has issued Statement No. 73, Accounting and Financial reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the City's financial statements for the year ended June 30, 2016.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

U. Accounting Changes (Continued)

GASB has issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This statement establishes standards relating to the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement became effective for periods beginning after June 15, 2015, and should be applied retroactively. This statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

GASB has issued Statement No. 79, Certain External Investment Pools and Pool Participants. This statement establishes standards relating accounting and financial reporting for certain external investment pools and pool participants. This statement became effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. This statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

Note 3 – Cash and Investments

At June 30, 2016, Cash and investments are classified in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position			Statement of	
	Governmental Activities	Business-type Activities	Total	Fiduciary Net Position	Total
Cash and Investments	\$ 60,021,366	\$ 10,947,579	\$ 70,968,945	\$ 859,824	\$ 71,828,769
Cash with Fiscal Agent	15,032		15,032	-	15,032
Investments with Fiscal Agent	-	-	-	1,423,860	1,423,860
Total Cash and Investments	<u>\$ 60,036,398</u>	<u>\$ 10,947,579</u>	<u>\$ 70,983,977</u>	<u>\$ 2,283,684</u>	<u>\$ 73,267,661</u>

At June 30, 2016, Cash and Investments consist of the following:

Cash on Hand	\$ 5,975
Deposits with Financial Institutions	19,088,310
Investments	52,749,516
Investments with fiscal agent	<u>1,423,860</u>
Total Cash and Investments	<u>\$ 73,267,661</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Cash and Investments (Continued)

A. Demand Deposits

The carrying amount of the City's cash deposits were \$19,088,310 at June 30, 2016. Bank balances before reconciling items were \$19,969,641 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

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

The table below identifies the investment types that are authorized by the City's investment policy and the California Government Code. 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. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investments In One Issuer*
U.S. Treasury Obligations	None	None	None
U.S. Agency's Securities	5 Years	None	None
Banker's Acceptances	30 days	40%	None
Commercial Paper	180 days	15%	10%
Negotiable Certificates of Deposit ("CD")	5 Years	50%	None
Repurchase Agreements	30 days	10%	None
Municipal Bonds	5 Years	20%	None
Medium-Term Notes	5 Years	20%	5%
Money Market Mutual Fund	N/A	10%	None
Local Agency Investment Fund ("LAIF")	N/A	90%	None

*The table is based on state law requirements or investment policy requirements, whichever is more restrictive.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Cash and Investments (Continued)

C. Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency's Securities	None	None	None
Banker's Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Fund	N/A	None	None
Municipal Obligations	None	None	None
Repurchase Agreements	270 days	None	None
Investment Contracts	None	None	None
Local Agency Investment Fund ("LAIF")	N/A	None	None

D. Fair Value Measurement

At June 30, 2016, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2016:

Investment Type	Total	Measurement Input	
		Level 2	Not subject to measurement
U.S. Government Sponsored			
Enterprise Securities	\$ 5,002,420	\$ 5,002,420	\$ -
LAIF	20,354,403	20,354,403	-
Municipal Obligations	13,065,437	13,065,437	-
Negotiable CD	6,109,316	6,109,316	-
Medium-Term Notes	8,217,940	8,217,940	-
Held by Fiscal Agent:			
Money Market Mutual Funds	1,423,860	-	1,423,860
Total	\$ 54,173,376	\$ 52,749,516	\$ 1,423,860

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Cash and Investments (Continued)

E. Risk Disclosures

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 is, 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:

Authorized Investment Type	Carrying Amount	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25 to 36 Months	36 to 48 Months	48 to 60 Months	More Than 60 Months
U.S. Government Sponsored							
Enterprise Securities	\$ 5,002,420	\$ -	\$ 1,500,215	\$ -	\$ -	\$ 3,502,205	\$ -
LAIF	20,354,403	20,354,403	-	-	-	-	-
Municipal Obligations	13,065,437	-	475,997	2,811,961	-	2,786,155	6,991,324
Negotiable CD	6,109,316	249,981	1,738,744	1,275,749	1,545,867	1,043,215	255,760
Medium-Term Notes	8,217,940	-	1,004,570	2,572,885	1,030,330	3,610,155	-
Held by Fiscal Agent:							
Money Market Mutual Funds	1,423,860	1,423,860	-	-	-	-	-
Total	<u>\$ 54,173,376</u>	<u>\$ 22,028,244</u>	<u>\$ 4,719,526</u>	<u>\$ 6,660,595</u>	<u>\$ 2,576,197</u>	<u>\$ 10,941,730</u>	<u>\$ 7,247,084</u>

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Rating as of Year End			
			AAA	AA	A	Not Rated
U.S. Government Sponsored						
Enterprise Securities	\$ 5,002,420	N/A	\$ -	\$ 3,501,735	\$ -	\$ 1,500,685
LAIF	20,354,403	N/A	-	-	-	20,354,403
Municipal Obligations	13,065,437	A	1,576,690	8,754,384	2,734,363	-
Negotiable CD	6,109,316	N/A	-	-	-	6,109,316
Medium-Term Notes	8,217,940	A	-	3,078,185	5,139,755	-
Held by Fiscal Agent:						
Money Market Mutual Funds	1,423,860	AAA	1,423,860	-	-	-
Total	<u>\$ 54,173,376</u>		<u>\$ 3,000,550</u>	<u>\$ 15,334,304</u>	<u>\$ 7,874,118</u>	<u>\$ 27,964,404</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City has no investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local 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. At June 30, 2016, the City deposits (bank balances were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California law.

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.

F. Investment in Local Agency Investment Fund (“LAIF”)

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2016 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2016, the City had \$20,354,403 invested in LAIF, which had invested 2.81% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The credit quality rating of LAIF is unrated as of June 30, 2016.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 4 – Interfund Transactions

A. Due From and To Other Funds

The following represents the composition of due from and to other funds as of June 30, 2016:

	Due From other Funds			Total
	General Fund	Other Governmental Funds	Internal Service Funds	
Due to Other Funds				
Other Governmental Funds	\$ 1,933,958	\$ 943,519	\$ -	\$ 2,877,477
Internal Service Funds	-	-	1,253,685	1,253,685
Total	\$ 1,933,958	\$ 943,519	\$ 1,253,685	\$ 4,131,162

These were the result of routine, short-term interfund borrowing to eliminating temporary deficit cash balances.

B. Transfers In and Out

	Transfers Out				Total
	General Fund	Other Governmental Funds	Water Enterprise Fund	Internal Service Funds	
Transfers In					
General Fund	\$ -	\$ -	\$ 204,983	\$ -	\$ 204,983
Other Governmental Funds	490,176	78,267	-	-	568,443
Internal Service Funds		-		400,737	400,737
Total	\$ 490,176	\$ 78,267	\$ 204,983	\$ 400,737	\$ 1,174,163

During the year, interfund transfers were made for purposes of financing administrative costs, capital improvements and repayment of debt. Specifically, the following transfers were made:

Water Enterprise Fund transferred \$204,983 to General Fund to cover water use at the city parks.

The General Fund transferred \$470,086 to the Capital Projects Fund for various projected funded by the General Fund and \$20,090 to the Other Governmental Fund – Gas Tax Special Revenue Fund for the Measure A Maintenance of Effort.

The Law Enforcement Block Grant (LLEBG) transferred \$78,267 to Public Safety Grants for expenditures spent for the State Homeland Security.

The Liability Insurance Internal Service Fund transferred \$400,737 for facility maintenance portion of the Potato Shed Demolition.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Notes Receivables

The City administers various residential rehabilitation and down payment assistance loan programs for low and moderate income families. In addition, the City has loaned monies to developers for affordable housing projects and entered into owner participation agreements. The loans have different stated interest rates, payback periods and may be forgivable assuming all conditions are met. These notes are long-term in nature and are recorded as notes receivable net of the uncollectible amount in the Statement of Net Position and the Governmental Funds Balance Sheet in the governmental funds.

At June 30, 2016 the outstanding balance of notes receivable and the uncollectible balance on the loans that will be forgiven by the City, assuming all requirements are met were as following:

	Nonmajor Governmental Funds
Notes Receivables	\$ 9,360,275
Less: Allowance for Forgivable Notes	<u>(5,520,335)</u>
Total	<u><u>\$ 3,839,940</u></u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for the governmental activities for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Transfers and Reclassification	Balance June 30, 2016
Capital Assets, Not Being Depreciated:					
Land and Improvements	\$ 12,348,575	\$ -	\$ -	\$ -	\$ 12,348,575
Rights of Way	190,468,181	-	-	-	190,468,181
CIP - Infrastructure	4,541,667	1,268,187	-	(2,975,173)	2,834,681
Total Capital Assets, Not Being Depreciated	207,358,423	1,268,187	-	(2,975,173)	205,651,437
Capital Assets Being Depreciated:					
Buildings and Improvements	25,997,424	-	-	-	25,997,424
Buildings and Improvements - ISF	75,899	-	-	-	75,899
Machinery and Equipment	32,127,818	2,488,103	-	-	34,615,921
Machinery and Equipment - ISF	5,143,316	18,140	-	-	5,161,456
Infrastructure					
Pavement	152,151,591	-	(2,189,142)	2,066,506	152,028,955
Medians	163,384	-	-	-	163,384
Sidewalks	17,618,808	-	(38,973)	441,837	18,021,672
Curb and Gutter	16,489,073	-	(5,056)	76,584	16,560,601
Traffic Signal	6,367,949	-	-	385,850	6,753,799
Street Lights	3,858,830	-	(891)	4,396	3,862,335
Bridges	4,326,295	-	-	-	4,326,295
Storm Drain/Retention Basins	11,394,744	45,668	-	-	11,440,412
Total Capital Assets being Depreciated	275,715,131	2,551,911	(2,234,062)	2,975,173	279,008,153
Less Accumulated Depreciation:					
Buildings and Improvements	(11,692,330)	(622,456)	-	-	(12,314,786)
Buildings and Improvements - ISF	(70,075)	-	-	-	(70,075)
Machinery and Equipment	(29,116,397)	(611,774)	-	-	(29,728,171)
Machinery and Equipment - ISF	(4,038,246)	(107,406)	-	-	(4,145,652)
Infrastructure					
Pavement	(97,035,066)	(4,623,849)	2,189,142	-	(99,469,773)
Medians	(51,737)	(5,446)	-	-	(57,183)
Sidewalks	(4,007,182)	(243,234)	23,300	-	(4,227,116)
Curb and Gutter	(3,661,507)	(221,318)	3,280	-	(3,879,545)
Traffic Signal	(3,793,127)	(216,231)	-	-	(4,009,358)
Street Lights	(2,225,389)	(154,522)	704	-	(2,379,207)
Bridges	(955,971)	(57,684)	-	-	(1,013,655)
Storm Drain/Retention Basins	(2,083,025)	(165,799)	-	-	(2,248,824)
Total Accumulated Depreciation	(158,730,052)	(7,029,719)	2,216,426	-	(163,543,345)
Total Capital Assets Being Depreciated, Net	116,985,079	(4,477,808)	(17,636)	2,975,173	115,464,808
Capital Assets, Net	\$ 324,343,502	\$ (3,209,621)	\$ (17,636)	\$ -	\$ 321,116,245

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Capital Assets (Continued)

A. Governmental Activities (Continued)

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

Governmental Activities:	
General Government	\$ 373,987
Public Safety	469,872
Public works	5,764,762
Libraries	313,692
Internal Service	107,406
Total depreciation expense	<u>\$ 7,029,719</u>

B. Business-Type Activities

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets, Not Being Depreciated:				
Land	\$ 32,975	\$ -	\$ -	\$ 32,975
Total Capital Assets, Not Being Depreciated	32,975	-	-	32,975
Capital Assets Being Depreciated:				
Buildings and Improvements	27,688,409	181,596	-	27,870,005
Machinery and Equipment	4,370,744	-	-	4,370,744
Total Capital Assets being Depreciated	32,059,153	181,596	-	32,240,749
Less Accumulated Depreciation:				
Buildings and Improvements	(24,554,368)	(257,660)	-	(24,812,028)
Machinery and Equipment	(3,797,845)	(160,238)	-	(3,958,083)
Total Accumulated Depreciation	(28,352,213)	(417,898)	-	(28,770,111)
Total Capital Assets Being Depreciated, Net	3,706,940	(236,302)	-	3,470,638
Capital Assets, Net	\$ 3,739,915	\$ (236,302)	\$ -	\$ 3,503,613

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

Business-type Activities:	
Water	\$ 417,898
Total depreciation expense	<u>\$ 417,898</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 7 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year	Due in More than One Year
Governmental Activities:						
Compensated Absences	\$ 2,404,524	\$ 2,459,375	\$ (2,254,081)	\$ 2,609,818	\$ 2,453,229	\$ 156,589
Claims Payable	1,436,083	1,362,726	(1,470,352)	1,328,457	614,844	713,613
Other Postemployment Benefit	9,256,053	4,525,760	(3,647,880)	10,133,933	-	10,133,933
Aggregate Net Pension Liabilities (Note 9)	61,716,524	22,444,325	(15,792,070)	68,368,779	-	68,368,779
Total Governmental Activity Long-Term Liabilities	\$ 74,813,184	\$ 30,792,186	\$ (23,164,383)	\$ 82,440,987	\$ 3,068,073	\$ 79,372,914

Compensated Absences

City employees receive from twelve to thirty-three (12-33) vacation days each year depending upon length of service and bargaining group. Vacation can be accumulated up to a maximum of two years for most City bargaining units; two years plus the current year's accumulation for other units. Unused vacation may be cashed in yearly per each bargaining unit's M.O.U. limitations or upon retirement. City and police employees receive eight (8) hours of sick leave for each month of employment. Management employees accrue six (6) days of sick leave per year. City fire fighters accrue twelve (12) hours per calendar month. City general employees' right to accrue sick leave is unlimited. Used sick leave may be cashed in upon retirement at a payment percentage of 25%, 50% or 75% determined by length of continuous service and bargaining unit M.O.U.

City and police employees are allowed to accumulate compensatory leave time for unpaid overtime at 150% rate up to a forty (40) hour or eighty (80) hour maximum depending on M.O.U. limitations.

The liabilities for compensated absences for governmental activities are typically liquidated by the General Fund.

B. Business-Type Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year	Due in More than One Year
Business-type Activities						
Compensated Absences	\$ 191,375	\$ 187,455	\$ (184,806)	\$ 194,024	\$ 184,323	\$ 9,701
Aggregate Net Pension Liabilities (Note 9)	3,473,850	1,716,138	(1,039,064)	4,150,924	-	4,150,924
Total Business-type Activities Long-term Liabilities	\$ 3,665,225	\$ 1,903,593	\$ (1,223,870)	\$ 4,344,948	\$ 184,323	\$ 4,160,625

Compensated Absences

The liabilities for compensated absences for the business-type activities are typically liquidated by the Water Enterprise Fund.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Fund

Summary of changes in long-term liabilities for Fiduciary Fund for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year	Due in More than One Year
Fiduciary Fund:						
Bonds Payable:						
2014 Tax Allocation Refunding Bonds	\$ 11,110,000	\$ -	\$ (580,000)	\$ 10,530,000	\$ 470,000	\$ 10,060,000
Total bonds payable	11,110,000	-	(580,000)	10,530,000	470,000	10,060,000
Bond Premium:						
2014 Tax Allocation Refunding Bonds	746,880	-	(46,199)	700,681	-	700,681
Total Fiduciary Fund						
Long-term Liabilities	\$ 11,856,880	\$ -	\$ (626,199)	\$ 11,230,681	\$ 470,000	\$ 10,760,681

2014 Tax Allocation Refunding Bonds

In December 2014, the Riverside County Public Financing Authority issued \$11,110,000 Riverside County Public Financing Authority 2014 Tax Allocation Revenue Bonds (Hemet Refunding Project) to 1) refund the Successor Agency Subordinate Tax Allocation Bonds, 1999 Series A and Tax Allocation Bonds, 2002 Series A, 2) to satisfy the reserve requirement and 3) to pay cost of issuance. The refunding resulted in saving of \$1,829,065 in debt service payments and economic gain based on present value of the saving is \$1,588,800. Interest ranges from 3.00% to 5.00% is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2015. Principal is due in annual installments of \$580,000 to \$870,000 through September 1, 2031. The outstanding balance at June 30, 2016 was \$10,530,000.

The debt service to maturity is as follows:

June 30,	Principal	Interest	Total
2017	470,000	411,194	881,194
2018	485,000	394,444	879,444
2019	505,000	374,644	879,644
2020	530,000	353,944	883,944
2021	545,000	329,719	874,719
2021-2025	3,190,000	1,197,219	4,387,219
2026-2030	3,935,000	482,791	4,417,791
2031-2032	870,000	15,225	885,225
	\$ 10,530,000	\$ 3,559,180	\$ 14,089,180

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 7 – Long-Term Liabilities (Continued)

D. Non-Commitment Debt

CFD No. 1999-1 Special Tax Refunding Bonds, Series 2006 (Heartland Project)

In July 2006, the City of Hemet authorized and provided for the issuance of special tax bonds for the Community Facilities District No. 1999-1. Proceeds of these bonds are held by a fiscal agent and are being used to defease and refund the 1999-1 Heartland CFD Series 2001A and Series 2002B bonds. The original issues were used to finance off-site improvements of a 1,417 home community with an 18-hole golf course. This bond issue is not a legal obligation of the City as the City is only acting as an agent for the property owners in collecting the assessments. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds. Therefore, these bonds are not reported as a liability in the financial statements of the City. The outstanding balance on these bonds at June 30, 2016 is \$8,240,000.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Risk Management and Self Insurance Programs

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in municipal agency risk pools for their property and workers' compensation coverage and uses a private carrier for excess liability coverage.

Type	Limits	Deductible
Property	\$ 600,000,000 All risk and flood (portions of limits are shared)	\$ 5,000 All risk \$10,000 vehicles and mobile equipment \$50,000 for vehicle valued at \$250,000 or more.
Boiler and Machinery	\$100,000,000	\$5,000
Excess Liability	\$10,000,000 per occurrence	\$250,000 SIR per occurrence except \$500,000 SIR per occurrence - unfair Employment practices
Crime	\$1,000,000	\$2,500
Primary Workers' Comp	\$125,000	None
Excess Workers' Comp	\$5,000,000 Statutory excess of \$50,000,000	\$125,000 SIR

The City operates a self-insurance program for dental, vision, and retiree supplemental medical insurance costs. The retiree supplemental medical plan, for employees hired prior to July 24, 1990 and who subsequently retire from the City, is only intended to bridge decreases in health coverage benefits as measured between current coverage benefits and the highest level of such benefits as conferred during the employee's tenure. A separate internal service fund has been established to accumulate reserves and pay expenses of the program. Currently, the various operating funds provide the financial support of these programs. It is, however, hoped that once adequate reserve levels are achieved, the interest earnings will carry the administration costs.

Estimated City costs of claims for liability, workers' compensation, dental, vision, and the retiree supplemental medical have been accrued as claims payable in the accompanying financials statements.

Insurance Type	Beginning Balance	Claims Incurred	Claim Payments	Ending Balance	Current Portion
2013 - 2014 Total	\$ 583,466	\$ 720,766	\$ (704,063)	\$ 600,169	\$ 600,169
2014 - 2015 Total	\$ 600,169	\$ 1,630,273	\$ (794,359)	\$ 1,436,083	\$ 565,632
2015-2016					
Dental - Vision	\$ 50,965	\$ 522,939	\$ (533,379)	\$ 40,525	\$ 40,525
Workers' Comp	64,667	-	(64,667)	-	-
Liability	1,320,451	839,787	(872,306)	1,287,932	574,319
2015 - 2016 Total	\$ 1,436,083	\$ 1,362,726	\$ (1,470,352)	\$ 1,328,457	\$ 614,844

For the past three years, settled claims have not exceeded the amount of insurance coverage. Liabilities for claims payable including workers' compensation are typically liquidated by the internal service funds.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – City Employees Retirement Plan

Summary of changes in net pension liabilities and the related deferred outflows of resources and deferred inflows of resources for the year ended June 30, 2016 is as follow:

<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Deferred outflows of resources:			
Pension contribution made after measurement date			
Miscellaneous	\$ 2,238,621	\$ 395,051	\$ 2,633,672
Safety	4,516,245	-	4,516,245
Difference between Expected and Actual Experience			
Miscellaneous	189,362	33,417	222,779
Safety	974,961	-	974,961
Difference in projected and actual earnings on pension investments			
Miscellaneous	2,792,082	492,720	3,284,802
Safety	4,193,099	-	4,193,099
Total deferred outflows of resources	<u>\$ 14,904,370</u>	<u>\$ 921,188</u>	<u>\$ 15,825,558</u>
Net pension liabilities:			
Net pension liabilities			
Miscellaneous	\$ 23,521,904	\$ 4,150,924	\$ 27,672,828
Safety	44,846,875	-	44,846,875
Total net pension liabilities	<u>\$ 68,368,779</u>	<u>\$ 4,150,924</u>	<u>\$ 72,519,703</u>
Deferred inflows of Resources:			
Changes of assumptions			
Miscellaneous	\$ 1,018,668	\$ 179,765	\$ 1,198,433
Safety	2,008,884	-	2,008,884
Difference in projected and actual earnings on pension investments:			
Miscellaneous	3,372,049	595,068	3,967,117
Safety	5,079,736	-	5,079,736
Total deferred inflows of Resources	<u>\$ 11,479,337</u>	<u>\$ 774,833</u>	<u>\$ 12,254,170</u>
Pension expenses:			
Miscellaneous	\$ 1,591,987	\$ 280,939	\$ 1,872,926
Safety	3,561,915	-	3,561,915
	<u>\$ 5,153,902</u>	<u>\$ 280,939</u>	<u>\$ 5,434,841</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – City Employees Retirement Plan (Continued)

A. General Information about the Pension Plan

Plan Description

The City contributes to the California Public Employees' Retirement System ("CalPERS"), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2014 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member or PEPPRA Safety member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service. PEPPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 consecutive months' fulltime equivalent monthly pay for PEPPRA members or 12 consecutive months' fulltime equivalent monthly pay for Classic members. Retirement benefits for classic miscellaneous employees are calculated as 2% to 2.7% of the average final 12 months compensation. Retirement benefits for PEPPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation. Retirement benefits for classic safety employees are calculated as 3% of the average final 12 months compensation. Retirement benefits for PEPPRA safety employees are calculated as 2.7% of the average final 36 months compensation.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are only offered to Safety employees.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month salary for each completed year of current service, up to a maximum of six months salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 or 36 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – City Employees Retirement Plan (Continued)

A. General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2014, the valuation date, the following employees were covered by the benefit terms:

	Plans	
	Miscellaneous	Safety
Active employees	171	100
Transferred and terminated employees	170	78
Retired Employees and Beneficiaries	245	155
Total	586	333

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The Public agency cost-sharing plans covered by the miscellaneous risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015, the active employee contribution rates were 7.000 and 9.000% of annual pay, and the employer’s contribution rates were 26.857% and 47.290% of the annual payroll for Miscellaneous and Safety Plans, respectively.

B. Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015, the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment; includes Inflation
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – City Employees Retirement Plan (Continued)

B. Net Pension Liability (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

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

Change of Assumptions

GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – City Employees Retirement Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	<u>100.00%</u>		

¹ An expected inflation of 2.5% used

² An expected inflation of 3.0% used

C. Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Miscellaneous Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2014 (Valuation Date)	\$ 102,568,486	\$ 77,896,585	\$ 24,671,901
Changes Recognized for the Measurement Period:			
Service Cost	1,871,677	-	1,871,677
Interest on the total pension liability	7,613,775	-	7,613,775
Changes of benefit terms	-	-	-
Changes of assumptions	(1,903,393)	-	(1,903,393)
Difference between expected and actual experience	353,826	-	353,826
Plan to plan resource movement	-	(887)	887
Contributions from the employer	-	2,503,520	(2,503,520)
Contributions from employees	-	780,189	(780,189)
Net investment income, net of administrative expense	-	1,739,990	(1,739,990)
Benefit payments, including refunds of employee contributions	(4,856,565)	(4,856,565)	-
Administrative expenses	-	(87,854)	87,854
Net Changes during July 1, 2014 to June 30, 2015	<u>3,079,320</u>	<u>78,393</u>	<u>3,000,927</u>
Balance at June 30, 2015 (Measurement Date)	<u>\$ 105,647,806</u>	<u>\$ 77,974,978</u>	<u>\$ 27,672,828</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – City Employees Retirement Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

	Safety Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2014 (Valuation Date)	\$ 139,692,888	\$ 99,174,415	\$ 40,518,473
Changes Recognized for the Measurement Period:			
Service Cost	2,394,505	-	2,394,505
Interest on the total pension liability	10,402,942	-	10,402,942
Changes of benefit terms	-	-	-
Changes of assumptions	(2,726,343)	-	(2,726,343)
Difference between expected and actual experience	1,323,162	-	1,323,162
Plan to plan resource movement	-	887	(887)
Contributions from the employer	-	4,085,934	(4,085,934)
Contributions from employees	-	885,734	(885,734)
Net investment income, net of administrative expense	-	2,205,144	(2,205,144)
Benefit payments, including refunds of employee contributions	(7,001,597)	(7,001,597)	-
Administrative expenses	-	(111,835)	111,835
Net Changes during July 1, 2014 to June 30, 2015	4,392,669	64,267	4,328,402
Balance at June 30, 2015 (Measurement Date)	\$ 144,085,557	\$ 99,238,682	\$ 44,846,875

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous Plan	\$ 42,151,970	\$ 27,672,828	\$ 15,792,236
Safety Plan	\$ 65,612,591	\$ 44,846,875	\$ 27,980,920

Pension plan fiduciary net position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – City Employees Retirement Plan (Continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2015, the City incurred a pension expense of \$1,872,926 and \$3,561,915 for the Miscellaneous and Safety Plans, respectively.

As of measurement date of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Miscellaneous Plan</u>		<u>Safety Plan</u>	
	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Contribution made after the measurement date	\$ 2,633,672	\$ -	\$ 4,516,245	\$ -
Changes of assumptions	-	(1,198,433)		(2,008,884)
Difference between expected and actual experience	222,779	-	974,961	
Net difference between projected and actual earning on pension plan investments	3,284,802	(3,967,117)	4,193,099	(5,079,736)
Total	<u>\$ 6,141,253</u>	<u>\$ (5,165,550)</u>	<u>\$ 9,684,305</u>	<u>\$ (7,088,620)</u>

The amounts above are net of outflows and inflows recognized in the 2014-15 measurement period expense.

The expected average remaining service lifetime (“EARSLS”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSLS for the 2014-15 measurement period is 2.7 and 3.8 years, which was obtained by dividing the total service years of 1,587 and 1,263 (the sum of remaining service lifetimes of the active employees) by 586 and 333 (the total number of participants: active, inactive, and retired) for Miscellaneous and Safety plan, respectively.

The \$2,633,672 and \$4,516,245 for Miscellaneous and Safety Plans, respectively, reported as deferred inflows of resources related to pension resulting from the City’s contributions subsequent to the measurement date during the year ended June 30, 2016 will be recognized as an increase of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30	<u>Deferred Outflows/(Inflows) of Resources</u>	
	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
2016	\$ (1,075,085)	\$ (1,014,228)
2017	(902,913)	(1,014,228)
2018	(501,170)	(940,378)
2019	821,199	1,048,274
2020	-	-
Thereafter	-	-
	<u>\$ (1,657,969)</u>	<u>\$ (1,920,560)</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Other Postemployment Benefits

A. Plan Description

The City of Hemet Retiree Healthcare Plan administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Retiree medical health benefits are offered to eligible retirees through Aetna and Kaiser. Dental and vision benefits are provided by the City and administered by Group Management Services. Eligibility is based on the contract. The City's plan does not issue a publicly available financial report.

B. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City's current funding policy is pay as you go. The City has not pre-funded the Plan and will continue to pay for retiree healthcare benefits on a pay as you go basis. The City pays the full cost of eligible retirees' coverage up to a maximum (100% for retiree only coverage and 80% for additional dependent coverage) subject to the City's vesting schedule.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit “(OPEB)” cost (expense) is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual Required Contribution	\$	4,854,000
Interest on Net Pension Obligation (Asset)		370,242
Adjustment to Annual Required Contribution		<u>(698,482)</u>
Annual OPEB Cost		4,525,760
Contributions Made		<u>(3,647,880)</u>
Increase (Decrease) in Net Pension Obligation (Asset)		877,880
Net OPEB Obligation (Asset) Beginning of Year		<u>9,256,053</u>
Net OPEB Obligation (Asset) End of Year	\$	<u><u>10,133,933</u></u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Other Postemployment Benefits (Continued)

D. Three-Year Trend Information

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 4,016,000	80.5%	\$ 8,355,000
June 30, 2015	4,231,000	79.3%	9,256,053
June 30, 2016	4,525,760	80.6%	10,133,933

E. Funded Status and Funding Progress

As of January 1, 2015, the latest actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$74,132,000 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$74,132,000. The covered payroll (annual payroll of active employees covered by the plan) was \$17,015,000 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 436%.

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

F. Actuarial Methods and Assumptions

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

The actual cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.00% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.5% and 7.8% initially in 2016 for Non-Medicare HMO & PPO and Medicare HMO & PPO, respectively, decreasing to 5% after 6 years, and a dental and vision cost trend rate of 3% per year. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 24 years on a closed basis.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 11 – Fund Balances

The detail information of the fund balances at June 30, 2016 is as follows:

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventory	\$ 300	\$ -	\$ 300
Prepays	6,753	-	6,753
Library Endowment	-	1,000,000	1,000,000
Total nonspendable	<u>7,053</u>	<u>1,000,000</u>	<u>1,007,053</u>
Restricted for:			
Public Access Channel	1,253,300	-	1,253,300
Low/Mod Housing	-	3,896,374	3,896,374
Public Safety	-	510,045	510,045
Street Work	-	7,538,073	7,538,073
Lighting and Landscaping	-	3,256,236	3,256,236
Housing Grants	-	3,743,309	3,743,309
Sewer Maintenance	-	5,944,451	5,944,451
Indian Gaming Capital Projects	-	6,162	6,162
Development Impact Fees	-	15,763,621	15,763,621
Library Equipment	-	81,020	81,020
General Plan	-	77,952	77,952
Total restricted	<u>1,253,300</u>	<u>40,817,243</u>	<u>42,070,543</u>
Committed to:			
Economic Stabilization Reserve	7,727,108	-	7,727,108
Total committed	<u>7,727,108</u>	<u>-</u>	<u>7,727,108</u>
Assigned to:			
Equipment Replacement	-	3,777,370	3,777,370
Capital Replacement	-	2,808,644	2,808,644
Continuing Appropriations	215,086	-	215,086
Total assigned	<u>215,086</u>	<u>6,586,014</u>	<u>6,801,100</u>
Unassigned (deficit)	<u>6,008,501</u>	<u>(297,304)</u>	<u>5,711,197</u>
Total Fund Balances	<u>\$ 15,211,048</u>	<u>\$ 48,105,953</u>	<u>\$ 63,317,001</u>

Note 12 – Endowment

The City received an endowment in 2002 for \$1,000,000. The principal amount of \$1,000,000 is to be held in perpetuity while interest earnings are to be used for the City's library as stated in the resolution accepting the endowment. The endowment activity is accounted for in the permanent fund of the City with the principal amount reflected in nonspendable fund balance. In the government-wide financial statements, the principal amount is included in restricted net position as non-expendable. At June 30, 2016, net appreciation on investment of the principal balance amounted to \$81,020, and is reported as restricted net position as expendable. California Senate Bill No. 1329 enacted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") that governing the ability to spend on the net appreciation of the endowment fund. The City also passed resolution No. 3715 to establish policy on the spending of investment income in that available funds may only be used to supplement normal budgeted City funds appropriated by the City for the operation and maintenance of the library and not to substitute for such funds. Available funds may be used for a variety of library purposes that enhances the functioning of the library after specifically approved on a case by case line-item basis by the City Council in advance of the expenditure.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 13 – Individual Fund Disclosure

A. Expenditures in Excess of Appropriations

The following funds report expenditures in excess of appropriations for the year ended June 30, 2016.

	Appropriation	Expenditures	Overage
Other Governmental Funds:			
Special Revenue Funds:			
Public Safet/ Towing	\$ 66,362	\$ 70,608	\$ (4,246)
HOME Program	15,150	20,989	(5,839)

B. Deficit Net Positions and Fund Balances

In the Government-wide Financial Statements, the City had a deficit unrestricted net position of \$(52,489,994) of which, \$(68,368,779) was attributed to aggregate net pension liabilities.

Funds with deficit net positions and fund balances at June 30, 2016 are as follows:

Fiduciary Fund:	
Successor Agency Private Purpose Trust Fund	\$ (9,221,645)
Other Governmental Funds:	
Special Revenue Funds:	
Article 3	(62,500)
Public Safety CFD	(75,974)
Local Law Enforcement Block Grant	(158,830)
Internal Service Fund:	
Admin Services Fund	(901,493)

The City plans to eliminate the deficit for Other Governmental Funds and Internal Service Funds through continued effort to keep the costs down. In addition, the deficit net position for the Successor Agency Private Purpose Trust Fund will be eliminated through continued repayment of debt through property tax revenue received. Article 3 Special Revenue Fund will eliminate the deficit once revenue is received.

In the General Fund, the City had a net change in fund balance of \$(1,705,487) of which, \$(1,431,207) was attributed to the amount total expenditures exceeded the total revenues.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 14 – Commitments and Contingencies

A. Lawsuits

As of June 30, 2016 the City was involved in a number of damage suits incurred in the ordinary course of City operations. Estimated costs of these claims have been accrued as claims and judgments payable.

B. Federal and State Grant Programs

The City has received Federal and State funds for specific purposes that are subject to review by the grantor agencies. These programs are subject to audit by the grantor agencies and upon further examination by the grantors, certain costs could be disallowed. The City expects any such amounts to be immaterial.

C. Construction Commitments

The estimated amount of remaining construction contract obligations at year-end is \$1,399,129.

Note 15 – Financial Condition

For the fiscal year ended June 30, 2016, the City of Hemet decreased its General Fund -fund balance by \$(1,705,487).

The most significant decrease is due to the continued use of General Fund reserves to fund ongoing operational costs. The General Fund saw a net \$1,705,487 reduction in fund balance for the fiscal year, attributable in large part to the increasing costs of employee pensions and retiree medical benefits.

The Water Fund also saw an increase in net position of \$2,454,788 due to increased revenues for charges for services. This is primarily due to the recent rate study.

To ensure the future operations of the City of Hemet, several steps have been undertaken since the close of the fiscal year ended June 30, 2016, including:

- Creation of OPEB Trust.
- Reduction in the amortization schedule for CalPERS liabilities from 30 years to 20 years.
- Elimination of the highest casting retiree medical plans.

Although the adopted fiscal year 2016-17 General Fund budget assumes the use of over \$5 million in reserves for ongoing operations, this does not take into account identified alternative sources of funding for several capital improvement projects, reductions to the cost of retiree medical benefits resulting from the recent Council action, and continued management scrutiny of costs.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 16 - Subsequent Events

At December 21, 2016, the CalPERS Board of Administration (the “Board”) approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent to 7.00 percent over the next three years. This will increase the City’s employer contribution costs beginning in fiscal year 2018-19. The phase-in of the discount rate change approved by the board for the next three fiscal years is as follows:

Valuation Date	Fiscal Year for Requirement Contribution Rate	Discount Rate
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.250%
June 30, 2018	2020-21	7.000%

Lowering the discount rate means plans will see increases in both normal costs, the cost of pension benefits accruing in one year for active members and the accrued liabilities. These increases will result in higher required employer contribution. The actual impact cannot be determined but the required employer contribution is expected to be significantly higher as well as the net pension liabilities

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of Hemet
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 22,570,925	\$ 28,804,700	\$ 30,105,149	\$ 1,300,449
Licenses and permits	1,742,000	1,961,900	1,974,017	12,117
Intergovernmental revenues	5,593,700	775,900	765,095	(10,805)
Charges for services	2,654,800	2,622,200	2,860,301	238,101
Fines and forfeitures	407,200	370,200	412,436	42,236
Investment Income	353,300	267,500	785,052	517,552
Miscellaneous	379,900	360,747	309,831	(50,916)
Total revenues	33,701,825	35,163,147	37,211,881	2,048,734
EXPENDITURES:				
Current:				
General government	3,465,800	2,445,872	2,184,934	260,938
Public safety	30,015,823	29,960,499	29,377,067	583,432
Community development	4,596,550	5,108,563	4,525,077	583,486
Parks	1,160,000	1,231,787	1,120,310	111,477
Libraries	1,336,000	1,448,500	1,363,940	84,560
Capital outlay	-	72,759	71,760	999
Total expenditures	40,574,173	40,267,980	38,643,088	1,624,892
REVENUES OVER (UNDER) EXPENDITURES	(6,872,348)	(5,104,833)	(1,431,207)	3,673,626
OTHER FINANCING SOURCES (USES):				
Transfers in	-	210,000	204,983	(5,017)
Transfers out	-	(510,000)	(490,176)	19,824
Proceed from sale of assets	-	-	10,913	10,913
Total other financing sources (uses)	-	(300,000)	(274,280)	25,720
NET CHANGES IN FUND BALANCES	\$ (6,872,348)	\$ (5,404,833)	(1,705,487)	\$ 3,699,346
FUND BALANCES:				
Beginning of year			16,916,535	
End of year			<u>\$ 15,211,048</u>	

City of Hemet
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2016

BUDGETS AND BUDGETARY ACCOUNTING

The City uses the following procedures in establishing the budgetary data reflected in the financial statements: After January 1, department heads prepare estimates for required appropriations for the fiscal year commencing the following July 1. The proposed budget includes estimated expenditures and forecasted revenues for the fiscal year. The data is presented to the City Manager for review. The City Manager submits to the City Council a proposed operating budget for the upcoming fiscal year. The operating budget includes a summary of the proposed expenditures and financial resources of the City, as well as historical data for the preceding two fiscal periods. Public hearings are conducted to obtain taxpayer comments. The City Council is normally expected to adopt the budget prior to the beginning of the next fiscal period through passage of an adopting resolution. This appropriated budget covers substantially all City expenditures. There were no significant non-budgeted financial activities. All appropriated amounts are as originally adopted or as amended by the City Council and not subject to continuing appropriation lapse at year end. During the year ended June 30, 2016, the City decreased its total budget for expenditures in the General Fund by \$306,193.

The City Manager is authorized to transfer budgeted amounts between functions, departments and expenditure accounts within funds. Transfers of appropriations between funds may be made only by authority of the City Council. Formal budgetary integration is employed as a management control device during the fiscal year for the General, Special Revenue, and Capital Projects funds. It is the policy of the City of Hemet to only budget capital expenditure projects from existing capital projects funds fund balances. No annual revenues are budgeted due to their annual volatility. Budgets for the various funds are adopted on a basis consistent with accounting principal generally accepted in the United States ("U.S. GAAP"). Annual appropriated budgets are legally adopted for the General, Special Revenue, and Capital Projects fund types.

No budgets was adopted for the Housing Authority Special Revenue Fund and General Capital Projects Fund.

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

Measurement period	2014-15	2013-14 ¹
Total pension liability		
Service cost	\$ 1,871,677	\$ 1,873,983
Interest	7,613,775	7,253,346
Changes of benefit terms	-	-
Changes of assumptions	(1,903,393)	-
Recognized differences between expected and actual experience	353,826	-
Benefit payments, including refunds of employee contributions	(4,856,565)	(4,666,256)
Net change in total pension liability	3,079,320	4,461,073
Total pension liability - beginning	102,568,486	98,107,413
Total pension liability - ending (a)	\$ 105,647,806	\$ 102,568,486
Pension fiduciary net position		
Contributions - employer	\$ 2,503,520	\$ 2,191,066
Contributions - employee	780,189	871,668
Net investment income ²	1,739,990	11,594,247
Benefit payments, including refunds of employee contributions	(4,856,565)	(4,666,256)
Plan to plan resource movement	(887)	-
Administrative expense	(87,854)	-
Net change in plan fiduciary net position	78,393	9,990,725
Plan fiduciary net position - beginning	77,896,585	67,905,860
Plan fiduciary net position - ending (b)	\$ 77,974,978	\$ 77,896,585
Plan net pension liability - ending (a) - (b)	\$ 27,672,828	\$ 24,671,901
Plan fiduciary net position as a percentage of the total pension liability	73.81%	75.95%
Covered-employee payroll	\$ 9,680,537	\$ 9,398,580
Plan net pension liability as a percentage of covered-employee payroll	285.86%	262.51%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Net of administrative expenses for 2013-14 measurement period.

Notes to Schedule:

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

Changes of Assumptions: The discount rate was changed from 7.50% (net of administration expense) to 7.65%.

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2016

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Safety Plan

Measurement period	2014-15	2013-14 ¹
Total pension liability		
Service cost	\$ 2,394,505	\$ 2,495,555
Interest	10,402,942	9,879,182
Changes of benefit terms	-	-
Changes of assumptions	(2,726,343)	-
Differences between expected and actual experience	1,323,162	-
Benefit payments, including refunds of employee contributions	(7,001,597)	(6,313,012)
Net change in total pension liability	4,392,669	6,061,725
Total pension liability - beginning	139,692,888	133,631,163
Total pension liability - ending (a)	\$ 144,085,557	\$ 139,692,888
Pension fiduciary net position		
Contributions - employer	\$ 4,085,934	\$ 3,816,628
Contributions - employee	885,734	896,539
Net investment income ²	2,205,144	14,795,183
Benefit payments, including refunds of employee contributions	(7,001,597)	(6,313,012)
Plan to plan resource movement	887	-
Administrative expense	(111,835)	-
Net change in plan fiduciary net position	64,267	13,195,338
Plan fiduciary net position - beginning	99,174,415	85,979,077
Plan fiduciary net position - ending (b)	\$ 99,238,682	\$ 99,174,415
Plan net pension liability - ending (a) - (b)	\$ 44,846,875	\$ 40,518,473
Plan fiduciary net position as a percentage of the total pension liability	68.87%	70.99%
Covered-employee payroll	\$ 9,136,679	\$ 8,870,562
Plan net pension liability as a percentage of covered-employee payroll	490.84%	456.77%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Net of administrative expenses for 2013-14 measurement period.

Notes to Schedule:

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

Changes of Assumptions: The discount rate was changed from 7.50% (net of administrative expense) to 7.65%.

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2016

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

	2015-16	2014-15	2013-14 ¹
Actuarially determined contribution ¹	\$ 2,633,672	\$ 2,503,520	\$ 2,191,066
Contributions in relation to the actuarially determined contribution ¹	(2,633,672)	(2,503,520)	(2,191,066)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ^{2,3}	\$ 9,970,954	\$ 9,680,537	\$ 9,398,580
Contributions as a percentage of covered-employee payroll ²	26.41%	25.86%	23.31%

¹ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

² Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

³ Payroll from prior year \$9,573,583 was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 are from June 30, 2013 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment
Payroll Growth	3.00%
Investment rate of return	7.50%, net of administrative expense
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Contributions (Continued)
For the Year Ended June 30, 2016

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Safety Plan

	2015-16	2014-15	2013-14 ¹
Actuarially determined contribution ¹	\$ 4,516,245	\$ 4,085,934	\$ 3,816,628
Contributions in relation to the actuarially determined contribution ¹	(4,516,245)	(4,085,934)	(3,816,628)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ^{2,3}	\$ 9,410,779	\$ 9,136,679	\$ 8,870,562
Contributions as a percentage of covered-employee payroll ²	47.99%	44.72%	43.03%

¹ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

² Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

³ Payroll from prior year \$8,568,972 was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 are from June 30, 2013 funding

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment
Payroll Growth	3.00%
Investment rate of return	7.50%, net of administrative expense
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Funding Progress
For the Year Ended June 30, 2016

Other Postemployment Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liabilities ("AAL") (B)	Unfunded AAL ("UAAL") (B - A)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B - A) / C]
January 1, 2011	\$ -	\$ 70,638,000	\$ 70,638,000	0%	\$ 18,227,000	387.55%
January 1, 2013	-	69,957,000	69,957,000	0%	17,002,000	411.46%
January 1, 2015	-	74,132,000	74,132,000	0%	17,015,000	435.69%

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Public Safety/Towing - This fund accounts for the financial transactions involving the use of monies collected for towing service as related to public safety.

Gas Tax Fund - Accounts for transactions as prescribed by the State of California statute on California Streets and Highways; including receipts under Streets and Highways Code Section 2105, 2106, 2107, 2107.5 and SB300.

Measure A - Accounts for the use of Measure A tax monies for transit purposes.

Article 3 - Accounts for the use of the Transportation Development Act Article 3 funds.

Air Pollution Reduction - Accounts for the financial transactions per Regulation 15 of the South Coast Air Quality Management District.

Lighting/Landscape Maintenance District - Accounts for the financial transactions of City-wide lighting and landscaping assessment district established by City Council.

Intermodal Surface Transportation Efficiency Act (ISTEA) - Accounts for the financial transactions as prescribed by the Local Agency - State Master Agreement for Federal Aid projects applying all provisions of the 1991 Intermodal Surface Transportation Efficiency Act.

Post Proposition 218 Lighting District - Accounts for the financial transactions of lighting districts voted by the citizens of those specified areas.

Post Proposition 218 Landscape District - Accounts for financial transactions of landscape districts voted in by the citizens of those specified areas.

Asset Seizure - Accounts for the financial transactions associated with assets seized in narcotics investigations to be used for law enforcement purposes.

Public Safety Grants - Accounts for the financial transactions as prescribed by various State and Federal Police Grants.

Public Safety CFD - Accounts for the proceeds from the Public Safety Community Facilities District voted in by the citizens of those specific areas to be used specifically for public safety.

Citizen Option for Public Safety Programs (COPS) - Accounts for the financial transactions as prescribed by the State of California Grant under AB 3229.

Local Law Enforcement Block Grant (LLEBG) - Accounts for the financial transactions as prescribed by the U.S. Department of Justice Grant for the Local Law Enforcement Block Grant Program.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (Continued):

Community Development Block Grant - Accounts for the financial transactions as prescribed by the Federal Department of Housing and Urban Development for Community Development Block Grant Programs.

General Plan - Accounts for the financial resources received related to updating and maintaining the City's general plan.

Home Investment Partnership (HOME) Program - Accounts for the financial transactions of the federally funded HOME program as administered by the State of California's Department of Housing and Community Development.

CAL HOME Program - Accounts for the financial transactions of the State funded program to replace and rehabilitate mobile homes.

Sewer Fund - This fund is used to account for funds derived from a portion of the 6% utility user tax and miscellaneous services charges. Funds are spent on the Sewer/Storm Drain Department and capital sewer projects.

2001-2008 HOME Program - Accounts for the financial transactions of the Federally funded HOME program as administered by the State of California Department of Housing and Community Development.

Neighborhood Stabilization Program Grant - Accounts for the financial transactions as prescribed by the Federal Department of Housing and Urban Development for Neighborhood Stabilization Program Grants.

Housing Authority - This fund accounts for the revenue received from the City's affordable housing programs which facilitate housing development and affordable housing opportunities.

Sewer and Storm Drain - This fund accounts for the sewer and storm drain fees for the city-wide program to maintain storm drains and sewer transmission lines. Revenues are intended to cover the maintenance costs for these lines, not all of the costs associated with the replacement, and depreciation of these lines.

Indian Gaming Grants - This fund accounts for the financial transactions of Indian Gaming Grants received by the city to be spent on specific programs or departments.

Capital Projects Funds:

Public Meeting Facilities - Accounts for the financial transactions for the public meeting facilities identified in the development impact fee report and funded through developer contributions.

General Facilities - Accounts for the financial transactions for general facilities identified in the development impact fee report and funded through developer contributions.

Flood Control - Accounts for the financial transactions for flood control improvements identified in the development impact fee report and funded through developer contributions.

Law Enforcement Facilities - Accounts for the financial transactions for the purchase of equipment identified in the development impact fee report and funded through developer contributions.

Park Development - Accounts for the financial transactions for park acquisitions and development identified in the development impact fee report and funded through park dedication fees and state grants.

Valley Wide DVL Park - Accounts for the financial transactions for development identified in the development impact fee report and funded through developer contributions.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Capital Projects Funds (Continued):

Library Facilities - Accounts for the financial transactions for expansion of library facilities identified in the development impact fee report and funded through developer contributions.

Capital Projects - Accounts for the financial transactions for Capital Projects related to the General Fund or General Fund departments.

Equipment Replacement - Accounts for accumulation of reserves for future replacement of rolling stock vehicles from other funds.

General Capital - Accounts for the financial transactions for the addition of new (non-replacement) equipment.

Fire Facilities - Accounts for the financial transactions for the purchase of equipment identified in the development impact fee report and funded through developer contributions.

Bridges/Streets/Traffic Facilities - This fund accounts for the financial transactions for bridges, streets, and traffic facilities in the development impact fee report and funded through developer contributions.

Permanent Funds:

LaSalle Library Endowment - Accounts for an endowment given to the City of Hemet for the benefit of the Library. Only interest earned on the principal amount of \$1,000,000 can be used for non-operating costs of the Library.

No budgets were adopted for the Housing Authority Special Revenue Fund, General Capital Capital Projects Fund, and the LaSalle Library Endowment Permanent Fund.

City of Hemet
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			
	Public Safety/ Towing	Gas Tax	Measure A	Article 3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 47,314	\$ 2,386,179	\$ 4,088,507	\$ -
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	34,394	-	-
Interest receivables	-	-	-	-
Due from other governments	-	123,835	260,007	62,500
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>\$ 47,314</u>	<u>\$ 2,544,408</u>	<u>\$ 4,348,514</u>	<u>\$ 62,500</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 120	\$ 85,107	\$ -	\$ 15,565
Accrued salaries and benefits	1,054	22,299	787	17
Deposits	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	46,918
Advance from other funds	-	-	-	-
Total liabilities	<u>1,174</u>	<u>107,406</u>	<u>787</u>	<u>62,500</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	62,500
Total Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,500</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	46,140	2,437,002	4,347,727	-
Assigned	-	-	-	-
Unassigned	-	-	-	(62,500)
Total fund balances	<u>46,140</u>	<u>2,437,002</u>	<u>4,347,727</u>	<u>(62,500)</u>
Total liabilities and fund balances	<u>\$ 47,314</u>	<u>\$ 2,544,408</u>	<u>\$ 4,348,514</u>	<u>\$ 62,500</u>

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds		
	Air Pollution Reduction	Lighting/Landscape Maintenance District	Post Prop. 218 Lighting District
ASSETS			
Cash and investments	\$ 753,344	\$ 1,575,135	\$ 732,654
Cash with fiscal agent	-	-	-
Accounts receivable	-	-	-
Interest receivables	-	-	-
Due from other governments	-	65,802	6,596
Due from other funds	-	-	-
Notes receivable, net	-	-	-
Advance to other funds	-	-	-
Land held for resale	-	-	-
Total assets	\$ 753,344	\$ 1,640,937	\$ 739,250
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 97,401	\$ 32,357
Accrued salaries and benefits	-	4,990	1,042
Deposits	-	-	-
Unearned revenues	-	-	-
Due to other funds	-	-	-
Advance from other funds	-	-	-
Total liabilities	-	102,391	33,399
Deferred Inflows of Resources:			
Unavailable revenue	-	-	-
Total Inflows of Resources	-	-	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	753,344	1,538,546	705,851
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	753,344	1,538,546	705,851
Total liabilities and fund balances	\$ 753,344	\$ 1,640,937	\$ 739,250

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			
	Post Prop. 218 Landscape District	Asset Seizure	Public Safety Grants	Public Safety CFD
ASSETS				
Cash and investments	\$ 1,734,082	\$ 135,161	\$ 286,486	\$ -
Cash with fiscal agent	-	-	-	-
Accounts receivable	3,038	-	-	-
Interest receivables	-	-	-	-
Due from other governments	38,726	-	37,245	26,765
Due from other funds	-	-	-	96,008
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 1,775,846	\$ 135,161	\$ 323,731	\$ 122,773
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 68,507	\$ -	\$ -	\$ -
Accrued salaries and benefits	7,937	-	-	6,732
Deposits	81,223	19,229	-	-
Unearned revenues	-	-	-	-
Due to other funds	606,340	-	96,008	192,015
Advance from other funds	-	-	-	-
Total liabilities	764,007	19,229	96,008	198,747
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,011,839	115,932	227,723	-
Assigned	-	-	-	-
Unassigned	-	-	-	(75,974)
Total fund balances	1,011,839	115,932	227,723	(75,974)
Total liabilities and fund balances	\$ 1,775,846	\$ 135,161	\$ 323,731	\$ 122,773

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			
	Citizen Option for Public Safety Programs (COPS)	Law Enforcement Block Grant (LLEBG)	Community Development Block Grant	General Plan
ASSETS				
Cash and investments	\$ 209,534	\$ -	\$ -	\$ 77,952
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	96,280	478,840	-
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	255,110	351,229	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 209,534	\$ 351,390	\$ 830,069	\$ 77,952
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 122,780	\$ -
Accrued salaries and benefits	-	-	4,830	-
Deposits	-	-	-	-
Unearned revenues	89,284	-	-	-
Due to other funds	-	510,220	702,459	-
Advance from other funds	-	-	-	-
Total liabilities	89,284	510,220	830,069	-
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	120,250	-	-	77,952
Assigned	-	-	-	-
Unassigned	-	(158,830)	-	-
Total fund balances	120,250	(158,830)	-	77,952
Total liabilities and fund balances	\$ 209,534	\$ 351,390	\$ 830,069	\$ 77,952

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			
	HOME Program	CAL HOME Program	2001-2008 HOME Program	Neighborhood Stabilization Program Grant
ASSETS				
Cash and investments	\$ 452,126	\$ -	\$ 843,781	\$ -
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivables	-	-	348,113	-
Due from other governments	-	-	-	-
Due from other funds	-	172,556	-	68,616
Notes receivable, net	594,468	609,197	550,318	243,874
Allowance for forgivable notes	-	-	-	-
Land held for resale	-	-	-	593,919
Total assets	\$ 1,046,594	\$ 781,753	\$ 1,742,212	\$ 906,409
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 10,142	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	345,112	241,172	137,233
Advance from other funds	-	-	-	-
Total liabilities	-	355,254	241,172	137,233
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,046,594	426,499	1,501,040	769,176
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,046,594	426,499	1,501,040	769,176
Total liabilities and fund balances	\$ 1,046,594	\$ 781,753	\$ 1,742,212	\$ 906,409

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			
	Housing Authority	Sewer and Storm Drain	Indian Gaming Grants	Total Special Revenue Funds
ASSETS				
Cash and investments	\$ 113,073	\$ 6,011,342	\$ 6,162	\$ 19,452,832
Cash with fiscal agent	-	-	-	-
Accounts receivable	3,500	685,729	-	1,301,781
Interest receivables	460,951	-	-	809,064
Due from other governments	-	-	-	621,476
Due from other funds	-	-	-	943,519
Notes receivable, net	1,842,083	-	-	3,839,940
Advance to other funds	-	-	-	-
Land held for resale	1,482,500	-	-	2,076,419
Total assets	\$ 3,902,107	\$ 6,697,071	\$ 6,162	\$ 29,045,031
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 738,040	\$ -	\$ 1,170,019
Accrued salaries and benefits	-	14,580	-	64,268
Deposits	5,733	-	-	106,185
Unearned revenues	-	-	-	89,284
Due to other funds	-	-	-	2,877,477
Advance from other funds	-	-	-	-
Total liabilities	5,733	752,620	-	4,307,233
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	62,500
Total Inflows of Resources	-	-	-	62,500
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	3,896,374	5,944,451	6,162	24,972,602
Assigned	-	-	-	-
Unassigned	-	-	-	(297,304)
Total fund balances	3,896,374	5,944,451	6,162	24,675,298
Total liabilities and fund balances	\$ 3,902,107	\$ 6,697,071	\$ 6,162	\$ 29,045,031

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Capital Projects Funds			
	Public Meeting Facilities	General Facilities	Flood Control	Law Enforcement Facilities
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 551,614	\$ 1,781,387	\$ 3,033,788	\$ 42,671
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Allowance for forgivable notes	-	-	354,137	-
Land held for resale	-	-	-	-
Total assets	<u>\$ 551,614</u>	<u>\$ 1,781,387</u>	<u>\$ 3,387,925</u>	<u>\$ 42,671</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	551,614	1,781,387	3,387,925	42,671
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>551,614</u>	<u>1,781,387</u>	<u>3,387,925</u>	<u>42,671</u>
Total liabilities and fund balances	<u>\$ 551,614</u>	<u>\$ 1,781,387</u>	<u>\$ 3,387,925</u>	<u>\$ 42,671</u>

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Capital Projects Funds			
	Park Development	Valley Wide DVL Park	Library Facilities	Capital Projects
ASSETS				
Cash and investments	\$ 1,505,821	\$ 128,274	\$ 1,168,115	\$ 2,808,644
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 1,505,821	\$ 128,274	\$ 1,168,115	\$ 2,808,644
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 17,587	\$ -
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	-	-	17,587	-
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,505,821	128,274	1,150,528	-
Assigned	-	-	-	2,808,644
Unassigned	-	-	-	-
Total fund balances	1,505,821	128,274	1,150,528	2,808,644
Total liabilities and fund balances	\$ 1,505,821	\$ 128,274	\$ 1,168,115	\$ 2,808,644

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Capital Projects Funds			
	Equipment Replacement	General Capital	Fire Facilities	Bridges/Streets/ Traffic Facilities
ASSETS				
Cash and investments	\$ 3,780,970	\$ 8,564	\$ 3,750,188	\$ 4,293,555
Cash with fiscal agent	-	-	-	15,032
Accounts receivable	-	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	-	-	535,480
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 3,780,970	\$ 8,564	\$ 3,750,188	\$ 4,844,067
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,600	\$ -	\$ -	\$ 21,565
Accrued salaries and benefits	-	-	-	633
Deposits	-	-	-	475,603
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	354,137	-
Total liabilities	3,600	-	354,137	497,801
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	535,480
Total Inflows of Resources	-	-	-	535,480
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	8,564	3,396,051	3,810,786
Assigned	3,777,370	-	-	-
Unassigned	-	-	-	-
Total fund balances	3,777,370	8,564	3,396,051	3,810,786
Total liabilities and fund balances	\$ 3,780,970	\$ 8,564	\$ 3,750,188	\$ 4,844,067

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	<u>Permanent Fund</u>		Total Nonmajor Governmental Funds
	<u>Total Capital Projects Funds</u>	<u>LaSalle Library Endowment</u>	
ASSETS			
Cash and investments	\$ 22,853,591	\$ 1,080,287	\$ 43,386,710
Cash with fiscal agent	15,032	-	15,032
Accounts receivable	-	-	1,301,781
Interest receivables	-	2,330	811,394
Due from other governments	535,480	-	1,156,956
Due from other funds	-	-	943,519
Notes receivable, net	-	-	3,839,940
Advance to other funds	354,137	-	354,137
Land held for resale	-	-	2,076,419
Total assets	\$ 23,758,240	\$ 1,082,617	\$ 53,885,888
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 42,752	\$ 1,597	\$ 1,214,368
Accrued salaries and benefits	633	-	64,901
Deposits	475,603	-	581,788
Unearned revenues	-	-	89,284
Due to other funds	-	-	2,877,477
Advance from other funds	354,137	-	354,137
Total liabilities	873,125	1,597	5,181,955
Deferred Inflows of Resources:			
Unavailable revenue	535,480	-	597,980
Total Inflows of Resources	535,480	-	597,980
Fund Balances:			
Nonspendable	-	1,000,000	1,000,000
Restricted	15,763,621	81,020	40,817,243
Assigned	6,586,014	-	6,586,014
Unassigned	-	-	(297,304)
Total fund balances	22,349,635	1,081,020	48,105,953
Total liabilities and fund balances	\$ 23,758,240	\$ 1,082,617	\$ 53,885,888

(Concluded)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Public Safety/ Towing	Gas Tax	Measure A	Article 3
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,619,495	\$ -
Intergovernmental revenue	-	1,688,013	-	-
Charges for services	55,617	-	45	-
Investment income	296	48,697	64,436	-
Miscellaneous	-	14,205	-	-
Total revenues	55,913	1,750,915	1,683,976	-
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	13,650	-	-	-
Community development	-	-	-	-
Public works	-	2,498,416	-	-
Sanitation	-	-	-	-
Library	-	-	-	-
Capital outlay	56,958	14,725	341,036	62,500
Total expenditures	70,608	2,513,141	341,036	62,500
REVENUES OVER (UNDER) EXPENDITURES	(14,695)	(762,226)	1,342,940	(62,500)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	20,004	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	20,004	-	-
CHANGES IN FUND BALANCES	(14,695)	(742,222)	1,342,940	(62,500)
FUND BALANCES:				
Beginning of year	60,835	3,179,224	3,004,787	-
End of year	\$ 46,140	\$ 2,437,002	\$ 4,347,727	\$ (62,500)

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds		
	Air Pollution Reduction	Lighting/Landscape Maintenance District	Post Prop. 218 Lighting District
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenue	224,406	1,893,192	-
Charges for services	-	3,140	291,187
Investment income	3,423	21,855	4,391
Miscellaneous	249,841	6,500	-
Total revenues	477,670	1,924,687	295,578
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	1,696,920	226,510
Sanitation	-	-	-
Library	-	-	-
Capital outlay	19,574	-	-
Total expenditures	19,574	1,696,920	226,510
REVENUES OVER (UNDER) EXPENDITURES	458,096	227,767	69,068
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
CHANGES IN FUND BALANCES	458,096	227,767	69,068
FUND BALANCES:			
Beginning of year	295,248	1,310,779	636,783
End of year	<u>\$ 753,344</u>	<u>\$ 1,538,546</u>	<u>\$ 705,851</u>

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Post Prop. 218 Landscape District	Asset Seizure	Public Safety Grants	Public Safety CFD
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	24,983	499,698	-
Charges for services	1,442,033	-	-	511,818
Investment income	5,345	959	603	-
Miscellaneous	12,400	-	-	-
Total revenues	1,459,778	25,942	500,301	511,818
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	5,590	240,413	392,333
Community development	-	-	-	-
Public works	1,290,760	-	-	-
Sanitation	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	157,452	-
Total expenditures	1,290,760	5,590	397,865	392,333
REVENUES OVER (UNDER) EXPENDITURES	169,018	20,352	102,436	119,485
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	78,267	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	78,267	-
CHANGES IN FUND BALANCES	169,018	20,352	180,703	119,485
FUND BALANCES:				
Beginning of year	842,821	95,580	47,020	(195,459)
End of year	<u>\$ 1,011,839</u>	<u>\$ 115,932</u>	<u>\$ 227,723</u>	<u>\$ (75,974)</u>

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Citizen Option for Public Safety Programs (COPS)	Law Enforcement Block Grant (LLEBG)	Community Development Block Grant	General Plan
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	49,970	44,932	990,478	-
Charges for services	-	-	-	23,100
Investment income	1,258	-	-	477
Miscellaneous	-	-	-	-
Total revenues	51,228	44,932	990,478	23,577
EXPENDITURES:				
Current:				
General government	-	-	129,329	-
Public safety	1,406	-	-	-
Community development	-	-	156,108	-
Public works	-	-	-	-
Sanitation	-	-	-	-
Library	-	-	-	-
Capital outlay	48,564	45,315	704,880	-
Total expenditures	49,970	45,315	990,317	-
REVENUES OVER (UNDER) EXPENDITURES	1,258	(383)	161	23,577
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(78,267)	-	-
Total other financing sources (uses)	-	(78,267)	-	-
CHANGES IN FUND BALANCES	1,258	(78,650)	161	23,577
FUND BALANCES:				
Beginning of year	118,992	(80,180)	(161)	54,375
End of year	\$ 120,250	\$ (158,830)	\$ -	\$ 77,952

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	HOME Program	CAL HOME Program	2001-2008 HOME Program	Neighborhood Stabilization Program Grant
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	93,723	-	504,076
Charges for services	-	-	-	-
Investment income	2,859	-	4,101	2,750
Miscellaneous	-	-	-	-
Total revenues	2,859	93,723	4,101	506,826
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	20,989	44,648	-	25,438
Public works	-	-	-	-
Sanitation	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	20,989	44,648	-	25,438
REVENUES OVER (UNDER) EXPENDITURES	(18,130)	49,075	4,101	481,388
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
CHANGES IN FUND BALANCES	(18,130)	49,075	4,101	481,388
FUND BALANCES:				
Beginning of year	1,064,724	377,424	1,496,939	287,788
End of year	\$ 1,046,594	\$ 426,499	\$ 1,501,040	\$ 769,176

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			Total Special Revenue Funds
	Housing Authority	Sewer and Storm Drain	Indian Gaming Grants	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 1,619,495
Intergovernmental revenue	-	-	-	6,013,471
Charges for services	-	3,412,341	-	5,739,281
Investment income	329	102,391	411	264,581
Miscellaneous	-	7,840	-	290,786
Total revenues	329	3,522,572	411	13,927,614
EXPENDITURES:				
Current:				
General government	-	-	-	129,329
Public safety	-	-	-	653,392
Community development	-	-	-	247,183
Public works	-	-	-	5,712,606
Sanitation	-	2,035,485	-	2,035,485
Library	-	-	-	-
Capital outlay	-	403,240	281,633	2,135,877
Total expenditures	-	2,438,725	281,633	10,913,872
REVENUES OVER (UNDER) EXPENDITURES	329	1,083,847	(281,222)	3,013,742
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	98,271
Transfers out	-	-	-	(78,267)
Total other financing sources (uses)	-	-	-	20,004
CHANGES IN FUND BALANCES	329	1,083,847	(281,222)	3,033,746
FUND BALANCES:				
Beginning of year	3,896,045	4,860,604	287,384	21,641,552
End of year	\$ 3,896,374	\$ 5,944,451	\$ 6,162	\$ 24,675,298

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Capital Projects Funds			
	Public Meeting Facilities	General Facilities	Flood Control	Law Enforcement Facilities
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	-	60,872	152,533	37,828
Investment income	3,785	34,020	57,286	200
Miscellaneous	-	-	-	-
Total revenues	3,785	94,892	209,819	38,028
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Sanitation	-	-	-	-
Library	-	-	-	-
Capital outlay	-	47,891	97,441	834
Total expenditures	-	47,891	97,441	834
REVENUES OVER (UNDER) EXPENDITURES	3,785	47,001	112,378	37,194
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
CHANGES IN FUND BALANCES	3,785	47,001	112,378	37,194
FUND BALANCES:				
Beginning of year	547,829	1,734,386	3,275,547	5,477
End of year	\$ 551,614	\$ 1,781,387	\$ 3,387,925	\$ 42,671

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Capital Projects Funds			
	Park Development	Valley Wide DVL Park	Library Facilities	Capital Projects
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	111,881	21,791	56,595	-
Investment income	28,178	825	23,489	5,299
Miscellaneous	-	-	-	2,133,111
Total revenues	140,059	22,616	80,084	2,138,410
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	200,217
Community development	-	-	-	20,795
Public works	-	-	-	-
Sanitation	-	-	-	-
Library	-	-	118,539	-
Capital outlay	37,836	-	70,256	282,181
Total expenditures	37,836	-	188,795	503,193
REVENUES OVER (UNDER) EXPENDITURES	102,223	22,616	(108,711)	1,635,217
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	470,172
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	470,172
CHANGES IN FUND BALANCES	102,223	22,616	(108,711)	2,105,389
FUND BALANCES:				
Beginning of year	1,403,598	105,658	1,259,239	703,255
End of year	\$ 1,505,821	\$ 128,274	\$ 1,150,528	\$ 2,808,644

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Capital Projects Funds			
	Equipment Replacement	General Capital	Fire Facilities	Bridges/Streets/ Traffic Facilities
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	660,912	-	44,800	241,066
Investment income	69,594	-	71,617	74,935
Miscellaneous	851	-	-	502,849
Total revenues	731,357	-	116,417	818,850
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	26,728	-
Sanitation	-	-	-	-
Library	-	-	-	-
Capital outlay	1,009,561	-	49,302	231,393
Total expenditures	1,009,561	-	76,030	231,393
REVENUES OVER (UNDER) EXPENDITURES	(278,204)	-	40,387	587,457
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
CHANGES IN FUND BALANCES	(278,204)	-	40,387	587,457
FUND BALANCES:				
Beginning of year	4,055,574	8,564	3,355,664	3,223,329
End of year	<u>\$ 3,777,370</u>	<u>\$ 8,564</u>	<u>\$ 3,396,051</u>	<u>\$ 3,810,786</u>

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	<u>Permanent Fund</u>		Total Nonmajor Governmental Funds
	<u>Total Capital Projects Funds</u>	<u>LaSalle Library Endowment</u>	
REVENUES:			
Taxes	\$ -	\$ -	\$ 1,619,495
Intergovernmental revenue	-	-	6,013,471
Charges for services	1,388,278	-	7,127,559
Investment income	369,228	10,716	644,525
Miscellaneous	2,636,811	-	2,927,597
Total revenues	4,394,317	10,716	18,332,647
EXPENDITURES:			
Current:			
General government	-	-	129,329
Public safety	200,217	-	853,609
Community development	20,795	-	267,978
Public works	26,728	-	5,739,334
Sanitation	-	-	2,035,485
Library	118,539	23,924	142,463
Capital outlay	1,826,695	-	3,962,572
Total expenditures	2,192,974	23,924	13,130,770
REVENUES OVER (UNDER) EXPENDITURES	2,201,343	(13,208)	5,201,877
OTHER FINANCING SOURCES (USES):			
Transfers in	470,172	-	568,443
Transfers out	-	-	(78,267)
Total other financing sources (uses)	470,172	-	490,176
CHANGES IN FUND BALANCES	2,671,515	(13,208)	5,692,053
FUND BALANCES:			
Beginning of year	19,678,120	1,094,228	42,413,900
End of year	\$ 22,349,635	\$ 1,081,020	\$ 48,105,953

(Concluded)

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Public Safety/Towing Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 65,000	\$ 55,617	\$ (9,383)
Investment Income	300	296	(4)
Total revenues	<u>65,300</u>	<u>55,913</u>	<u>(9,387)</u>
EXPENDITURES:			
Current:			
Public safety	52,100	13,650	38,450
Capital outlay	14,262	56,958	(42,696)
Total expenditures	<u>66,362</u>	<u>70,608</u>	<u>(4,246)</u>
CHANGES IN FUND BALANCES	<u>\$ (1,062)</u>	<u>(14,695)</u>	<u>\$ (13,633)</u>
FUND BALANCES:			
Beginning of year		<u>60,835</u>	
End of year		<u>\$ 46,140</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 1,724,500	\$ 1,688,013	\$ (36,487)
Investment Income	2,000	48,697	46,697
Miscellaneous	-	14,205	14,205
Total revenues	<u>1,726,500</u>	<u>1,750,915</u>	<u>24,415</u>
EXPENDITURES:			
Current:			
Public works	3,166,886	2,498,416	668,470
Capital outlay	-	14,725	(14,725)
Total expenditures	<u>3,166,886</u>	<u>2,513,141</u>	<u>653,745</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,440,386)	(762,226)	678,160
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>20,000</u>	<u>20,004</u>	<u>4</u>
Total other financing sources (uses)	<u>20,000</u>	<u>20,004</u>	<u>4</u>
NET CHANGES IN FUND BALANCES	<u>\$ (1,420,386)</u>	<u>(742,222)</u>	<u>\$ 678,164</u>
FUND BALANCES:			
Beginning of year		<u>3,179,224</u>	
End of year		<u>\$ 2,437,002</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Measure A Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Taxes	\$ 1,422,000	\$ 1,619,495	\$ 197,495
Charges for services	-	45	45
Investment income	20,000	64,436	44,436
Total revenues	<u>1,442,000</u>	<u>1,683,976</u>	<u>241,976</u>
EXPENDITURES:			
Capital outlay	<u>3,709,585</u>	<u>341,036</u>	<u>3,368,549</u>
Total expenditures	<u>3,709,585</u>	<u>341,036</u>	<u>3,368,549</u>
NET CHANGES IN FUND BALANCES	<u>\$ (2,267,585)</u>	1,342,940	<u>\$ 3,610,525</u>
FUND BALANCES:			
Beginning of year		<u>3,004,787</u>	
End of year		<u>\$ 4,347,727</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Article 3 Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES:			
Capital outlay	\$ 70,601	\$ 62,500	\$ 8,101
Total expenditures	<u>70,601</u>	<u>62,500</u>	<u>8,101</u>
NET CHANGES IN FUND BALANCES	<u>\$ (70,601)</u>	<u>(62,500)</u>	<u>\$ 8,101</u>
FUND BALANCES			
Beginning of year		<u>-</u>	
End of year		<u>\$ (62,500)</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Air Pollution Reduction Special Revenue Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 415,000	\$ 224,406	\$ (190,594)
Investment income	1,000	3,423	2,423
Miscellaneous	-	249,841	249,841
Total revenues	416,000	477,670	61,670
EXPENDITURES:			
Current:			
Public works	4,000	-	4,000
Capital outlay	169,574	19,574	150,000
Total expenditures	173,574	19,574	154,000
REVENUES OVER (UNDER) EXPENDITURES	242,426	458,096	215,670
NET CHANGES IN FUND BALANCES	\$ 242,426	458,096	\$ 215,670
FUND BALANCES:			
Beginning of year		295,248	
End of year		\$ 753,344	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Lighting/Landscape Maintenance District Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenue	\$ 1,900,562	\$ 1,893,192	\$ (7,370)
Charges for services	-	3,140	3,140
Investment income	-	21,855	21,855
Miscellaneous	-	6,500	6,500
Total revenues	<u>1,900,562</u>	<u>1,924,687</u>	<u>24,125</u>
EXPENDITURES:			
Current:			
Public works	1,885,936	1,696,920	189,016
Capital outlay	<u>140,000</u>	<u>-</u>	<u>140,000</u>
Total expenditures	<u>2,025,936</u>	<u>1,696,920</u>	<u>329,016</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(125,374)</u>	<u>227,767</u>	<u>353,141</u>
NET CHANGES IN FUND BALANCES	<u>\$ (125,374)</u>	<u>227,767</u>	<u>\$ 353,141</u>
FUND BALANCES:			
Beginning of year		<u>1,310,779</u>	
End of year		<u>\$ 1,538,546</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Post Proposition 218 Lighting District Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 293,128	\$ 291,187	\$ (1,941)
Investment income	-	4,391	4,391
Total revenues	<u>293,128</u>	<u>295,578</u>	<u>2,450</u>
EXPENDITURES:			
Current:			
Public works	<u>276,732</u>	<u>226,510</u>	<u>50,222</u>
Total expenditures	<u>276,732</u>	<u>226,510</u>	<u>50,222</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>16,396</u>	<u>69,068</u>	<u>52,672</u>
NET CHANGES IN FUND BALANCES	<u>\$ 16,396</u>	<u>69,068</u>	<u>\$ 52,672</u>
FUND BALANCES:			
Beginning of year		<u>636,783</u>	
End of year		<u>\$ 705,851</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Post Proposition 218 Landscape District Special Revenue Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 1,454,163	\$ 1,442,033	\$ (12,130)
Investment income	-	5,345	5,345
Miscellaneous	-	12,400	12,400
Total revenues	<u>1,454,163</u>	<u>1,459,778</u>	<u>5,615</u>
EXPENDITURES:			
Current:			
Public works	1,543,144	1,290,760	252,384
Total expenditures	<u>1,543,144</u>	<u>1,290,760</u>	<u>252,384</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(88,981)</u>	<u>169,018</u>	<u>257,999</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ (88,981)</u></u>	<u>169,018</u>	<u><u>\$ 257,999</u></u>
FUND BALANCES:			
Beginning of year		<u>842,821</u>	
End of year		<u><u>\$ 1,011,839</u></u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Asset Seizure Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenues	\$ -	\$ 24,983	\$ 24,983
Investment income	-	959	959
Total revenues	<u>-</u>	<u>25,942</u>	<u>25,942</u>
EXPENDITURES:			
Current:			
Public safety	<u>20,341</u>	<u>5,590</u>	<u>14,751</u>
Total expenditures	<u>20,341</u>	<u>5,590</u>	<u>14,751</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(20,341)</u>	<u>20,352</u>	<u>40,693</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ (20,341)</u></u>	<u>20,352</u>	<u><u>\$ 40,693</u></u>
FUND BALANCES:			
Beginning of year		<u>95,580</u>	
End of year		<u><u>\$ 115,932</u></u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Public Safety Grants Special Revenue Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 674,435	\$ 499,698	\$ (174,737)
Investment income	-	603	603
Total revenues	674,435	500,301	(174,134)
EXPENDITURES:			
Current:			
Public safety	500,578	240,413	260,165
Capital outlay	109,337	157,452	(48,115)
Total expenditures	609,915	397,865	212,050
OTHER FINANCING SOURCES:			
Transfers in	-	78,267	78,267
Total other financing source	-	78,267	78,267
NET CHANGES IN FUND BALANCES	\$ 64,520	180,703	\$ 116,183
FUND BALANCES:			
Beginning of year		47,020	
End of year		\$ 227,723	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Public Safety CFD Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 512,000	\$ 511,818	\$ (182)
Total revenues	<u>512,000</u>	<u>511,818</u>	<u>(182)</u>
EXPENDITURES:			
Current:			
Public Safety	<u>404,600</u>	<u>392,333</u>	<u>12,267</u>
Total expenditures	<u>404,600</u>	<u>392,333</u>	<u>12,267</u>
NET CHANGES IN FUND BALANCES	<u>\$ 107,400</u>	119,485	<u>\$ 12,085</u>
FUND BALANCES:			
Beginning of year		<u>(195,459)</u>	
End of year		<u>\$ (75,974)</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Citizen Option for Public Safety Programs (COPS) Special Revenue Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 238,774	\$ 49,970	\$ (188,804)
Investment income	-	1,258	1,258
Total revenues	<u>238,774</u>	<u>51,228</u>	<u>(187,546)</u>
EXPENDITURES:			
Current:			
Public safety	234,780	1,406	233,374
Capital outlay	19,800	48,564	(28,764)
Total expenditures	<u>254,580</u>	<u>49,970</u>	<u>204,610</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(15,806)</u>	<u>1,258</u>	<u>17,064</u>
NET CHANGES IN FUND BALANCES	<u>\$ (15,806)</u>	<u>1,258</u>	<u>\$ 17,064</u>
FUND BALANCES:			
Beginning of year		<u>118,992</u>	
End of year		<u>\$ 120,250</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Law Enforcement Block Grant (LLEBG) Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenues	166,225	\$ 44,932	\$ (121,293)
Total revenues	<u>166,225</u>	<u>44,932</u>	<u>(121,293)</u>
EXPENDITURES:			
Current:			
Public safety	12,274	-	12,274
Capital outlay	126,942	45,315	81,627
Total expenditures	<u>139,216</u>	<u>45,315</u>	<u>93,901</u>
OTHER FINANCING SOURCES:			
Transfers in	-	(78,267)	(78,267)
Total other financing source	<u>-</u>	<u>(78,267)</u>	<u>(78,267)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 27,009</u>	<u>(78,650)</u>	<u>\$ (105,659)</u>
FUND BALANCES:			
Beginning of year		<u>(80,180)</u>	
End of year		<u>\$ (158,830)</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 737,698	\$ 990,478	\$ 252,780
Total revenues	<u>737,698</u>	<u>990,478</u>	<u>252,780</u>
EXPENDITURES:			
Current:			
General government	129,329	129,329	-
Community development	629,992	156,108	473,884
Capital outlay	231,052	704,880	(473,828)
Total expenditures	<u>990,373</u>	<u>990,317</u>	<u>56</u>
NET CHANGES IN FUND BALANCES	<u>\$ (252,675)</u>	161	<u>\$ 252,836</u>
FUND BALANCES:			
Beginning of year		<u>(161)</u>	
End of year		<u>\$ -</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
General Plan Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ -	\$ 23,100	\$ 23,100
Investment income	1,000	477	(523)
Total revenues	<u>1,000</u>	<u>23,577</u>	<u>22,577</u>
EXPENDITURES:			
Current:			
General government	40,000	-	40,000
Total expenditures	<u>40,000</u>	<u>-</u>	<u>40,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(39,000)</u>	<u>23,577</u>	<u>62,577</u>
NET CHANGES IN FUND BALANCES	<u>\$ (39,000)</u>	<u>23,577</u>	<u>\$ 62,577</u>
FUND BALANCES:			
Beginning of year		<u>54,375</u>	
End of year		<u>\$ 77,952</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Home Investment Partnership Program (HOME) Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Investment income	\$ -	\$ 2,859	\$ 2,859
Total revenues	<u>-</u>	<u>2,859</u>	<u>2,859</u>
EXPENDITURES:			
Current:			
Community development	<u>15,150</u>	<u>20,989</u>	<u>(5,839)</u>
Total expenditures	<u>15,150</u>	<u>20,989</u>	<u>(5,839)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(15,150)</u>	<u>(18,130)</u>	<u>(2,980)</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ (15,150)</u></u>	<u><u>(18,130)</u></u>	<u><u>\$ (2,980)</u></u>
FUND BALANCES:			
Beginning of year		<u>1,064,724</u>	
End of year		<u><u>\$ 1,046,594</u></u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
CAL HOME Program Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenue	\$ -	\$ 93,723	\$ 93,723
Total revenues	<u>-</u>	<u>93,723</u>	<u>93,723</u>
EXPENDITURES:			
Current:			
Community development	<u>95,485</u>	<u>44,648</u>	<u>50,837</u>
Total expenditures	<u>95,485</u>	<u>44,648</u>	<u>50,837</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ (95,485)</u></u>	<u>49,075</u>	<u><u>\$ 144,560</u></u>
FUND BALANCES:			
Beginning of year		<u>377,424</u>	
End of year		<u><u>\$ 426,499</u></u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
2001-2008 HOME Program Special Revenue Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Investment income	\$ 1,500	\$ 4,101	\$ 2,601
Total revenues	<u>1,500</u>	<u>4,101</u>	<u>2,601</u>
NET CHANGES IN FUND BALANCES	<u>\$ 1,500</u>	4,101	<u>\$ 2,601</u>
FUND BALANCES			
Beginning of year		<u>1,496,939</u>	
End of year		<u>\$ 1,501,040</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Neighborhood Stabilization Program (NSP) Grant Special Revenue Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ -	\$ 504,076	\$ 504,076
Investment income	-	2,750	2,750
Total revenues	-	506,826	506,826
EXPENDITURES:			
Current:			
Community development	67,050	25,438	41,612
Total expenditures	67,050	25,438	41,612
REVENUES OVER (UNDER) EXPENDITURES	(67,050)	481,388	548,438
NET CHANGES IN FUND BALANCES	\$ (67,050)	481,388	\$ 548,438
FUND BALANCES:			
Beginning of year		287,788	
End of year		\$ 769,176	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Sewer and Storm Drain Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 3,439,000	\$ 3,412,341	\$ (26,659)
Investment income	25,000	102,391	77,391
Miscellaneous	-	7,840	7,840
Total revenues	<u>3,464,000</u>	<u>3,522,572</u>	<u>58,572</u>
EXPENDITURES:			
Current:			
Sanitation	2,734,861	2,035,485	699,376
Capital outlay	<u>1,690,984</u>	<u>403,240</u>	<u>1,287,744</u>
Total expenditures	<u>4,425,845</u>	<u>2,438,725</u>	<u>1,987,120</u>
NET CHANGES IN FUND BALANCES	<u>\$ (961,845)</u>	1,083,847	<u>\$ 2,045,692</u>
FUND BALANCES:			
Beginning of year		<u>4,860,604</u>	
End of year		<u>\$ 5,944,451</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Indian Gaming Grants Special Revenue Funds
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenues	\$ -	\$ -	\$ -
Investment income	-	411	411
Total revenues	<u>-</u>	<u>411</u>	<u>411</u>
EXPENDITURES:			
Capital outlay	<u>281,696</u>	<u>281,633</u>	<u>63</u>
Total expenditures	<u>281,696</u>	<u>281,633</u>	<u>63</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(281,696)</u>	<u>(281,222)</u>	<u>474</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ (281,696)</u></u>	<u><u>(281,222)</u></u>	<u><u>\$ 474</u></u>
FUND BALANCES:			
Beginning of year		<u>287,384</u>	
End of year		<u><u>\$ 6,162</u></u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Public Meeting Facilities Capital Projects Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Investment income	\$ 2,000	\$ 3,785	\$ 1,785
Total revenues	<u>2,000</u>	<u>3,785</u>	<u>1,785</u>
NET CHANGES IN FUND BALANCES	<u>\$ 2,000</u>	3,785	<u>\$ 1,785</u>
FUND BALANCES:			
Beginning of year		<u>547,829</u>	
End of year		<u>\$ 551,614</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
General Facilities Capital Projects Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 80,000	\$ 60,872	\$ (19,128)
Investment income	9,000	34,020	25,020
Total revenues	89,000	94,892	5,892
EXPENDITURES:			
Capital outlay	74,600	47,891	26,709
Total expenditures	74,600	47,891	26,709
REVENUES OVER (UNDER) EXPENDITURES	14,400	47,001	32,601
NET CHANGES IN FUND BALANCES	\$ 14,400	47,001	\$ 32,601
FUND BALANCES:			
Beginning of year		1,734,386	
End of year		\$ 1,781,387	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Flood Control Capital Projects Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 192,000	\$ 152,533	\$ (39,467)
Investment income	20,000	57,286	37,286
Total revenues	<u>212,000</u>	<u>209,819</u>	<u>(2,181)</u>
EXPENDITURES:			
Current:			
Sanitation	420,000	-	420,000
Capital outlay	1,261,577	97,441	1,164,136
Total expenditures	<u>1,681,577</u>	<u>97,441</u>	<u>1,584,136</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,469,577)</u>	<u>112,378</u>	<u>1,581,955</u>
NET CHANGES IN FUND BALANCES	<u>\$ (1,469,577)</u>	<u>112,378</u>	<u>\$ 1,581,955</u>
FUND BALANCES			
Beginning of year		<u>3,275,547</u>	
End of year		<u>\$ 3,387,925</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Law Enforcement Facilities Capital Projects Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 52,800	\$ 37,828	\$ (14,972)
Investment income	-	200	200
Total revenues	<u>52,800</u>	<u>38,028</u>	<u>(14,772)</u>
EXPENDITURES:			
Capital outlay	<u>87,013</u>	<u>834</u>	<u>86,179</u>
Total expenditures	<u>87,013</u>	<u>834</u>	<u>86,179</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(34,213)</u>	<u>37,194</u>	<u>71,407</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ (34,213)</u></u>	<u><u>37,194</u></u>	<u><u>\$ 71,407</u></u>
FUND BALANCES			
Beginning of year		<u>5,477</u>	
End of year		<u><u>\$ 42,671</u></u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Park Development Capital Projects Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 130,000	\$ 111,881	\$ (18,119)
Investment income	10,000	28,178	18,178
Total revenues	<u>140,000</u>	<u>140,059</u>	<u>59</u>
EXPENDITURES:			
Current:			
Parks	150,000	-	150,000
Capital outlay	39,719	37,836	1,883
Total expenditures	<u>189,719</u>	<u>37,836</u>	<u>151,883</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(49,719)</u>	<u>102,223</u>	<u>151,942</u>
NET CHANGES OF FUND BALANCES	<u><u>\$ (49,719)</u></u>	<u>102,223</u>	<u><u>\$ 151,942</u></u>
FUND BALANCES:			
Beginning of year		<u>1,403,598</u>	
End of year		<u><u>\$ 1,505,821</u></u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Valley Wide DVL Park Capital Projects Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	26,000	\$ 21,791	\$ (4,209)
Investment income	<u>1,000</u>	<u>825</u>	<u>(175)</u>
Total revenues	<u>27,000</u>	<u>22,616</u>	<u>(4,384)</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ 27,000</u></u>	<u>22,616</u>	<u><u>\$ (4,384)</u></u>
FUND BALANCES:			
Beginning of year		<u>105,658</u>	
End of year		<u><u>\$ 128,274</u></u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Library Facilities Capital Projects Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 70,000	\$ 56,595	\$ (13,405)
Investment income	10,000	23,489	13,489
Total revenues	80,000	80,084	84
EXPENDITURES:			
Current:			
Libraries	142,450	118,539	23,911
Capital outlay	265,300	70,256	195,044
Total expenditures	407,750	188,795	218,955
REVENUES OVER (UNDER) EXPENDITURES	(327,750)	(108,711)	219,039
NET CHANGES IN FUND BALANCES	\$ (327,750)	(108,711)	\$ 219,039
FUND BALANCES:			
Beginning of year		1,259,239	
End of year		\$ 1,150,528	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 5,299	\$ 5,299
Miscellaneous	2,133,111	2,133,111	-
Total revenues	2,133,111	2,138,410	5,299
EXPENDITURES:			
Current:			
Public safety	280,000	200,217	79,783
Community development	2,133,111	20,795	2,112,316
Public works	40,000	-	40,000
Capital outlay	849,943	282,181	567,762
Total expenditures	3,303,054	503,193	2,799,861
REVENUES OVER (UNDER) EXPENDITURES	(1,169,943)	1,635,217	2,805,160
OTHER FINANCING SOURCES (USES):			
Transfers in	470,000	470,172	172
Total other financing sources (uses)	470,000	470,172	172
NET CHANGES IN FUND BALANCES	\$ (699,943)	2,105,389	\$ 2,805,332
FUND BALANCES:			
Beginning of year		703,255	
End of year		\$ 2,808,644	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Equipment Replacement Capital Projects Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 660,900	\$ 660,912	\$ 12
Investment income	25,000	69,594	44,594
Miscellaneous	-	851	851
Total revenues	<u>685,900</u>	<u>731,357</u>	<u>45,457</u>
EXPENDITURES:			
Capital outlay	<u>2,085,000</u>	<u>1,009,561</u>	<u>1,075,439</u>
Total expenditures	<u>2,085,000</u>	<u>1,009,561</u>	<u>1,075,439</u>
NET CHANGES IN FUND BALANCES	<u>\$ (1,399,100)</u>	<u>(278,204)</u>	<u>\$ 1,120,896</u>
FUND BALANCES			
Beginning of year		<u>4,055,574</u>	
End of year		<u>\$ 3,777,370</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Fire Facilities Capital Projects Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 80,000	\$ 44,800	\$ (35,200)
Investment income	20,000	71,617	51,617
Total revenues	<u>100,000</u>	<u>116,417</u>	<u>16,417</u>
EXPENDITURES:			
Current:			
Public works	23,610	26,728	(3,118)
Capital outlay	123,772	49,302	74,470
Total expenditures	<u>147,382</u>	<u>76,030</u>	<u>71,352</u>
REVENUES OVER (UNDER) EXPENDITURES	(47,382)	40,387	87,769
NET CHANGES IN FUND BALANCES	<u>\$ (47,382)</u>	<u>40,387</u>	<u>\$ 87,769</u>
FUND BALANCES			
Beginning of year		3,355,664	
End of year		<u>\$ 3,396,051</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Bridges/Streets/Traffic Facilities Capital Projects Fund
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 300,000	\$ 241,066	\$ (58,934)
Investment income	30,000	74,935	44,935
Miscellaneous	-	502,849	502,849
Total revenues	<u>330,000</u>	<u>818,850</u>	<u>488,850</u>
EXPENDITURES:			
Capital outlay	<u>1,161,839</u>	<u>231,393</u>	<u>930,446</u>
Total expenditures	<u>1,161,839</u>	<u>231,393</u>	<u>930,446</u>
NET CHANGES IN FUND BALANCES	<u>\$ (831,839)</u>	<u>587,457</u>	<u>\$ 1,419,296</u>
FUND BALANCES			
Beginning of year		<u>3,223,329</u>	
End of year		<u>\$ 3,810,786</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
LaSalle Library Endowment Permanent Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 10,716	\$ 10,716
Total revenues	-	10,716	10,716
EXPENDITURES:			
Current:			
Library	30,000	23,924	6,076
Total expenditures	30,000	23,924	6,076
NET CHANGES IN FUND BALANCES	\$ (30,000)	(13,208)	\$ 16,792
FUND BALANCES			
Beginning of year		1,094,228	
End of year		\$ 1,081,020	

INTERNAL SERVICE FUNDS

Internal Service Funds:

Administrative Services - Accounts for the central administrative services funded by interdepartmental allocation.

Worker's Compensation Admin - Accounts for the financial transactions of a self-insured workers' compensation program.

Medical Insurance Admin - Accounts for the financial transactions of a self-insured employer active employee medical, dental and vision insurance program.

Liability Insurance - Accounts for the financial transactions of an external liability program.

Other Postemployment Benefit (OPEB) - Accounts for the financial transactions of a self-insured employer retiree medical, dental and vision insurance program.

City of Hemet
Combining Statement of Net Position
All Internal Service Funds
June 30, 2016

	Admin. Services	Workers' Compensation Admin	Medical Insurance Admin
ASSETS			
Current assets:			
Cash and investments	\$ 687,767	\$ 851,755	\$ 47,307
Accounts receivable	145,949	-	-
Due from other funds	1,253,685	-	-
Inventories	106,386	-	-
Total current assets	<u>2,193,787</u>	<u>851,755</u>	<u>47,307</u>
Capital assets:			
Depreciable, net	<u>1,003,488</u>	-	-
Total capital assets	<u>1,003,488</u>	-	-
Total assets	<u>3,197,275</u>	<u>851,755</u>	<u>47,307</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	<u>921,188</u>	-	-
Total deferred outflows of resources	<u>921,188</u>	-	-
LIABILITIES			
Current liabilities:			
Accounts payable	517,067	3,291	2,295
Accrued salaries and benefits	34,625	2,292	-
Due to other funds	-	-	-
Claims payable, due within one year	-	-	25,538
Total current liabilities	<u>551,692</u>	<u>5,583</u>	<u>27,833</u>
Long-term liabilities:			
Claims payable, due in more than one year	-	-	-
Net pension liabilities	<u>4,150,924</u>	-	-
Total long-term liabilities	<u>4,150,924</u>	-	-
Total liabilities	<u>4,702,616</u>	<u>5,583</u>	<u>27,833</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	<u>774,833</u>	-	-
Total deferred inflows of resources	<u>774,833</u>	-	-
NET POSITION			
Investment in capital assets	1,003,488	-	-
Unrestricted	<u>(2,362,474)</u>	<u>846,172</u>	<u>19,474</u>
Total net position	<u>\$ (1,358,986)</u>	<u>\$ 846,172</u>	<u>\$ 19,474</u>

City of Hemet
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2016

	Liability Insurance	OPEB	Internal Service Funds Total
ASSETS			
Current assets:			
Cash and investments	\$ 2,648,014	\$ 1,558,215	\$ 5,793,058
Accounts receivable	251,129	1,419	398,497
Due from other funds	-	-	1,253,685
Inventories	-	-	106,386
Total current assets	2,899,143	1,559,634	7,551,626
Capital assets:			
Depreciable, net	-	-	1,003,488
Total capital assets	-	-	1,003,488
Total assets	2,899,143	1,559,634	8,555,114
DEFERRED OUTFLOWS OF RESOURCES			
Pension contribution after measurement date	-	-	921,188
Total deferred outflows of resources	-	-	921,188
LIABILITIES			
Current liabilities:			
Accounts payable	52,006	3,555	578,214
Accrued salaries and benefits	1,288	-	38,205
Due to other funds	1,253,685	-	1,253,685
Claims payable, due within one year	574,319	14,987	614,844
Total current liabilities	1,881,298	18,542	2,484,948
Long-term liabilities:			
Claims payable, due in more than one year	713,613	-	713,613
Net pension liabilities	-	-	4,150,924
Total long-term liabilities	713,613	-	4,864,537
Total liabilities	2,594,911	18,542	7,349,485
DEFERRED OUTFLOWS OF RESOURCES			
Pension contribution after measurement date	-	-	774,833
Total deferred outflows of resources	-	-	774,833
NET POSITION			
Investment in capital assets	-	-	1,003,488
Unrestricted	304,232	1,541,092	348,496
Total net position	\$ 304,232	\$ 1,541,092	\$ 1,351,984

City of Hemet
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2016

	Admin. Services Fund	Workers' Compensation Admin	Medical Insurance Admin
OPERATING REVENUES:			
Charges for services	\$ 6,130,274	\$ 2,115,900	\$ 279,715
Total operating revenues	6,130,274	2,115,900	279,715
OPERATING EXPENSES:			
Personal services	3,360,889	183,257	17,581
Parts and supplies	1,539,163	-	-
Maintenance	1,123,217	-	-
Utilities	675,944	-	-
Contracts, rents, and leases	215,952	-	-
Insurance	96,700	1,811,937	323,226
Claims and judgments	-	-	-
Depreciation	107,406	-	-
Total operating expenses	7,119,271	1,995,194	340,807
OPERATING INCOME/(LOSS)	(988,997)	120,706	(61,092)
NONOPERATING REVENUES:			
Miscellaneous	109,662	43,594	-
Total nonoperating revenues	109,662	43,594	-
INCOME/(LOSS) BEFORE TRANSFERS	(879,335)	164,300	(61,092)
TRANSFERS:			
Transfers in	400,737	-	-
Transfers out	-	-	-
Total transfers	400,737	-	-
Changes in net position	(478,598)	164,300	(61,092)
NET POSITION			
Beginning of the year	(880,388)	681,872	80,566
End of the year	\$ (1,358,986)	\$ 846,172	\$ 19,474

City of Hemet
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2016

	Liability Insurance	OPEB	Total
OPERATING REVENUES:			
Charges for services	\$ 1,868,623	\$ 3,667,060	\$ 14,061,572
Total operating revenues	1,868,623	3,667,060	14,061,572
OPERATING EXPENSES:			
Personal services	106,750	5,266	3,673,743
Parts and supplies	25	-	1,539,188
Maintenance	-	-	1,123,217
Utilities	-	-	675,944
Contracts, rents, and leases	335,324	-	551,276
Insurance	361,004	-	2,592,867
Claims and judgments	839,787	3,642,614	4,482,401
Depreciation	-	-	107,406
Total operating expenses	1,642,890	3,647,880	14,746,042
OPERATING INCOME	225,733	19,180	(684,470)
NONOPERATING REVENUES (EXPENSES):			
Miscellaneous	11,574	211	165,041
Total nonoperating revenues (expenses)	11,574	211	165,041
INCOME BEFORE TRANSFERS	237,307	19,391	(519,429)
TRANSFERS:			
Transfers in	-	-	400,737
Transfers out	(400,737)	-	(400,737)
Total transfers	(400,737)	-	-
Changes in net position	(163,430)	19,391	(519,429)
NET POSITION			
Beginning of the year	467,662	1,521,701	1,871,413
End of the year	\$ 304,232	\$ 1,541,092	\$ 1,351,984

City of Hemet
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2016

	Admin. Services Fund	Workers' Compensation Admin	Medical Insurance Admin
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services from other funds	\$ 4,324,846	\$ 2,633,171	\$ 279,715
Cash received for insurance recovery	-	43,594	-
Cash payments to suppliers of goods and services	(3,469,771)	-	-
Cash payments to employees for services	(3,007,415)	(184,617)	(17,581)
Cash payment for insurance premiums and settlements	(96,700)	(1,875,658)	(324,648)
Net cash provided by (used in) operating activities	(2,249,040)	616,490	(62,514)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash received from other funds	400,737	-	-
Cash paid to other funds	-	-	-
Net cash provided by capital and related financing activities	400,737	-	-
Net increase (decrease) in cash and cash equivalents	(1,848,303)	616,490	(62,514)
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,536,070	235,265	109,821
End of year	<u>\$ 687,767</u>	<u>\$ 851,755</u>	<u>\$ 47,307</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income	\$ (988,997)	\$ 120,706	\$ (61,092)
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:			
Depreciation	107,406	-	-
Miscellaneous revenue	109,662	43,594	-
(Increase) Decrease in:			
Accounts receivables	(144,134)	-	-
Inventories	(93,903)	-	-
Due from other funds	(1,253,685)	517,271	-
Deferred outflows of resources related to pension	(587,373)	-	-
Increase (Decrease) in:			
Accounts payable	178,408	946	2,295
Accrued wages and benefits payable	10,093	(1,360)	-
Due to other funds	(517,271)	-	-
Claims payable	-	(64,667)	(3,717)
Net pension liabilities	861,213	-	-
Deferred inflows of resources related to pension	69,541	-	-
Total adjustments	(1,260,043)	495,784	(1,422)
Net cash provided by (used in) operating activities	<u>\$ (2,249,040)</u>	<u>\$ 616,490</u>	<u>\$ (62,514)</u>

City of Hemet
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2016

	Liability Insurance	OPEB	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services from other funds	\$ 3,117,727	\$ 3,666,254	\$ 14,021,713
Cash received for insurance recovery	-	-	43,594
Cash payments to suppliers of goods and services	(351,579)	-	(3,821,350)
Cash payments to employees for services	(106,540)	(5,266)	(3,321,419)
Cash payment for insurance premiums and settlements	(1,233,310)	(3,645,782)	(7,176,098)
Net cash provided by (used in) operating activities	1,426,298	15,206	(253,560)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash received from other funds	-	-	400,737
Cash paid to other funds	(400,737)	-	(400,737)
Net cash provided by capital and related financing activities	(400,737)	-	-
Net increase (decrease) in cash and cash equivalents	1,025,561	15,206	(253,560)
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,622,453	1,543,009	6,046,618
End of year	\$ 2,648,014	\$ 1,558,215	\$ 5,793,058
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income	\$ 225,733	\$ 19,180	\$ (684,470)
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:			
Depreciation	-	-	107,406
Miscellaneous revenue	11,574	211	165,041
(Increase) Decrease in:			
Accounts receivables	(16,155)	(1,017)	(161,306)
Inventories	-	-	(93,903)
Due from other funds	-	-	(736,414)
Deferred outflows of resources related to pension	-	-	(587,373)
Increase (Decrease) in:			
Accounts payable	(16,230)	3,555	168,974
Accrued wages and benefits payable	210	-	8,943
Due to other funds	1,253,685	-	736,414
Claims payable	(32,519)	(6,723)	(107,626)
Net pension liabilities	-	-	861,213
Deferred inflows of resources related to pension	-	-	69,541
Total adjustments	1,200,565	(3,974)	430,910
Net cash provided by (used in) operating activities	\$ 1,426,298	\$ 15,206	\$ (253,560)

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FIDUCIARY FUNDS

Agency Funds - These funds account for resources held by the City in a trustee capacity as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds consist of pass thru fees collected for the County, payroll deposits, and a developer CFD.

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City of Hemet
Combining Statement of Fiduciary Assets and Liabilities
All Agency Funds
June 30, 2016

	Pass Thru Fees	Payroll Deposits	Heartland CFD 2006	Total Agency Funds
ASSETS				
Cash and investments	\$ 19,740	\$ 840,084	\$ -	\$ 859,824
Accounts receivable	-	4,243	9,912	14,155
Due from other agency funds	-	-	-	-
Investments with fiscal agent	-	-	1,383,734	1,383,734
Total assets	\$ 19,740	\$ 844,327	\$ 1,393,646	\$ 2,257,713
LIABILITIES				
Accounts payable	\$ 1,994	\$ 844,327	\$ -	\$ 846,321
Due to City of Hemet	-	-	882,837	882,837
Deposits	17,746	-	510,809	528,555
Total liabilities	\$ 19,740	\$ 844,327	\$ 1,393,646	\$ 2,257,713

City of Hemet
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Pass Thru Fees Fund				
ASSETS				
Cash and investments	\$ 231,496	\$ 1,074,082	\$ (1,285,838)	\$ 19,740
Total assets	\$ 231,496	\$ 1,074,082	\$ (1,285,838)	\$ 19,740
LIABILITIES				
Accounts payable	\$ 231,496	\$ 989,223	\$ (1,218,725)	\$ 1,994
Deposits	-	757,527	(739,781)	17,746
Total liabilities	\$ 231,496	\$ 1,746,750	\$ (1,958,506)	\$ 19,740
Payroll Deposits Fund				
ASSETS				
Cash and investments	\$ 51,450	\$ 52,666,818	\$ (51,878,184)	\$ 840,084
Accounts receivable	2,623	73,049	(71,429)	4,243
Due from other funds	871,712	-	(871,712)	-
Total assets	\$ 925,785	\$ 52,739,867	\$ (52,821,325)	\$ 844,327
LIABILITIES				
Accounts payable	\$ 925,785	\$ 52,739,867	\$ (52,821,325)	\$ 844,327
Total liabilities	\$ 925,785	\$ 52,739,867	\$ (52,821,325)	\$ 844,327
Heartland CFD 2006 Fund				
ASSETS				
Cash	\$ 11,196	\$ 4,922,707	\$ (4,933,903)	\$ -
Accounts receivable	12,803	9,912	(12,803)	9,912
Cash and Investments with fiscal agent	1,353,716	1,851,085	(1,821,067)	1,383,734
Total assets	\$ 1,377,715	\$ 6,783,704	\$ (6,767,773)	\$ 1,393,646
LIABILITIES				
Accounts payable	\$ -	\$ 783,055	\$ (783,055)	\$ -
Due to City of Hemet	871,712	882,837	(871,712)	882,837
Deposits	506,003	5,117,812	(5,113,006)	510,809
Total liabilities	\$ 1,377,715	\$ 6,783,704	\$ (6,767,773)	\$ 1,393,646

(Continued)

City of Hemet
Combining Statement of Changes in Assets and Liabilities (Continued)
All Agency Funds
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Total Agency Funds				
ASSETS				
Cash	\$ 294,142	\$ 58,663,607	\$ (58,097,925)	\$ 859,824
Accounts receivable	15,426	82,961	(84,232)	14,155
Due from other agency funds	871,712	-	(871,712)	-
Cash and investments with fiscal agent	1,353,716	1,851,085	(1,821,067)	1,383,734
Total assets	\$ 2,534,996	\$ 60,597,653	\$ (60,874,936)	\$ 2,257,713
LIABILITIES				
Accounts payable	\$ 1,157,281	\$ 54,512,145	\$ (54,823,105)	\$ 846,321
Due to other agency funds	871,712	882,837	(871,712)	882,837
Deposits	506,003	5,875,339	(5,852,787)	528,555
Total liabilities	\$ 2,534,996	\$ 61,270,321	\$ (61,547,604)	\$ 2,257,713

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STATISTICAL SECTION

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City of Hemet
Statistical Section
(Unaudited)

This part of the City of Hemet's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	174 - 183
Revenue Capacity	
<i>These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	184 - 193
Debt Capacity	
<i>These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	194 - 200
Demographic and Economic Information	
<i>These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	201
Operating Information	
<i>These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	203-213

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

City of Hemet
Net Position by Component
Last Ten Fiscal Years*
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities					
Net Investment in Capital Assets	\$ 317,653	\$ 330,174	\$ 327,965	\$ 323,329	\$ 320,323
Restricted	17,464	18,754	22,937	32,078	58,734
Unrestricted	<u>24,411</u>	<u>27,282</u>	<u>28,462</u>	<u>24,332</u>	<u>327</u>
Total governmental activities net position	<u>\$ 359,528</u>	<u>\$ 376,210</u>	<u>\$ 379,364</u>	<u>\$ 379,739</u>	<u>\$ 379,384</u>
Business-type activities					
Net Investment in Capital Assets	\$ 7,240	\$ 6,380	\$ 6,657	\$ 5,281	\$ 4,624
Restricted	-	-	-	-	-
Unrestricted	<u>3,757</u>	<u>6,267</u>	<u>7,901</u>	<u>10,292</u>	<u>10,985</u>
Total business-type activities net position	<u>\$ 10,997</u>	<u>\$ 12,647</u>	<u>\$ 14,558</u>	<u>\$ 15,573</u>	<u>\$ 15,609</u>
Primary government					
Net Investment in Capital Assets	\$ 324,893	\$ 336,554	\$ 334,622	\$ 328,610	\$ 324,947
Restricted	17,464	18,754	22,937	32,078	58,734
Unrestricted	<u>28,168</u>	<u>33,549</u>	<u>36,363</u>	<u>34,624</u>	<u>11,312</u>
Total primary government net position	<u>\$ 370,525</u>	<u>\$ 388,856</u>	<u>\$ 393,922</u>	<u>\$ 395,312</u>	<u>\$ 394,994</u>

* Reflects data since the implementation of GASB 34

City of Hemet
Net Position by Component (Continued)
Last Ten Fiscal Years*
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities					
Net Investment in Capital Assets	\$ 332,523	\$ 326,964	\$ 325,096	\$ 324,343	\$ 321,116
Restricted	42,003	33,450	36,986	39,006	43,071
Unrestricted	<u>14,792</u>	<u>24,524</u>	<u>20,224</u>	<u>(53,711)</u>	<u>(52,490)</u>
Total governmental activities net position	<u>\$ 389,318</u>	<u>\$ 384,938</u>	<u>\$ 382,307</u>	<u>\$ 309,638</u>	<u>\$ 311,697</u>
Business-type activities					
Net Investment in Capital Assets	\$ 3,694	\$ 4,114	\$ 4,171	\$ 3,740	\$ 3,504
Restricted	-	-	-	-	-
Unrestricted	<u>14,171</u>	<u>7,559</u>	<u>7,828</u>	<u>3,606</u>	<u>6,297</u>
Total business-type activities net position	<u>\$ 17,865</u>	<u>\$ 11,673</u>	<u>\$ 12,000</u>	<u>\$ 7,346</u>	<u>\$ 9,801</u>
Primary government					
Net Investment in Capital Assets	\$ 336,217	\$ 331,078	\$ 329,267	\$ 328,083	\$ 324,620
Restricted	42,003	33,450	36,986	39,006	43,071
Unrestricted	<u>28,963</u>	<u>32,082</u>	<u>28,053</u>	<u>(50,105)</u>	<u>(46,193)</u>
Total primary government net position	<u>\$ 407,183</u>	<u>\$ 396,611</u>	<u>\$ 394,307</u>	<u>\$ 316,984</u>	<u>\$ 321,498</u>

* Reflects data since the implementation of GASB 34

City of Hemet
Changes in Net Position
Last Ten Fiscal Years*
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses					
Governmental activities:					
General government	\$ 1,379	\$ 1,402	\$ 1,417	\$ 1,471	\$ 929
Public Safety	31,986	31,794	30,881	27,482	27,348
Community development	7,408	6,142	5,718	7,100	7,287
Public Works	1,739	2,350	11,312	13,343	12,379
Sanitation	2,042	2,026	1,793	1,858	2,381
Parks	985	994	810	849	763
Libraries	2,741	2,488	2,177	2,046	1,787
Interest and related charges on long-term debt	921	1,079	1,007	934	760
Total governmental activities expenses	<u>49,202</u>	<u>48,276</u>	<u>55,114</u>	<u>55,083</u>	<u>53,633</u>
Business-type activities:					
Refuse	11,240	10,334	10,148	10,018	10,516
Water	7,709	7,087	6,513	6,716	7,132
Total business-type activities expenses	<u>18,949</u>	<u>17,421</u>	<u>16,660</u>	<u>16,735</u>	<u>17,647</u>
Total primary government expenses	<u>\$ 68,151</u>	<u>\$ 65,697</u>	<u>\$ 71,774</u>	<u>\$ 71,818</u>	<u>\$ 71,280</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 993	\$ 769	\$ 1,095	\$ 3,754	\$ 2,797
Public safety	880	892	577	573	964
Community development	5,974	3,799	2,882	2,047	1,118
Public Works	3,363	3,558	4,812	3,271	5,878
Sanitation	2,785	2,820	2,977	2,555	2,794
Other activities	182	229	106	82	53
Operating grants and contributions	6,991	6,235	5,837	6,645	3,503
Capital grants and contributions	8,987	8,533	5,458	6,275	8,718
Total government activities program revenues	<u>30,155</u>	<u>26,834</u>	<u>23,746</u>	<u>25,201</u>	<u>25,825</u>
Business-type activities					
Charges for services:					
Refuse	11,209	11,401	11,058	10,697	9,978
Water	6,540	7,375	7,497	7,539	7,403
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	66	-	-	-	-
Total business-type activities program revenues	<u>17,815</u>	<u>18,776</u>	<u>18,555</u>	<u>18,236</u>	<u>17,381</u>
Total primary government program revenues	<u>\$ 47,969</u>	<u>\$ 45,610</u>	<u>\$ 42,301</u>	<u>\$ 43,437</u>	<u>\$ 43,206</u>

(Continued)

*Reflects data since the implementation of GASB 34

City of Hemet
Changes in Net Position (Continued)
Last Ten Fiscal Years*
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses					
Governmental activities:					
General government	\$ 1,870	\$ 2,047	\$ 3,082	\$ 3,053	\$ 2,787
Public Safety	26,114	25,449	28,308	28,947	29,687
Community development	4,367	5,064	6,627	5,325	4,776
Public Works	11,700	15,807	11,804	12,139	12,051
Sanitation	1,596	1,754	1,921	2,201	2,075
Parks	617	790	906	843	1,121
Libraries	1,689	1,600	1,751	1,855	1,957
Interest and related charges on long-term debt	363	-	-	-	-
Total governmental activities expenses	<u>48,317</u>	<u>52,510</u>	<u>54,397</u>	<u>54,363</u>	<u>54,454</u>
Business-type activities:					
Refuse	5,059	276	-	-	-
Water	8,881	8,918	7,478	7,919	7,896
Total business-type activities expenses	<u>13,940</u>	<u>9,194</u>	<u>7,478</u>	<u>7,919</u>	<u>7,896</u>
Total primary government expenses	<u>\$ 62,257</u>	<u>\$ 61,704</u>	<u>\$ 61,875</u>	<u>\$ 62,282</u>	<u>\$ 62,350</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,031	\$ 1,494	\$ 1,606	\$ 600	\$ 586
Public safety	1,185	902	1,069	681	760
Community development	795	602	718	3,197	2,674
Public Works	4,743	4,314	4,810	2,577	2,888
Sanitation	2,788	2,758	2,883	2,876	3,412
Other activities	50	36	35	44	245
Operating grants and contributions	3,219	1,981	2,454	2,742	3,682
Capital grants and contributions	6,445	5,321	5,850	7,211	9,776
Total government activities program revenues	<u>20,255</u>	<u>17,409</u>	<u>19,425</u>	<u>19,928</u>	<u>24,023</u>
Business-type activities					
Charges for services:					
Refuse	4,160	117	-	-	-
Water	7,768	7,549	7,371	7,090	10,306
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>11,928</u>	<u>7,666</u>	<u>7,371</u>	<u>7,090</u>	<u>10,306</u>
Total primary government program revenues	<u>\$ 32,183</u>	<u>\$ 25,076</u>	<u>\$ 26,796</u>	<u>\$ 27,018</u>	<u>\$ 34,329</u>

(Concluded)

*Reflects data since the implementation of GASB 34

City of Hemet
Changes in Net Position (Continued)
Last Ten Fiscal Years*
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net (expense)/revenue					
Governmental activities	\$ (19,047)	\$ (21,443)	\$ (31,368)	\$ (29,882)	\$ (27,808)
Business-type activities	(1,134)	-	-	1,501	(266)
Total primary government net expense	<u>\$ (20,181)</u>	<u>\$ (21,443)</u>	<u>\$ (31,368)</u>	<u>\$ (28,381)</u>	<u>\$ (28,074)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 11,548	\$ 15,048	15,670	12,061	10,648
Transient occupancy taxes	849	992	947	621	603
Sales taxes	11,211	11,716	10,229	7,320	9,436
Motor vehicle in lieu taxes	4,992	5,910	6,690	5,373	5,179
Franchise and other taxes	3,535	3,484	3,531	1,077	1,422
Investment income	652	1,204	1,052	510	493
Miscellaneous	39	244	23	7	149
Gain (loss) on sale/disposal of assets	-	-	-	-	-
Capital contributions	-	-	-	-	-
Transfers	(20)	(92)	(18)	571	-
Total governmental activities	<u>32,806</u>	<u>38,505</u>	<u>38,124</u>	<u>27,540</u>	<u>27,929</u>
Business-type activities					
Investment income	65	216	277	85	56
Gain (loss) on sale/disposal of assets	-	-	-	-	-
Capital contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	91
Transfers	20	92	18	(571)	-
Total business-type activities	<u>85</u>	<u>309</u>	<u>295</u>	<u>(486)</u>	<u>146</u>
Total primary government	<u>\$ 32,891</u>	<u>\$ 38,814</u>	<u>\$ 38,419</u>	<u>\$ 27,054</u>	<u>\$ 28,075</u>
Change in Net Position					
Governmental activities	\$ 9,061	\$ 19,458	\$ 16,681	\$ (2,342)	\$ 121
Business-type activities	(2,680)	(826)	1,650	1,015	(120)
Total primary government	<u>\$ 6,382</u>	<u>\$ 18,633</u>	<u>\$ 18,332</u>	<u>\$ (1,326)</u>	<u>\$ 1</u>

(Continued)

*Reflects data since the implementation of GASB 34

City of Hemet
Changes in Net Position (Continued)
Last Ten Fiscal Years*
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (expense)/revenue					
Governmental activities	\$ (28,061)	\$ (35,101)	\$ (34,972)	\$ (34,972)	\$ (30,431)
Business-type activities	<u>(2,012)</u>	<u>(1,527)</u>	<u>(107)</u>	<u>(107)</u>	<u>2,410</u>
Total primary government net expense	<u>\$ (30,073)</u>	<u>\$ (36,628)</u>	<u>\$ (35,079)</u>	<u>\$ (35,079)</u>	<u>\$ (28,021)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	7,813	7,343	6,207	6,207	6,208
Transient occupancy taxes	586	626	643	643	854
Sales taxes	9,426	10,118	11,043	11,043	12,275
Motor vehicle in lieu taxes	4,783	4,829	4,996	4,996	5,715
Franchise and other taxes	3,354	4,730	4,875	4,875	5,053
Investment income	572	132	565	565	1,415
Miscellaneous	448	264	184	184	765
Gain (loss) on sale/disposal of assets	-	-			
Capital contributions	-	-			
Transfers	<u>(2,185)</u>	<u>2,527</u>	<u>(187)</u>	<u>(187)</u>	<u>205</u>
Total governmental activities	<u>24,797</u>	<u>30,568</u>	<u>28,327</u>	<u>28,327</u>	<u>32,490</u>
Business-type activities					
Investment income	183	12	71	71	166
Gain (loss) on sale/disposal of assets	1,830	-	-	-	-
Capital contributions	-	-	-	-	-
Miscellaneous	70	59	176	176	84
Transfers	<u>2,185</u>	<u>(4,736)</u>	<u>187</u>	<u>187</u>	<u>(205)</u>
Total business-type activities	<u>4,268</u>	<u>(4,665)</u>	<u>434</u>	<u>434</u>	<u>45</u>
Total primary government	<u>\$ 29,065</u>	<u>\$ 25,903</u>	<u>\$ 28,760</u>	<u>\$ 28,760</u>	<u>\$ 32,535</u>
Change in Net Position					
Governmental activities	\$ 7,190	\$ (4,532)	\$ (6,646)	\$ (6,646)	\$ 2,059
Business-type activities	<u>2,256</u>	<u>(6,192)</u>	<u>327</u>	<u>327</u>	<u>2,455</u>
Total primary government	<u>\$ 9,446</u>	<u>\$ (10,725)</u>	<u>\$ (6,319)</u>	<u>\$ (6,319)</u>	<u>\$ 4,514</u>

(Concluded)

*Reflects data since the implementation of GASB 34

City of Hemet
Fund Balances of Governmental Funds
Last Ten Fiscal Years*
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund					
Reserved	\$ 4,516	\$ 4,942	\$ 1,261	\$ 2,364	\$ -
Unreserved	5,588	2,788	2,559	209	-
Nonspendable**	-	-	-	-	1,019
Restricted**	-	-	-	-	-
Committed**	-	-	-	-	-
Assigned**	-	-	-	-	-
Unassigned**	-	-	-	-	1,679
Total general fund	<u>\$ 10,104</u>	<u>\$ 7,730</u>	<u>\$ 3,820</u>	<u>\$ 2,573</u>	<u>\$ 2,697</u>
All other governmental funds					
Reserved	\$ 13,177	\$ 15,024	\$ 15,677	\$ 20,189	\$ -
Unreserved, reported in:					
Special revenue funds	6,992	10,983	15,155	13,654	-
Capital projects funds	10,444	12,388	16,693	22,971	-
Nonspendable**	-	-	-	-	1,354
Restricted**	-	-	-	-	51,960
Committed**	-	-	-	-	-
Assigned**	-	-	-	-	6,309
Unassigned, reported in:**					
Special revenue funds	-	-	-	-	(2,468)
Total all other governmental funds	<u>\$ 30,613</u>	<u>\$ 38,394</u>	<u>\$ 47,526</u>	<u>\$ 56,814</u>	<u>\$ 57,155</u>

*Reflects data since the implementation of GASB 34

**In Fiscal Year 2011/2012, GASB Statement 54 required that Fund Balance be enhanced to provide clearer fund balance classifications.

City of Hemet
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years*
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable**	3,221	1,020	12	13	7
Restricted**	-	698	873	1,075	1,253
Committed**	7,439	7,888	7,270	7,288	7,727
Assigned**	316	4,269	6,362	314	215
Unassigned**	6,724	8,163	4,397	8,226	6,008
Total general fund	<u>\$ 17,699</u>	<u>\$ 22,038</u>	<u>\$ 18,913</u>	<u>\$ 16,916</u>	<u>\$ 15,211</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable**	1,354	1,354	1,354	1,000	1,000
Restricted**	34,784	32,831	33,741	36,931	40,817
Committed**	-	-	-	-	-
Assigned**	4,181	4,452	4,554	4,759	6,586
Unassigned, reported in:**					
Special revenue funds	(2,029)	(1,225)	(174)	(276)	(297)
Total all other governmental funds	<u>\$ 38,289</u>	<u>\$ 37,412</u>	<u>\$ 39,476</u>	<u>\$ 42,414</u>	<u>\$ 48,106</u>

*Reflects data since the implementation of GASB 34

**In Fiscal Year 2011/2012, GASB Statement 54 required that Fund Balance be enhanced to provide clearer fund balance classifications.

City of Hemet
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years*
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues					
Taxes	\$ 32,051	\$ 30,943	\$ 27,273	\$ 23,068	\$ 23,362
Licenses and permits	3,215	1,712	1,803	1,363	2,175
Intergovernmental revenues	11,699	12,011	11,099	11,787	14,710
Charges for services	16,658	15,092	14,217	12,464	11,812
Fines and forfeitures	386	360	327	218	600
Investment income	2,144	2,166	1,520	877	493
Other contributions	-	-	-	-	-
Miscellaneous	2,527	2,692	2,112	2,210	159
Total revenues	<u>68,680</u>	<u>64,976</u>	<u>58,351</u>	<u>51,987</u>	<u>53,311</u>
Expenditures					
General government	1,163	1,304	1,097	1,027	1,601
Public safety	30,726	31,078	30,027	25,883	24,807
Community development	7,437	6,276	5,707	2,630	7,196
Public works	5,506	5,037	5,481	6,138	5,651
Sanitation	2,045	2,059	1,924	1,802	1,957
Parks	990	1,021	805	823	763
Libraries	2,454	2,254	1,821	1,669	1,420
Capital outlay	10,250	9,070	4,813	3,495	6,410
Debt service					
Principal	1,631	345	360	375	390
Interest	1,041	1,079	1,003	937	697
SERAF Obligation	-	-	-	4,425	911
Fiscal-administrative charges	10	4	7	3	3
Total expenditures	<u>63,255</u>	<u>59,526</u>	<u>53,047</u>	<u>49,208</u>	<u>51,807</u>
Excess (deficiency) of revenues over expenditures	<u>5,425</u>	<u>5,451</u>	<u>5,305</u>	<u>2,780</u>	<u>1,504</u>
Other financing sources (uses)					
Transfers in	7,443	2,845	3,034	3,569	5,038
Transfers out	(7,593)	(2,889)	(3,117)	(2,953)	(4,010)
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	<u>(150)</u>	<u>(43)</u>	<u>(83)</u>	<u>616</u>	<u>1,028</u>
Net change in fund balances	<u>\$ 5,275</u>	<u>\$ 5,407</u>	<u>\$ 5,221</u>	<u>\$ 3,396</u>	<u>\$ 2,532</u>
Debt service as a percentage of noncapital expenditures	5.06%	2.83%	2.84%	12.56%	4.41%

(Continued)

* Reflects data since the implementation of GASB 34

City of Hemet
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years*
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues					
Taxes	\$ 22,502	\$ 24,265	\$ 24,275	\$ 30,083	\$ 31,725
Licenses and permits	1,536	1,598	1,996	2,119	1,974
Intergovernmental revenues	11,113	9,322	10,033	6,638	6,779
Charges for services	9,924	9,509	10,107	8,966	9,988
Fines and forfeitures	511	404	400	379	412
Investment income	572	132	565	558	1,430
Other contributions	-	-	-	-	-
Miscellaneous	468	337	184	646	3,237
Total revenues	<u>46,625</u>	<u>45,566</u>	<u>47,561</u>	<u>49,389</u>	<u>55,545</u>
Expenditures					
General government	1,983	1,949	2,412	2,812	2,314
Public safety	24,610	23,967	26,915	28,017	30,231
Community development	4,617	5,064	6,627	5,248	4,793
Public works	5,501	4,919	5,692	5,562	5,739
Sanitation	1,785	1,754	1,921	2,162	2,036
Parks	647	790	906	850	1,120
Libraries	1,441	1,248	1,399	1,419	1,506
Capital outlay	3,900	6,035	2,422	4,776	4,034
Debt service					
Principal	405	-	-	-	-
Interest	342	-	-	-	-
SERAF Obligation	-	-	-	-	-
Fiscal-administrative charges	3	-	-	-	-
Total expenditures	<u>45,234</u>	<u>45,725</u>	<u>48,294</u>	<u>50,846</u>	<u>51,774</u>
Excess (deficiency) of revenues over expenditures	<u>1,392</u>	<u>(159)</u>	<u>(733)</u>	<u>(1,457)</u>	<u>3,771</u>
Other financing sources (uses)					
Transfers in	6,696	6,933	1,985	1,231	773
Transfers out	(8,977)	(3,313)	(2,313)	(1,231)	(568)
Issuance of debt	-	-	-	8	11
Total other financing sources (uses)	<u>(2,281)</u>	<u>3,620</u>	<u>(328)</u>	<u>8</u>	<u>216</u>
Net change in fund balances	<u>\$ (889)</u>	<u>\$ 3,461</u>	<u>\$ (1,061)</u>	<u>\$ (1,449)</u>	<u>\$ 3,987</u>
Debt service as a percentage of noncapital expenditures	1.82%	0.00%	0.00%	0.00%	0.00%

(Concluded)

* Reflects data since the implementation of GASB 34

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City of Hemet
Own Source Revenue
Governmental Activities Property Tax Revenue
Last Ten Fiscal Years*
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax
2007	\$ 6,118
2008	6,144
2009	5,797
2010	4,850
2011	4,437
2012	4,611
2013**	7,127
2014	5,946
2015	5,381
2016	6,208

*Reflects data since the implementation of GASB 34

**Revenues for Fiscal Year 2012/2013 include additional amounts as a result of the RDA Dissolution

City of Hemet
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	City			Taxable Assessed Value
	Secured	Unsecured	Less Exemptions	
2007	\$ 4,735,323,023	\$ 140,094,511	\$ (143,902,282)	\$ 4,731,515,252
2008	5,524,246,122	154,911,432	(159,536,967)	5,519,620,587
2009	5,361,185,825	183,698,140	(157,121,829)	5,387,762,136
2010	4,481,845,081	181,495,343	(174,541,484)	4,488,798,940
2011	4,134,062,713	193,780,485	(122,995,288)	4,204,847,910
2012	4,107,678,820	172,163,525	(121,880,603)	4,157,961,742
2013	4,115,265,405	183,667,394	(122,849,619)	4,176,083,180
2014	4,330,049,882	165,792,295	(133,510,154)	4,362,332,023
2015	4,706,629,409	160,264,993	(145,097,337)	4,721,797,065
2016	4,989,091,509	157,483,240	(153,462,996)	4,993,111,753

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Riverside County Auditor-Controller

City of Hemet
Assessed Value and Estimated Actual Value of Taxable Property (Continued)
Last Ten Fiscal Years

Fiscal Year	Redevelopment			Taxable Assessed Value	Highest Direct Tax Rate
	Secured	Unsecured	Less Exemptions		
2007	\$ 1,386,488,321	\$ 74,247,501	\$ (27,029,158)	\$ 1,433,706,664	0.24552
2008	1,623,497,110	80,385,410	(31,025,848)	1,672,856,672	0.24552
2009	1,576,142,470	87,430,895	(28,268,577)	1,635,304,788	0.24552
2010	1,347,521,671	82,733,031	(29,470,067)	1,400,784,635	0.24552
2011	1,260,302,405	76,584,053	(45,093,185)	1,291,793,273	0.24552
2012	1,226,300,702	77,049,549	N/A**	1,303,350,251	0.24552
2013	1,238,584,940	78,868,067	N/A**	N/A**	0.24552
2014	1,311,683,769	72,346,441	N/A**	N/A**	0.24552
2015	1,402,028,714	66,989,353	N/A**	N/A**	0.24552
2016	1,472,420,756	64,336,968	N/A**	N/A**	0.24552

**The State of California dissolved all Redevelopment Agencies effective 02/01/2012. All activity for the wind down of the Agencies was moved to a Successor Agency.

Source: Riverside County Auditor-Controller

City of Hemet
Property Tax Rates
Direct and Overlapping Governments
Per \$100 of Assessed Value
Last Ten Fiscal Years

	2007	2008	2009	2010	2011
City Direct Rates:					
City of Hemet Basic Area	0.24552	0.24552	0.24552	0.24552	0.24552
Overlapping Rates:					
Hemet Unified School	0.30653	0.30653	0.30653	0.30653	0.30653
County General	0.25433	0.25433	0.25433	0.25433	0.25433
Eastern Municipal Water District	0.04435	0.04435	0.04435	0.04435	0.04435
Flood control Zone 4	0.03923	0.03923	0.03923	0.03923	0.03923
Riv. Co. Office of Education	0.03641	0.03641	0.03641	0.03641	0.03641
Mt. San Jacinto Junior College	0.03527	0.03527	0.03527	0.03527	0.03527
Eastern Municipal Water Improvement Dist 17	0.01665	0.01665	0.01665	0.01665	0.01665
Valley Wide Recreation & Park District	0.01455	0.01455	0.01455	0.01455	0.01455
San Jacinto Valley Cemetary	0.00458	0.00458	0.00458	0.00458	0.00458
Flood Control Administration	0.00238	0.00238	0.00238	0.00238	0.00238
San Jacinto Basin Resource Conservation	0.00020	0.00020	0.00020	0.00020	0.00020
Proposition 13 Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Bond issues:					
Hemet Unified School District Debt Sv	0.03939	0.081648	0.09156 *	0.09476 *	0.11177
Metropolitan Water District Debt Sv	0.00469	0.004499	0.0075 *	0.0043 *	0.0037
Total Rate	1.04408	1.08615	1.09906	1.09906	1.11547

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of Hemet Unified School District Debt Service and Metropolitan Water District Debt Service. Ratios for tax rate area 006-001, excluding Redevelopment factors

the average tax rate in City of Hemet Basic Area is approximately .17 prior to the ERAF shifts

Source: HDL, Coren & Cone
Riverside County Auditor-Controller

City of Hemet
Property Tax Rates (Continued)
Direct and Overlapping Governments
Per \$100 of Assessed Value
Last Ten Fiscal Years

	2012	2013	2014	2015	2016
City Direct Rates:					
City of Hemet Basic Area	0.24552	0.24552	0.24552	0.24552	0.2455
Overlapping Rates:					
Hemet Unified School	0.30653	0.30653	0.30653	0.30653	0.30650
County General	0.25433	0.25433	0.25433	0.25433	0.25430
Eastern Municipal Water District	0.04435	0.04435	0.04435	0.04435	0.04440
Flood control Zone 4	0.03923	0.03923	0.03923	0.03923	0.03920
Riv. Co. Office of Education	0.03641	0.03641	0.03641	0.03641	0.03640
Mt. San Jacinto Junior College	0.03527	0.03527	0.03527	0.03527	0.03530
Eastern Municipal Water Improvement Dist 17	0.01665	0.01665	0.01665	0.01665	0.01665
Valley Wide Recreation & Park District	0.01455	0.01455	0.01455	0.01455	0.01455
San Jacinto Valley Cemetary	0.00458	0.00458	0.00458	0.00458	0.00458
Flood Control Administration	0.00238	0.00238	0.00238	0.00238	0.00238
San Jacinto Basin Resource Conservation	0.00020	0.00020	0.00020	0.00020	0.00020
Proposition 13 Rate	1.00000	1.00000	1.00000	1.00000	1.0000
Bond issues:					
Hemet Unified School District Debt Sv	0.12536	0.12525	0.12502	0.11991	0.13729
Metropolitan Water District Debt Sv	0.0037	0.0035	0.0035	0.0035	0.0035
Total Rate	1.12906	1.12875	1.12852	1.12341	1.14075

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of Hemet Unified School District Debt Service and Metropolitan Water District Debt Service. Ratios for tax rate area 006-001, excluding Redevelopment factors

the average tax rate in City of Hemet Basic Area is approximately .17 prior to the ERAF shifts

Source: HDL, Coren & Cone
Riverside County Auditor-Controller

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City of Hemet
Principal Property Taxpayers
For the Year Ended June 30, 2016 and Nine Years Ago

Taxpayer	2016			2007		
	Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Assessed Value	Rank	Percent of Total City Taxable Assessed Value
PHH Real Estate	\$ 44,701,059	1	0.95%	\$ -	-	-
Freedom Properties Hemet	41,338,485	2	0.88%	-	-	-
Granite Village West LP	34,977,968	3	0.74%	-	-	-
MCS Hemet Valley Center	34,110,308	4	0.72%	-	-	-
FFLP CC	30,238,257	5	0.64%	-	-	-
Walmart Real Estate Business Trust	29,549,315	6	0.63%	-	-	-
James J. Femino	29,430,237	7	0.62%	-	-	-
Merrill Gardens LLC	26,723,130	8	0.57%	-	-	-
Time Warner Cable	22,582,230	9	0.48%	-	-	-
Deutsch Engineered Connect Devices Inc	18,669,964	10	0.40%	-	-	-
Freedom Properties Hemet	-	-	-	36,265,179	1	0.97%
Walmart Real Estate Business Trust	-	-	-	33,093,026	2	0.88%
Lennar Homes of California Inc	-	-	-	32,904,446	3	0.88%
LBREP L Suncal McSweeny Farms	-	-	-	31,439,143	4	0.84%
Hemet Village West	-	-	-	29,478,000	5	0.79%
Merrill Gardens LLC	-	-	-	25,038,262	6	0.67%
James Femino	-	-	-	24,927,141	7	0.67%
MCS Hemet Valley Center	-	-	-	24,334,175	8	0.65%
Whispering Pines	-	-	-	23,162,196	9	0.62%
Suncal Stetson Ranch	-	-	-	22,439,732	10	0.60%
	<u>\$ 312,320,953</u>		<u>6.61%</u>	<u>\$ 283,081,300</u>		<u>7.55%</u>

Source: HDL, Coren & Cone

City of Hemet
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	City Tax Levy	Redevelopment Tax Increment	Successor Agency Tax Increment	Collected within the Fiscal Year of the Levy		
				City Amount	Redevelopment Amount *	Percentage of Levy
2007	\$ 4,970	\$ 12,127	\$ -	\$ 5,873	\$ 13,933	115.84%
2008	5,646	14,527	-	5,705	15,043	102.85%
2009	5,491	13,699	-	4,970	13,979	98.74%
2010	4,633	11,308	-	4,733	10,841	97.70%
2011	4,293	10,033	-	3,993	10,073	98.18%
2012	4,218	10,238	-	4,263	5,997	70.97%
2013	4,175	-	10,338	4,524	-	108.36%
2014	4,384	-	10,840	4,333	-	98.84%
2015	4,722	-	10,589	4,709	-	99.71%
2016	4,965	-	10,714	4,960	-	99.89%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increments. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

* The Redevelopment amount is Gross Tax Increment received which includes pass through amounts to other agencies. approximately 43% of the Redevelopment amount collected is available for the Redevelopment Agency

**The State of California dissolved all Redevelopment Agencies effective 02/01/2012. All activity for the wind down of the Agencies was moved to a Successor Agency.

Since Successor Agency increment is only enough to cover annual costs of the wind down process, these amounts are excluded from the collection data.

Source: Riverside County Auditor Controller
HDL, Coren & Cone

City of Hemet
Property Tax Levies and Collections (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Collection of Delinquent taxes	Total Collections to Date	
		Amount	Percentage of Levy
2007	\$ 245	\$ 20,051	117.27%
2008	439	21,187	105.03%
2009	827	19,776	103.05%
2010	118	15,692	98.44%
2011	444	14,511	101.29%
2012	349	4,611	109.32%
2013	337	4,861	116.43%
2014	455	4,788	109.21%
2015	240	4,949	104.79%
2016	280	5,240	105.53%

City of Hemet
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities				Business-Type Activities		
	Certificates of Participation	1999 TAB	2002 TAB	Notes Payable	Water Revenue Bonds	Capital Leases	Certificates of Participation
2007	\$ -	\$ 8,475	\$ 7,085	\$ -	\$ 2,625	\$ 3,422	\$ -
2008	-	8,240	6,975	-	2,150	2,986	-
2009	-	7,995	6,860	-	-	2,424	-
2010	-	7,740	6,740	-	-	1,972	-
2011	-	7,475	6,615	-	-	1,503	-
2012	-	*	*	-	-	286	-
2013	-	*	*	-	-	153	-
2014	-	*	*	-	-	-	-
2015	-	*	*	-	-	-	-
2016	-	*	*	-	-	-	-

NOTE:

* 1999 and 2002 Tax Allocation Bonds are no longer reported as part of the primary government.

Sources: City of Hemet Financial Statements
State of California Franchise Tax Board
State Department of Finance

City of Hemet
Ratios of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Total Primary Government	Percentage of Personal Income	Per Capita
2007	\$ 23,614	1.39%	330
2008	22,359	1.29%	301
2009	19,288	1.21%	257
2010	18,462	1.25%	243
2011	17,604	1.20%	222
2012	2,298	0.16%	29
2013	2,166	0.15%	27
2014	2,014	0.13%	25
2015	2,015	0.13%	25
2016	-	0.00%	

NOTE:

* 1999 and 2002 Tax Allocation Bonds are no longer reported as part of the primary government.

Sources: City of Hemet Financial Statements
State of California Franchise Tax Board
State Department of Finance

City of Hemet
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Population	General Obligation Bonds	Tax Allocation Bonds	Total	Percentage of Assessed Value *	Per Capita
2007	71,705	\$ -	\$ 15,560	\$ 15,560	0.25%	217
2008	74,185	-	15,215	15,215	0.21%	205
2009	74,931	-	14,855	14,855	0.21%	198
2010	75,820	-	14,480	14,480	0.25%	191
2011	79,309	-	14,090	14,090	0.26%	178
2012	80,089	-	**	-	0.00%	-
2013	80,877	-	**	-	0.00%	-
2014	81,537	-	**	-	0.00%	-
2015	82,253	-	**	-	0.00%	-
2016	80,070	-	**	-	0.00%	-

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

* Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

** 1999 and 2002 Tax Allocation Bonds are no longer reported as part of the primary government.

City of Hemet
Direct and Overlapping Governmental Activities Debt
as of June 30, 2016

2015-2016 Assessed Valuation:	\$ 4,999,570,097		
	Total Debt		City's Share of
OVERLAPPING TAX AND ASSESSMENT DEBT:	6/30/2016	% Applicable (1)	Debt 6/30/16
Metropolitan Water District	\$ 92,865,000	0.201%	\$ 186,659
Eastern Municipal Water District, I.D. No. 24	397,000	53.755%	213,407
Eastern Municipal Water District, I.D. No. U12	318,000	2.144%	6,818
Eastern Municipal Water District, I.D. No. U18	906,000	100.000%	906,000
Eastern Municipal Water District, I.D. No. U21	157,000	13.688%	21,490
Mt. San Jacinto Community College District	70,000,000	6.538%	4,576,600
Hemet Unified School District	174,670,000	51.705%	90,313,124
San Jacinto Unified School District	41,434,584	6.098%	2,526,681
Hemet Unified School District Community Facilities District No. 2004-1	2,995,000	100.000%	2,995,000
Hemet Unified School District Community Facilities District No. 2005-2, 3 & 4	20,015,000	100.000%	20,015,000
San Jacinto Unified School District Community Facilities District No. 2005-4	2,190,000	29.818%	653,014
Eastern Municipal Water District Community Facilities District No. 2001-02	3,590,000	100.000%	3,590,000
Eastern Municipal Water District Community Facilities District No. 2004-27	7,089,000	100.000%	7,089,000
Eastern Municipal Water District Community Facilities District No. 2005-38	2,525,000	100.000%	2,525,000
Eastern Municipal Water District Community Facilities District No. 2006-56	4,815,000	100.000%	4,815,000
City of Hemet Community Facilities District No. 1999-1	8,240,000	100.000%	8,240,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 148,672,793
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	\$ 889,831,745	2.098%	\$ 18,668,670
Riverside County Pension Obligations	304,520,000	2.098%	6,388,830
Riverside County board of Education Certificates of Participation	935,000	2.098%	19,616
Riverside County Flood Control District, Zone No. 4	20,650,000	11.820%	2,440,830
Mt San Jacinto Community College District General Fund Obligations	-	0.000%	-
Hemet Unified School District Certificates of Participation	52,450,000	51.705%	27,119,273
San Jacinto Unified School District Certificates of Participation	39,440,000	6.098%	2,405,051
City of Hemet	0	100.000%	0
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 57,042,270
Less: Riverside County Administrative Center Authority (100% self-supporting from tax increment revenues)			130,851
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 56,911,419
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):			
Hemet Redevelopment Agency Tax Allocation Bonds	10,530,000	100.000%	10,530,000
Riverside County Project Areas Tax Allocation Bonds	322,503,028	0.566-3.801 %	3,870,767
TOTAL OVERLAPPING TAX INCREMENT DEBT			14,400,767
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			220,115,829
TOTAL NET OVERLAPPING DEBT			219,984,978
GROSS COMBINED TOTAL DEBT			\$ 220,115,829 (2)
NET COMBINED TOTAL DEBT			\$ 219,984,978

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2015-16 Assessed Valuations:
Total Overlapping Tax and Assessment Debt

Total Direct Debt
Gross Combined Total Debt
Net Combined Total Debt

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,300,999,223):

Total Overlapping Tax Increment Debt

Source: California Municipal Statistics, Inc.

Statistical Table 12

City of Hemet
Legal Debt Margin Information
Last Ten Years

	2007	2008	2009	2010	2011
Debt Limit	\$ 177,431,822	\$ 206,985,772	\$ 202,041,080	\$ 168,329,960	\$ 157,681,797
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$ 177,431,822	\$ 206,985,772	\$ 202,041,080	\$ 168,329,960	\$ 157,681,797
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2016:

Assessed Value	\$ 4,835,628,513
Debt limit (3.75% of assessed value)	181,336,069
Debt applicable to limit:	
General obligation bonds	0
Legal debt margin	\$ 181,336,069

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). Although the statutory debt limit has not been amended by the State since this change, the percentage presented in the above computations have been proportionately modified to 3.75% (25% of 15%) for the purpose of this calculation in order to be consistent with the computational effect of the debt limit at the time of the state's establishment of the limit.

Source: Riverside County Assessor's Office

City of Hemet
Legal Debt Margin Information (Continued)
Last Ten Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 155,923,565	\$ 156,603,119	\$ 163,587,451	\$ 171,057,453	\$ 181,336,069
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 155,923,565</u>	<u>\$ 156,603,119</u>	<u>\$ 163,587,451</u>	<u>\$ 171,057,453</u>	<u>\$ 181,336,069</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-

City of Hemet
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Tax Allocation Bonds				Water Revenue Bonds					
	Net Tax Increment	Debt Service		Coverage	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
2007	4,369	335	751	4.02	6,540	7,509	(968)	455	154	(1.59)
2008	4,560	345	736	4.22	7,375	6,873	502	475	131	0.83
2009	4,067	360	722	3.76	7,497	6,385	1,111	2,150	106	0.49
2010	2,825	375	708	2.61	7,539	6,794	745	-	-	-
2011	2,727	385	692	2.53	Water Revenue Bond paid off in Fiscal year ending 6/30/2009					
2012	1,401	405	676	1.30						
2013	1,033	420	658	0.96						
2014	723	445	639	0.67						
2015	992	465	619	0.92						
2016	956	580	359	1.02						

Source: City of Hemet Financial Statements

City of Hemet
Demographic and Economic Statistics
Last Ten Years

Calendar Year	Population (1)	Personal Income (2) (in thousands) Local Area Zip Codes	Per Capita Personal Income Local Area Zip Codes	Unemployment Rate (3)
2007	71,705	1,698,144 (4)	23,682	7.30%
2008	74,185	1,732,764 (4)	23,357	10.60%
2009	74,931	1,558,055 (4)	20,793	17.60%
2010	75,820	1,474,537 (4)	19,448	17.90%
2011	79,309	1,471,637 (4)	18,556	16.20%
2012	80,089	1,477,935 (4)	18,454	14.30%
2013	80,877	1,475,417 (4)	18,243	12.80%
2014	81,537	1,535,426 (4)	18,831	10.70%
2015	82,253	1,484,696 (4)	18,050	9.70%
2016	80,070	- *	- *	8.70%

*2016 Personal Income Data is not yet available

Sources:

- 1 State Department of Finance (data shown is for City of Hemet)
- 2 Franchise Tax Board Adjusted Gross Income for zip codes 92543, 92544, 92545
- 3 California Labor Market Info, State and Local Info (data shown is for City of Hemet)
- 4 Franchise Tax Board Information is based upon calendar year. This statistical information became available beginning in 2005.

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City of Hemet
Principal Employers
For the Year ended June 30, 2016 and Nine Years Ago

Employer	2016		2007	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Hemet Unified School District	3,642	13.95%	3,855	16.33%
Physicians For Healthy Hospitals	1,220 *	4.67%	-	0.00%
Horizon Solar	650 *	2.49%	-	0.00%
Gosch Ford, Toyota, Hyundai & Inland Chevrolet	574	2.20%	-	0.00%
County of Riverside (Various service centers)	500 *	1.92%	-	0.00%
Walmart Supercenter	405	1.55%	465	1.97%
TE Connectivity	380 *	1.46%	-	0.00%
Manorcare Health Services	285	1.09%	-	0.00%
City of Hemet	276	1.06%	442	1.87%
Stater Bros	230	0.88%	-	0.00%
Valley Health System	-	0.00%	1,110	4.70%
Hilton Reservation Worldwide	-	0.00%	526	2.23%
Gosch Ford, Toyota, & Nissan-Hyundai	-	0.00%	440	1.86%
Village Healthcare Retirement	220	0.84%	250	1.06%
Manorecare Health Services	-	0.00%	228	0.97%
Skyline Corporation	-	0.00%	210	0.89%
McCrometer Inc.	-	0.00%	200	0.85%

* Number of Employees for Employers are estimates from prior years
Current year data not available.

Source: City of Hemet Telephone Survey
California Labor Market Info, Data Library

Numbers are approximate per their Human Resources Department

City of Hemet
Full-time and Part-time City Employees
by Function
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011
General Government	48	41	36	35	32
Community Development (Building, Planning, Engineering)	51	43	39	39	38
Library	27	23	17	16	15
Police					
Sworn	85	82	75	68	58
Non-sworn	37	33	31	31	31
Fire					
Firefighters and Officers	59	56	50	48	49
Civilians	4	3	3	1	3
Public Works					
Water	15	14	14	16	17
Sewer/Storm Drain/Street Sweeping	11	11	2	4	1
Refuse	33	25	26	24	24
Streets, Parks, LLMD	33	29	31	31	31
Facility & Equipment Maintenance	21	17	17	15	14
Clean City Youth	11	8	6	4	6
Administration	7	15	8	3	4
TOTAL	442	400	355	335	323

City of Hemet
Full-time and Part-time City Employees (Continued)
by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016
General Government	30	30	29	31	33
Community Development (Building, Planning, Engineering)	38	35	35	28	27
Library	13	13	12	12	12
Police					
Sworn	54	61	61	70	63
Non-sworn	27	28	28	29	29
Fire					
Firefighters and Officers	48	44	44	39	39
Civilians	1	3	3	2	2
Public Works					
Water	16	19	18	18	21
Sewer/Storm Drain/Street Sweeping	4	4	4	4	4
Refuse	2	1	1	0	0
Streets, Parks, LLMD	33	32	33	31	31
Facility & Equipment Maintenance	11	11	11	11	10
Clean City Youth	5	4	4	0	0
Administration	7	5	8	5	5
TOTAL	289	290	291	280	276

City of Hemet
Operating Indicators
by Function
Last Ten Fiscal Years

Function:	2007	2008	2009	2010	2011
Police					
Calls for Service (1)	71,340	50,022	64,091	57,432	42,616
Arrests (1)	5,064	3,318	3,097	3,553	4,205
Sworn Officer's per 1000 population	1	1	1	1	1
Fire					
Calls for Service (1)	12,366	12,028	10,805	12,155	12,620
Fire/Explosion (included in total above)	282	253	244	288	240
Medical Aid (included in total above)	10,220	9,754	8,842	10,167	10,704
Community Development					
Permits: Single Family + Mobile set up	469	237	166	149	106
Conditional Use Permits applied/approved	21/2	28/12	13/8	9/3	12/11
Site Development Reviews applied/approved	19/10	10/2	6/5	1/2	4/1
Library					
Number of items checked out	482,110	492,665	437,175	412,718	428,459
Number of Cardholders	79,056	88,752	87,834	112,192	116,012
Total items in collection	99,423	98,625	82,018	101,752	102,902
Simpson Senior Center					
Citizens served through:					
Simpson Center	55,787	58,332	57,693	57,000 *	N/A
Lunch Program	28,540	27,872	27,872	28,000 *	N/A
Prime of Life	36,200	37,000	23,000	23,000 *	N/A
Public Works					
Trees trimmed	1,500	1,837	1,996	1,781	1,537
Poured Sidewalk (sq ft)	165,500	181,500	150,000	134,450	151,280
Asphalt remove and replace (sq ft)	40,000	50,000	3,037,500	306,000	52,426
Striping painted (linear ft)	210,000	220,500	223,500	218,000	1,044,862
Equipment CHP 90 day inspections/maint	211	236	238	224	N/A
Equipment light duty preventative maint	61	852	834	861	N/A
Buildings maintained (sq ft)	285,907	285,907	285,907	285,907	285,907
Miscellaneous service requests	4,101	4,306	4,507	3,520	4,760
Refuse collected:					
Commercial tons	28,011	22,864	23,207	17,846	18,038
Residential tons	29,605	23,262	23,610	23,056	23,545
Roll-off tons	16,055	10,260	10,415	7,375	8,112
Green Waste tons	4,905	4,638	4,707	7,725	7,808
Commingled Recyclable tons	4,508	4,506	4,504	4,024	2,118
Cardboard tons	1,198	1,035	1,050	1,170	1,890
Water					
Number of active accounts	9,212	8,996	9,001	9,325	9,145
Water introduced into the System (acre ft)	5,374	4,576	4,919	4,206	4,293
1 acre foot=325.851 gallons					

* These numbers are estimated from historical data. Data was not available.

** These numbers are estimated. The estimates for FY13/14 are due to a change in software used to track Service Orders in various Public Works departments. In Fiscal Year 09/10, the City contracted with YMCA and most currently Valley Wide Recreation to run the Simpson Center and all services associated with it.

N/A is data that was not available

Source: Various departments within City of Hemet

City of Hemet
Operating Indicators (Continued)
by Function
Last Ten Fiscal Years

Function:	2012	2013	2014	2015	2016
Police					
Calls for Service (1)	44,508	45,507	70,599	25,000	52,346 *
Arrests (1)	3,860	2,468	3,222	2,109	3,433 *
Sworn Officer's per 1000 population	1	1	1	1	1 *
Fire					
Calls for Service (1)	12,850	11,922	13,613	15,693	12,672 *
Fire/Explosion (included in total above)	228	224	254	286	255 *
Medical Aid (included in total above)	10,802	10,064	11,383	15,407	10,816 *
Community Development					
Permits: Single Family + Mobile set up	21	93	127	120	80
Conditional Use Permits applied/approved	7/4	8/4	9/2	9/11	13/6 *
Site Development Reviews applied/approved	3/1	9/7	5/4	5/4	7/4 *
Library					
Number of items checked out	428,601	381,047	360,792	451,956	430,614 *
Number of Cardholders	112,000	128,209	133,366	138,244	110,629 *
Total items in collection	106,211	92,680	104,977	94,434	98,114 *
Simpson Senior Center					
Citizens served through:					
Simpson Center	N/A	N/A	N/A	N/A	N/A
Lunch Program	N/A	N/A	N/A	N/A	N/A
Prime of Life	N/A	N/A	N/A	N/A	N/A
Public Works					
Trees trimmed	2,117	2,400	1,300 **	1,000	1,800
Poured Sidewalk (sq ft)	164,920	178,742	70,190	100,000	12,000
Asphalt remove and replace (sq ft)	66,234	73,266	1,358,833	1,000,000	158,000
Striping painted (linear ft)	1,056,000	-	1,000,000 **	N/A	850,000
Equipment CHP 90 day inspections/maint	N/A	N/A	116	112	124
Equipment light duty preventative maint	N/A	N/A	858	864	766
Buildings maintained (sq ft)	285,907	285,907	285,907	285,907	285,907
Miscellaneous service requests	4,753	4,800	1,500 **	2,789	3,893 *
Refuse collected:					
Commercial tons	7,052	-	-	-	-
Residential tons	12,915	-	-	-	-
Roll-off tons	3,541	-	-	-	-
Green Waste tons	2,988	-	-	-	-
Commingled Recyclable tons	912	-	-	-	-
Cardboard tons	619	-	-	-	-
Water					
Number of active accounts	9,112	9,214	9,075	7,761	9,304
Water introduced into the System (acre ft)	4,484	3,953	4,597	5,262	3,539
1 acre foot=325.851 gallons					

* These numbers are estimated from historical data. Data was not available.

** These numbers are estimated. The estimates for FY13/14 are due to a change in software used to track Service Orders in various Public Works departments. In Fiscal Year 09/10, the City contracted with YMCA and most currently Valley Wide Recreation to run the Simpson Center and all services associated with it.

N/A is data that was not available

Source: Various departments within City of Hemet

**City of Hemet
Capital Asset Statistics
by Function
Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police Stations	1	1	1	1	1
Fire Stations	5	5	4	4	4
Recreation and Culture:					
Number of parks	9	9	9	10	10
Number of libraries	1	1	1	1	1
Number of volumes	99,423	98,625	82,018	101,752	102,902
Public Works:					
Area of City (square miles)	26	26	26	26	26
Miles of Streets	360	360	360	360	360
Number of Street lights	3,600	3,600	3,600	3,600	3,600
Number of water accounts	9,212	8,996	9,001	9,423	9,145
Miles of water mains	120	120	120	120	120
Number of refuse accounts	20,593	23,504	23,454	23,548	23,548
Number of vehicles (city wide)	300	295	298	300	300

N/A = not available
Source: Various City Departments

City of Hemet
Capital Asset Statistics (Continued)
by Function
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police Stations	1	1	1	1	1
Fire Stations	4	4	4	5	5
Recreation and Culture:					
Number of parks	10	10	10	12	12
Number of libraries	1	1	1	1	1
Number of volumes	106,211	92,680	104,977	111,149	88,756
Public Works:					
Area of City (square miles)	26	26	26	28	28
Miles of Streets	360	360	360	360	360
Number of Street lights	3,600	3,600	3,600	3,600	3,600
Number of water accounts	9,112	9,214	9,075	7,760	9,304
Miles of water mains	120	120	120	120	120
Number of refuse accounts	-	-	-	-	-
Number of vehicles (city wide)	257	238	227	314	320

N/A = not available
Source: Various City Departments

City of Hemet
Water, Refuse, and Sewer Rates
Last Ten Fiscal Years

Effective	<u>7/1/2007</u> Bimonthly	<u>7/1/2008</u> Bimonthly	<u>7/1/2009</u> Bimonthly	<u>7/1/2010</u> Bimonthly	<u>7/1/2011</u> Bimonthly
Water					
Low Water Usage Rates					
0-1000 CF	\$ 50.80	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00
Normal Water Usage Rates					
Base Water Rates					
5/8" Meter	38.44	42.28	42.28	42.28	42.28
3/4" Meter	41.44	45.58	45.58	45.58	45.58
1" Meter	49.62	49.62	54.58	54.58	54.58
2" Meter	128.64	141.50	141.50	141.50	141.50
Consumption Water Rates per 100 CF					
0-600 CF	2.09	2.30	2.30	2.30	2.30
'601-1200 CF	2.27	2.50	2.50	2.50	2.50
'1201-over CF	2.62	2.88	2.88	2.88	2.88
Refuse					
Standard cart (60 gallon)	30.70	30.70	30.70	30.70	30.70
Large cart (90 gallon)	36.50	36.50	36.50	36.50	36.50
Sewer					
City sewer and storm drain	15.04	15.04	15.04	15.04	15.04

The City of Hemet has a Franchise Agreement in place with CR&R for Refuse services.
The City stopped providing Refuse services on 11/30/2011.

Source: City of Hemet Water Department

City of Hemet
Water, Refuse, and Sewer Rates (Continued)
Last Ten Fiscal Years

Effective	<u>7/1/2012</u> <u>Bimonthly</u>	<u>7/1/2013</u> <u>Bimonthly</u>	<u>7/1/2014</u> <u>Bimonthly</u>	<u>7/1/2015</u> <u>Bimonthly</u>	<u>7/1/2016</u> <u>Monthly</u>
Water					
Low Water Usage Rates					
0-1000 CF	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	N/A
Normal Water Usage Rates					
Base Water Rates					
5/8" Meter	42.28	42.28	42.28	42.28	24.95
3/4" Meter	45.58	45.58	45.58	45.58	27.26
1" Meter	54.58	54.58	54.58	54.58	32.83
2" Meter	141.50	141.50	141.50	141.50	81.02
Consumption Water Rates per 100 CF					
0-600 CF	2.30	2.30	2.30	2.30	6.25
'601-1200 CF	2.50	2.50	2.50	2.50	6.25
'1201-over CF	2.88	2.88	2.88	2.88	6.25
Refuse					
Standard cart (60 gallon)	30.70	-	-	-	-
Large cart (90 gallon)	36.50	-	-	-	-
Sewer					
City sewer and storm drain	15.04	15.04	15.04	15.04	10.30

The City of Hemet has a Franchise Agreement in place with CR&R for Refuse services.
The City stopped providing Refuse services on 11/30/2011.

Source: City of Hemet Water Department

City of Hemet
Water Sold by Type of Customer
Last Ten Years
(in 100 Cubic Feet)

Type of Customer	Calendar Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Single Family Residential	\$ 793,174	\$ 1,240,052	\$ 889,529	\$ 578,755	\$ 656,432
Multi-Family Residential	467,397	416,413	498,880	496,734	429,042
Commercial/Institutional	503,339	509,716	527,331	444,644	341,292
Landscape Irrigation	116,562	178,597	168,463	158,942	76,907
Total	1,880,472	2,344,778	2,084,203	1,679,075	1,503,673

Source: City of Hemet Water Department

City of Hemet
Water Sold by Type of Customer (Continued)
Last Ten Years
(in 100 Cubic Feet)

<u>Type of Customer</u>	<u>Calendar Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Single Family Residential	\$ 712,947	\$ 807,603	\$ 787,091	\$ 636,811	\$ 639,159
Multi-Family Residential	513,087	551,677	522,196	491,472	436,877
Commercial/Institutional	403,410	475,449	328,247	454,675	351,109
Landscape Irrigation	109,569	230,049	264,334	131,711	114,399
Total	<u>1,739,013</u>	<u>2,064,778</u>	<u>1,901,868</u>	<u>1,714,669</u>	<u>1,541,545</u>

Source: City of Hemet Water Department