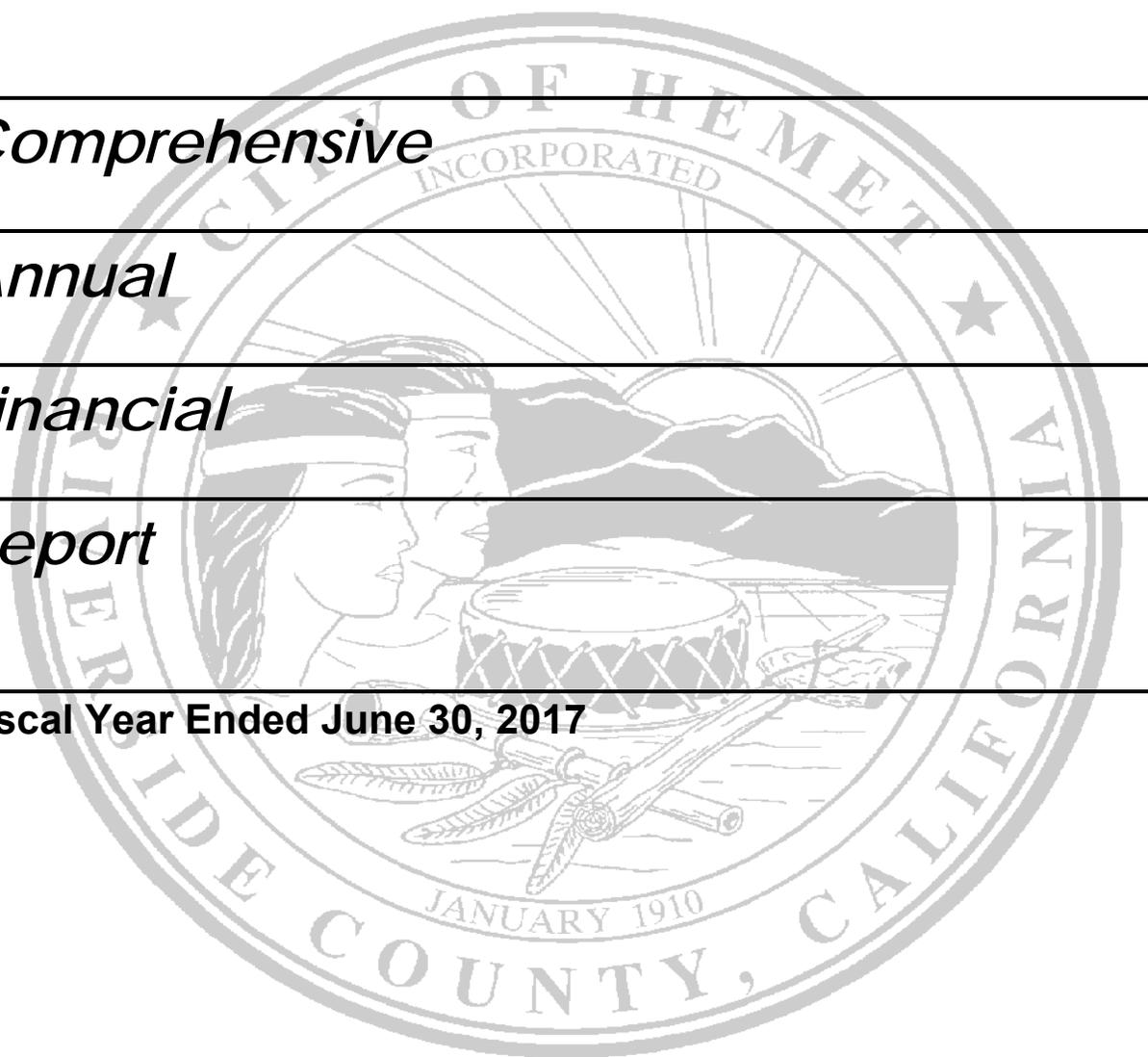

Comprehensive

Annual

Financial

Report

Fiscal Year Ended June 30, 2017



H *City of*
emet
California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
June 30, 2017**

**CITY OF HEMET
CALIFORNIA**



Linda Krupa – Mayor

Michael Perciful – Vice Mayor

Russ Brown – Council Member

Karlee Meyer – Council Member

Bonnie Wright – Council Member

Prepared by the City of Hemet Finance Department

City of Hemet
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

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March 30, 2018

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, 2017.

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, 2017 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, 2017 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 are now 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. There have been modest improvements in the real estate and home building sectors as well as Sales Tax. 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 2016-2017 reflected the continued recovery in the national and state economies.

In November 2016, the citizens of Hemet voted to approve Measure U, a general 1% sales tax measure. While this Measure is considered a General Tax, the City’s Council passed a Resolution restricting the use of Measure U revenues to the addition and retention of Public Safety Personnel. Although the funds are housed within the General Fund, by Resolution, they are required to be tracked in separate accounts from General Fund revenues and expenditures. Any Measure U funds not spent at the end of the fiscal year are required to be reserved for future use of the Measure U program.

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.

In November 2016, an OPEB Trust fund was established to help lower the future Unfunded Liability of the City Retiree Medical obligation.

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, 2016. In order to receive this prestigious award, a governmental unit must publish an 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,

A handwritten signature in black ink that reads "Lorena Rocha". The signature is written in a cursive, flowing style.

Lorena Rocha
Finance Director



Government Finance Officers Association

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

Presented to

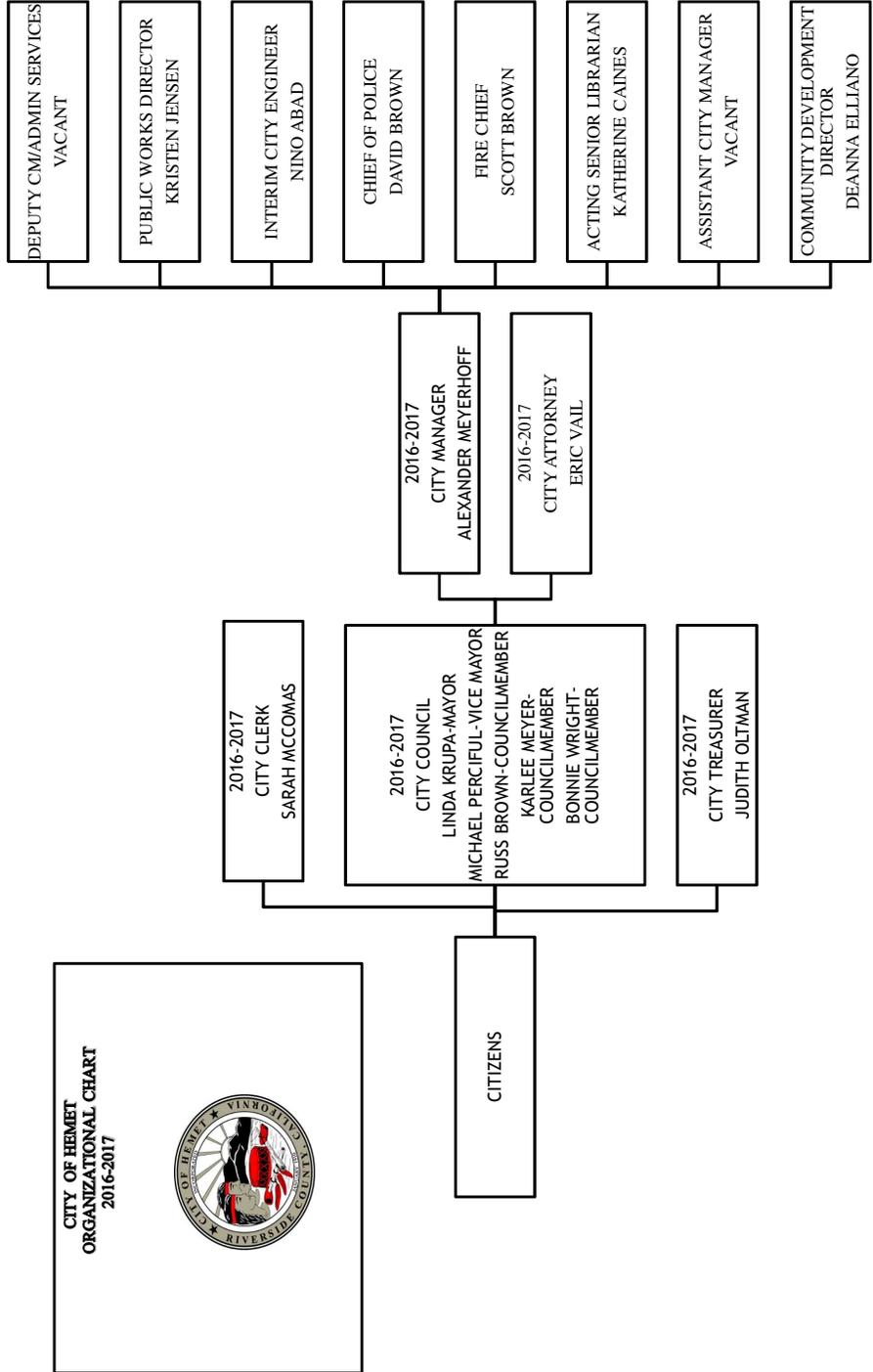
**City of Hemet
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO



PRINCIPAL OFFICIALS OF THE CITY OF HEMET, CALIFORNIA

JUNE 30, 2017

ELECTED AND ADMINISTRATIVE OFFICIALS

CITY COUNCIL

LINDA KRUPA
MICHAEL PERCIFUL
RUSS BROWN
KARLEE MEYER
BONNIE WRIGHT

MAYOR
VICE MAYOR
COUNCILMEMBER
COUNCILMEMBER
COUNCILMEMBER

OTHER ELECTED OFFICIALS

JUDITH OLTMAN

CITY TREASURER

ADMINISTRATIVE OFFICIALS

ALEXANDER MEYERHOFF
ERIC VAIL
VACANT

DEANNA ELLIANO

DAVID BROWN
SCOTT BROWN
KRISTEN JENSEN
KATHERINE CAINES
NINO ABAD

CITY MANAGER
CITY ATTORNEY
DEPUTY CITY
MANAGER/ADMINISTRATIVE
SERVICES DIRECTOR
COMMUNITY SERVICES
DIRECTOR
CHIEF OF POLICE
FIRE CHIEF
PUBLIC WORKS DIRECTOR
ACTING SENIOR LIBRARIAN
INTERIM CITY ENGINEER

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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by 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, 2017, 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

Financial Uncertainty

As discussed in Note 15 to the Basic Financial Statements, the City has suffered significant reductions in fund balances from operations. (1) The City had net decreases of its net position in the amount of \$5,404,311 of its governmental activities; (2) The net cost of services compared to tax revenues was 116% for the year ended June 30, 2017; (3) Total pension liability as of June 30, 2017 was \$82,953,505; and (4) the General Fund has suffered significant reductions in fund balance by \$2,343,242 from operations. These conditions raise concerns about the financial condition of the City's governmental activities and the general fund and impact on future operations of the City. Management's plan regarding those matters are also described in Note 15. The basic financial statements do not include any adjustments that might result from the outcome of these uncertainties. 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, Budgetary Comparison Schedule-Sewer and storm Drain Special Revenue 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 98, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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 March 30, 2018, 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
March 30, 2018

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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, 2017. 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

The most significant change in the current fiscal year is the adoption of Measure U, a General Sales Tax measure passed by the voters of the City. By City Resolution, the Council of the City has committed to restrict the use of these funds to increasing and retaining Public Safety employees. Although it was passed as a General Tax, accounting for this measure is tracked separate from all other General Fund revenues and expenditures. At the end of each fiscal year, any un-used Measure U fund balance is reserved for future use of the Police and Fire Measure U departments.

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.

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.

CITY OF HEMET
Management’s Discussion and Analysis (Continued)

- *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.
- 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

	<u>Fund Statements</u>			
	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
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 (Continued)

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 (Continued)

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>2017</u> <u>(As Restated)</u>	<u>2016</u> <u>(As Restated)</u>	<u>2017</u> <u>(As Restated)</u>	<u>2016</u> <u>(As Restated)</u>	<u>2017</u> <u>(As Restated)</u>	<u>2016</u> <u>(As Restated)</u>
Current and other assets	\$ 77.3	\$ 75.7	\$ 13.2	\$ 12.7	\$ 90.5	\$ 88.4
Capital assets	315.9	321.1	3.9	3.5	319.8	324.6
Total assets	<u>\$ 393.2</u>	<u>\$ 396.8</u>	<u>\$ 17.1</u>	<u>\$ 16.2</u>	<u>\$ 410.4</u>	<u>\$ 413.0</u>
Deferred outflows of resources:						
Pension contribution made after measurement date	\$ 18.4	\$ 5.7	\$ 1.0	\$ 0.3	\$ 19.4	\$ 6.0
Total deferred outflows of resources	<u>\$ 18.4</u>	<u>\$ 5.7</u>	<u>\$ 1.0</u>	<u>\$ 0.3</u>	<u>\$ 19.4</u>	<u>\$ 6.0</u>
Long-term debt outstanding	\$ 93.2	\$ 82.1	\$ 4.7	\$ 4.3	\$ 97.9	\$ 86.4
Other liabilities	11	9.1	2.4	2.4	13.4	11.5
Total liabilities	<u>\$ 104.2</u>	<u>\$ 91.2</u>	<u>\$ 7.1</u>	<u>\$ 6.7</u>	<u>\$ 111.3</u>	<u>\$ 97.9</u>
Deferred inflows of resources:						
Pension related items	\$ 1.7	\$ 11.5	\$ 0.1	\$ 0.8	\$ 1.8	\$ 12.3
Total deferred inflows of resources	<u>\$ 1.7</u>	<u>\$ 11.5</u>	<u>\$ 0.1</u>	<u>\$ 0.8</u>	<u>\$ 1.8</u>	<u>\$ 12.3</u>
Net Position:						
Net Investment in Capital Assets	\$ 315.9	\$ 321.1	\$ 3.9	\$ 3.5	\$ 319.8	\$ 324.6
Restricted	48.2	43.1	-	-	48.2	43.1
Unrestricted	(58.5)	(52.5)	7.1	6.3	(51.4)	(46.2)
Total net position	<u>\$ 305.7</u>	<u>\$ 311.7</u>	<u>\$ 11.0</u>	<u>\$ 9.8</u>	<u>\$ 316.7</u>	<u>\$ 321.5</u>

CITY OF HEMET
Management's Discussion and Analysis (Continued)

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

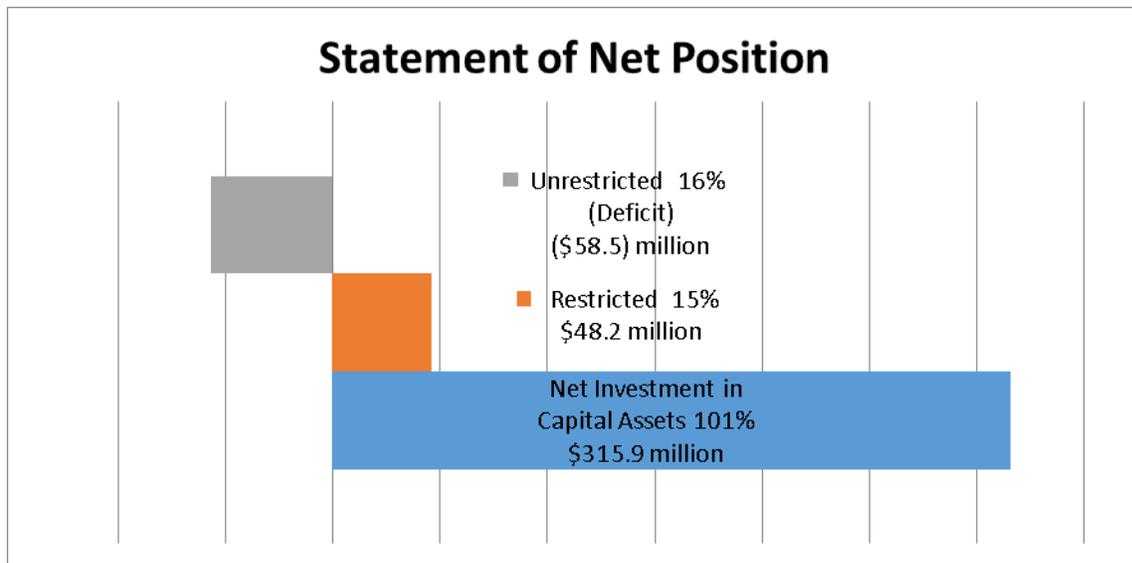
Table 2 Changes in Net Position (in Millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 11.6	\$ 10.6	\$ 11.5	\$ 10.3	\$ 23.1	\$ 20.9
Operating grants/contributions	2.6	3.7	-	-	2.6	3.7
Capital grants/contributions	6.2	9.8	-	-	6.2	9.8
General revenues:						
Property taxes	6.5	6.2	-	-	6.5	6.2
Other taxes	24.3	23.9	-	-	24.3	23.9
Measure U Sales Tax	1.9	-	-	-	1.9	-
Other general revenues	1.0	2.4	(0.3)	-	0.7	2.4
Total revenues	\$ 54.1	\$ 56.6	\$ 11.2	\$ 10.3	\$ 65.3	\$ 66.9
Program expenses						
General government	\$ 2.8	\$ 2.8	\$ -	\$ -	\$ 2.8	\$ 2.8
Public safety	34.1	29.7	-	-	34.1	29.7
Public Safety Measure U	0.6					
Community development	4.9	4.8	-	-	4.9	4.8
Public works	11.7	12.1	-	-	11.7	12.1
Sanitation	2.0	2.1	-	-	2.0	2.1
Parks and library	3.3	3.1	-	-	3.3	3.1
Water and refuse	-	-	10.0	7.9	10.0	7.9
Total expenses	\$ 59.4	\$ 54.6	\$ 10.0	\$ 7.9	\$ 69.4	\$ 62.5
Excess (deficiency) before special items and transfers	\$ (6.2)	\$ 2.0	\$ 1.2	\$ 2.4	\$ (5.0)	\$ 4.4
Beginning Net Position, as Restated	\$ 311.1	\$ 309.6	\$ 9.8	\$ 7.3	\$ 320.9	\$ 316.9
Ending Net Position	\$ 305.7	\$ 311.6	\$ 11.0	\$ 9.7	\$ 316.7	\$ 321.3

CITY OF HEMET
Management’s Discussion and Analysis (Continued)

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 decreased by 2% (from \$311.7 million to \$305.7million, as stated) in 2017. *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 – decreased from a deficit of \$52.5 million in 2016 to a deficit of \$58.5 million in 2017. This decrease was primarily due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 which requires government entities to report pension obligations. The City also 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 11.9% (from \$9.8 million to \$11 million, as stated) in 2017. This is mainly due to new utility rates which had not been increased since 2008. 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

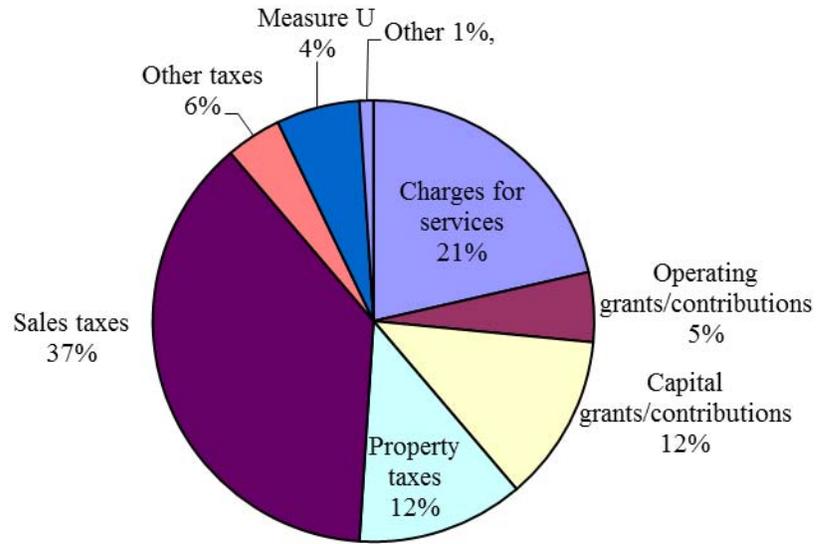
Revenues for the City’s governmental activities saw a decrease of \$3.6 million in 2017. Major categories contributing to revenue decreases of \$3.6 million were Grants and other Contributions. Further discussion related to expenses can be found in the major funds section of this analysis. The cost of all *governmental* activities this year was \$59.4 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 \$32.6 million because some of the cost was paid by those who directly benefited from the programs (\$11.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$8.8 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 \$109,289, Motor vehicle in-lieu taxes \$345,633, Property taxes \$276,687. Measure U revenue for the first quarter since its adoption generated \$1,876,965.
- Governmental activity Total Program Revenue saw a decrease in revenue of \$3.6 million, of that amount Operating Grants and Contributions decreased \$1.1 million. The City is continuing to pursue and apply for operating grants to reduce operating costs.
- Sales Tax revenues not including Measure U decreased by \$42,475.

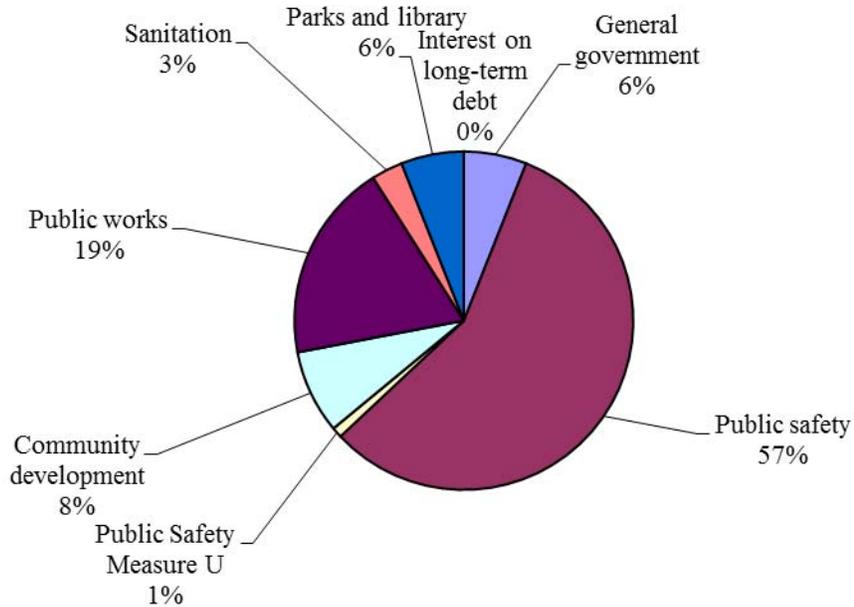
CITY OF HEMET
Management's Discussion and Analysis (Continued)

Revenues by Source – Governmental Activities



CITY OF HEMET
Management's Discussion and Analysis (Continued)

Expenses by Function – Governmental Activities



Business-Type Activities

The City's business-type activities had an increase in revenues of \$0.9 million in 2017 compared to 2016, mainly due to the water rate study which resulted in an increase in utility rates. The water rates had not previously been adjusted since 2008. Recent Council review and subsequent action to update water rates is intended to position 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 (Continued)

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, the General Fund's total fund balance was \$12.9 million. Fund balance decreased \$2.3 million in 2017 mainly due to the budgetary structural deficit. Fund balance was utilized to close the gap between expenditures and revenues.

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 excluding Measure U decreased \$396,086 in 2017 from 2016 mainly due to Franchise and other taxes. The most significant revenue increases over 2016 were Charges for Services with an increase of \$342,375 and Motor Vehicle In-Lieu Taxes with an increase of \$345,633.
- Measure U, implemented in April 2017 collected \$1,870,277 in its first quarter since adoption.
- General Fund expenditures increased 4.9% by \$1.9 million from 2016. This is mainly due to jumpstart of the Measure U program to add Safety Personnel as well as a result of the new contracts with the Public Safety Units.

Major Special Revenue Fund. The Sewer and Storm Drain Fund provides Wastewater and Sanitation services through the City. The net position of the Sewer and Storm Drain Fund increased 27% mainly due to a reduction in expenditures.

Major Enterprise Funds. Total net position of the **Water Fund** at the end of the year amounted to \$11 million, an increase of 12% from 2016. New water rates implemented in the current fiscal year contributed to this increase. **Note 16 - Financial Condition** explains the **Water Fund** net position decrease in more detail.

GENERAL FUND BUDGET

The economy continues its slow recovery. We continue to see increases in 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 15% in 2017 mainly as a result of Measure U.
- Building and engineering revenues exceeded budgeted revenues by \$26,076 in the current fiscal year.
- 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 (Continued)

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 12.3	\$ 12.3	\$ -	\$ -	\$ 12.3	\$ 12.3
Rights of way	190.5	190.5	-	-	190.5	190.5
Buildings and improvements	14.6	13.7	3.1	3.1	17.7	16.8
Machinery and equipment	6.1	5.9	0.8	0.4	6.9	6.3
Infrastructure	91.4	95.9	-	-	91.4	95.9
Construction in progress	<u>1.0</u>	<u>2.8</u>	<u>-</u>	<u>-</u>	<u>1.0</u>	<u>2.8</u>
Total	<u>\$ 315.9</u>	<u>\$ 321.1</u>	<u>\$ 3.9</u>	<u>\$ 3.5</u>	<u>\$ 488.9</u>	<u>\$ 324.6</u>

The most significant City infrastructure project completed in 2017 was the completion of the 2016-17 Sidewalk and ADA Ramp Project. This project totaled \$197,942. 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 (Continued)

LONG-TERM DEBT

The net adjustment to long-term debt for claims payable was a decrease of \$62,559. The net adjustment to long-term debt for compensated absences was an increase of \$159,855.

	Outstanding Debt (in millions)					
	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>Activities</u>	
	<u>2017</u>	<u>2016</u> <small>(As Restated)</small>	<u>2017</u>	<u>2016</u> <small>(As Restated)</small>	<u>2017</u>	<u>2016</u> <small>(As Restated)</small>
OPEB	\$ 9.7	10.1	-	-	9.7	10.1
Compensated absences	2.8	2.6	0.2	0.2	3.0	2.8
Claims Payable	1.3	1.3	-	-	1.3	1.3
Aggregate Net Pension liabilities	83.0	68.4	4.7	4.2	87.7	72.6
Capital Leases	-	-	-	-	-	-
Total Long-Term Liabilities	<u>\$ 96.8</u>	<u>\$ 82.4</u>	<u>\$ 4.9</u>	<u>\$ 4.4</u>	<u>\$ 101.7</u>	<u>\$ 86.8</u>

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 Activities
For the Year Ended June 30, 2017

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	\$ 2,777,231	\$ 602,496	\$ -	\$ -	\$ 602,496
Public safety	34,745,988	1,206,898	1,585,475	496,032	3,288,405
Community development	4,874,258	2,261,130	948,634	539,524	3,749,288
Public works	11,695,906	3,542,496	-	5,181,705	8,724,201
Sanitation	2,047,703	3,917,599	-	-	3,917,599
Parks	1,176,245	-	-	2,906	2,906
Libraries	2,084,868	58,436	24,721	-	83,157
Total governmental activities	59,402,199	11,589,055	2,558,830	6,220,167	20,368,052
Business-type activities:					
Water	9,965,632	11,460,332	-	-	11,460,332
Total business-type activities	9,965,632	11,460,332	-	-	11,460,332
Total primary government	\$ 69,367,831	\$ 23,049,387	\$ 2,558,830	\$ 6,220,167	\$ 31,828,384

City of Hemet
Statement of Activities (Continued)
For the Year Ended June 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (2,174,735)	\$ -	\$ (2,174,735)
Public safety	(31,457,583)	-	(31,457,583)
Community development	(1,124,970)	-	(1,124,970)
Public Works	(2,971,705)	-	(2,971,705)
Sanitation	1,869,896	-	1,869,896
Parks	(1,173,339)	-	(1,173,339)
Libraries	(2,001,711)	-	(2,001,711)
Total governmental activities	(39,034,147)	-	(39,034,147)
Business-type activities:			
Water	-	1,494,700	1,494,700
Total business-type activities	-	1,494,700	1,494,700
Total primary government	(39,034,147)	1,494,700	(37,539,447)
General Revenues:			
Taxes:			
Property taxes	6,484,576	-	6,484,576
Transient occupancy taxes	963,033	-	963,033
Sales taxes	14,174,764	-	14,174,764
Motor vehicle in-lieu taxes	6,060,924	-	6,060,924
Franchise and other taxes	4,963,582	-	4,963,582
Total taxes	32,646,879	-	32,646,879
Investment income	194,037	(25,476)	168,561
Miscellaneous	438,988	45,306	484,294
Transfers	349,932	(349,932)	-
Total general revenues	33,629,836	(330,102)	33,299,734
Change in net position	(5,404,311)	1,164,598	(4,239,713)
Net position - beginning of year	311,098,814	9,800,988	320,899,802
Net position - end of year	\$ 305,694,503	\$ 10,965,586	\$ 316,660,089

City of Hemet
Statement of Net Position
June 30, 2017

ASSETS	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 61,641,681	\$ 11,094,824	\$ 72,736,505
Receivables:			
Accounts	2,061,391	2,070,001	4,131,392
Taxes	903,370	-	903,370
Interest	1,160,061	-	1,160,061
Due from other governments	4,619,537	78,646	4,698,183
Due from fiduciary funds	902,468	-	902,468
Inventories	113,835	-	113,835
Prepaid items	6,737	5,399	12,136
Notes receivable, net	3,802,114	-	3,802,114
Land held for resale	2,076,419	-	2,076,419
Total current assets	<u>77,287,613</u>	<u>13,248,870</u>	<u>90,536,483</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	203,790,818	32,975	203,823,793
Depreciable, net	112,155,101	3,864,860	116,019,961
Total capital assets, net	<u>315,945,919</u>	<u>3,897,835</u>	<u>319,843,754</u>
Total noncurrent assets	<u>315,945,919</u>	<u>3,897,835</u>	<u>319,843,754</u>
Total assets	<u>393,233,532</u>	<u>17,146,705</u>	<u>410,380,237</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	<u>18,417,767</u>	<u>1,007,280</u>	<u>19,425,047</u>
Total deferred outflows of resources	<u>18,417,767</u>	<u>1,007,280</u>	<u>19,425,047</u>

City of Hemet
Statement of Net Position (Continued)
June 30, 2017

LIABILITIES	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	3,364,487	632,797	3,997,284
Accrued salaries and benefits	732,507	43,837	776,344
Accrued liabilities	109,662	5,399	115,061
Deposits	3,092,678	1,349,146	4,441,824
Unearned revenue	222,053	-	222,053
Accrued interest	-	211,459	211,459
Compensated absences, due within one year	2,603,493	186,474	2,789,967
Claims payable, due within one year	870,242	-	870,242
Total current liabilities	<u>10,995,122</u>	<u>2,429,112</u>	<u>13,424,234</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	166,180	9,814	175,994
Claims payable - due in more than one year	395,656	-	395,656
Other postemployment benefit liabilities	9,710,323	-	9,710,323
Aggregate net pension liability	82,953,505	4,677,099	87,630,604
Total noncurrent liabilities	<u>93,225,664</u>	<u>4,686,913</u>	<u>97,912,577</u>
Total liabilities	<u>104,220,786</u>	<u>7,116,025</u>	<u>111,336,811</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	1,736,010	72,374	1,808,384
Total deferred inflows of resources	<u>1,736,010</u>	<u>72,374</u>	<u>1,808,384</u>
NET POSITION			
Investment in capital assets	315,945,919	3,897,835	319,843,754
Restricted for:			
Public access channel	2,468,707	-	2,468,707
Community development	8,062,681	-	8,062,681
Public works	26,568,802	-	26,568,802
Public safety	1,270,563	-	1,270,563
Sanitation	7,568,249	-	7,568,249
Measure U	1,215,407	-	1,215,407
Libraries:			
Expendable	65,275	-	65,275
Nonexpendable	1,000,000	-	1,000,000
Total restricted	<u>48,219,684</u>	<u>-</u>	<u>48,219,684</u>
Unrestricted (Deficit)	(58,471,100)	7,067,751	(51,403,349)
Total net position	<u>\$ 305,694,503</u>	<u>\$ 10,965,586</u>	<u>\$ 316,660,089</u>

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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.

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.

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City of Hemet
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds		Nonmajor Governmental Funds	Total
	General Fund	Sewer and Storm Drain		
ASSETS				
Cash and investments	\$ 11,625,351	\$ 7,521,901	\$ 36,045,335	\$ 55,192,587
Accounts receivable	232,587	1,352,389	470,217	2,055,193
Property taxes receivable, net	903,370	-	-	903,370
Interest receivable	250,324	-	909,737	1,160,061
Due from other governments	3,166,137	-	1,453,400	4,619,537
Due from other funds	-	-	367,095	367,095
Due from fiduciary funds	902,468	-	-	902,468
Inventories	300	-	-	300
Prepaid items	6,737	-	-	6,737
Notes receivable, net	-	-	3,802,114	3,802,114
Advances to other funds	-	-	354,137	354,137
Land held for resale	-	-	2,076,419	2,076,419
Total assets	\$ 17,087,274	\$ 8,874,290	\$ 45,478,454	\$ 71,440,018
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 731,934	\$ 1,290,026	\$ 910,780	\$ 2,932,740
Accrued salaries and benefits	622,113	16,015	50,809	688,937
Accrued liabilities	109,662	-	-	109,662
Deposits	2,533,706	-	558,972	3,092,678
Due to other funds	-	-	367,095	367,095
Advances from other funds	-	-	354,137	354,137
Unearned revenue	222,053	-	-	222,053
Total liabilities	4,219,468	1,306,041	2,241,793	7,767,302
Fund Balances:				
Nonspendable	7,037	-	1,000,000	1,007,037
Restricted	2,468,707	7,568,249	35,967,321	46,004,277
Committed	8,294,791	-	-	8,294,791
Assigned	215,087	-	6,349,903	6,564,990
Unassigned (deficit)	1,882,184	-	(80,563)	1,801,621
Total fund balances	12,867,806	7,568,249	43,236,661	63,672,716
Total liabilities and fund balances	\$ 17,087,274	\$ 8,874,290	\$ 45,478,454	\$ 71,440,018

City of Hemet
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2017

Total Fund Balances - Total Governmental Funds		\$ 63,672,716
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	\$ 203,790,818	
Depreciable, net of \$898,493 reported in the Internal Service Funds	111,256,608	315,047,426
Compensated absences were not due and payable in the current period; therefore, they were not reported in the Governmental Funds Balance Sheet.		
		(166,180)
Net other postemployment benefit obligation was not due and payable in the current period; therefore, are not reported in the governmental funds.		
		(12,313,816)
Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources were not due and payable in the current period or not available for current expenditures and were not reported in the governmental fund financial statements:		
Pension related deferred outflows of resources, net of \$1,079,229 reported in Internal Service Fund.	17,338,538	
Aggregate net pension liability, net of \$(6,718,204) reported in Internal Service Fund.	(76,235,301)	
Pension related deferred inflows of resources, net of \$(77,544) reported in Internal Service Fund.	(1,658,466)	(60,555,229)
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.		
		9,586
Net Position of Governmental Activities		\$ 305,694,503

City of Hemet
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Fund		Nonmajor Governmental Funds	Total
	General Fund	Sewer and Storm Drain		
REVENUES:				
Taxes	\$ 32,646,879	\$ -	\$ 1,636,832	\$ 34,283,711
Licenses and permits	1,678,864	-	-	1,678,864
Intergovernmental revenues	493,487	-	5,184,010	5,677,497
Charges for services	3,202,676	3,919,231	3,270,683	10,392,590
Fines and forfeitures	442,626	-	-	442,626
Investment income (loss)	226,877	(18,889)	(10,711)	197,277
Miscellaneous	(5,337)	3,451	680,953	679,067
Total revenues	38,686,072	3,903,793	10,761,767	53,351,632
EXPENDITURES:				
Current:				
General government	1,998,626	-	104,403	2,103,029
Public safety	31,627,143	-	869,377	32,496,520
Community development	4,164,678	-	679,104	4,843,782
Public works	-	-	5,488,397	5,488,397
Sanitation	-	1,989,740	9,208	1,998,948
Parks	1,205,477	-	-	1,205,477
Libraries	1,502,978	-	138,886	1,641,864
Capital outlay	30,951	239,941	2,185,860	2,456,752
Total expenditures	40,529,853	2,229,681	9,475,235	52,234,769
REVENUES OVER (UNDER) EXPENDITURES	(1,843,781)	1,674,112	1,286,532	1,116,863
OTHER FINANCING SOURCES (USES):				
Transfers in	283,078	-	41,634	324,712
Transfers out	(782,539)	(50,314)	(253,007)	(1,085,860)
Total other financing sources (uses)	(499,461)	(50,314)	(211,373)	(761,148)
NET CHANGES IN FUND BALANCES	(2,343,242)	1,623,798	1,075,159	355,715
FUND BALANCES:				
Beginning of year	15,211,048	5,944,451	42,161,502	63,317,001
End of year	<u>\$ 12,867,806</u>	<u>\$ 7,568,249</u>	<u>\$ 43,236,661</u>	<u>\$ 63,672,716</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, 2017

Net Change in Fund Balances - Total Governmental Funds	\$	355,715
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,	\$	2,456,752
Less: acquisition of internal service fund capital assets		(30,267)
Less: repair and maintenance expenditures		(198,989)
		2,227,496
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 \$135,262 reported in the Internal Service Fund.		
		(7,099,824)
The net effect on disposal of capital assets.		
		(193,003)
Changes in net other postemployment benefit obligation reported in the Statement of Activities do not use current financial resources and, therefore, are not reported as an expenditures in governmental funds.		
		423,610
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.		
		(159,855)
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.		
		383,948
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.		
		(1,342,398)
Change in Net Position of Governmental Activities	\$	(5,404,311)

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, 2017

	Business-type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 11,094,824	\$ 6,449,094
Accounts receivable	2,070,001	6,198
Due from other governments	78,646	-
Due from other funds	-	50,974
Inventories	-	113,535
Prepaid Items	5,399	-
Total current assets	<u>13,248,870</u>	<u>6,619,801</u>
Noncurrent assets:		
Nondepreciable capital assets	32,975	-
Depreciable capital assets, net of accumulated depreciation	3,864,860	898,493
Total noncurrent assets	<u>3,897,835</u>	<u>898,493</u>
Total assets	<u>17,146,705</u>	<u>7,518,294</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows of resources	1,007,280	1,079,229
Total deferred outflows of resources	<u>1,007,280</u>	<u>1,079,229</u>
LIABILITIES		
Current liabilities:		
Accounts payable	632,797	431,747
Accrued salaries and benefits	43,837	43,570
Accrued liabilities	5,399	-
Interest payable	211,459	-
Deposits	1,349,146	-
Due to other funds	-	50,974
Compensated absences, due within one year	186,474	-
Claims payable, due within one year	-	870,242
Total current liabilities	<u>2,429,112</u>	<u>1,396,533</u>
Long-term liabilities:		
Compensated absences, due in more than one year	9,814	-
Claims payable, due in more than one year	-	395,656
Aggregate Net pension liabilities	4,677,099	6,718,204
Total long-term liabilities	<u>4,686,913</u>	<u>7,113,860</u>
Total liabilities	<u>7,116,025</u>	<u>8,510,393</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows of resources	72,374	77,544
Total deferred inflows of resources	<u>72,374</u>	<u>77,544</u>
NET POSITION		
Investment in capital assets	3,897,835	898,493
Unrestricted (deficit)	7,067,751	(888,907)
Total net position	<u>\$ 10,965,586</u>	<u>\$ 9,586</u>

City of Hemet
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 11,460,332	\$ 12,879,431
Miscellaneous	45,306	296,324
Total operating revenues	11,505,638	13,175,755
OPERATING EXPENSES:		
Personal services	2,666,377	4,925,387
Parts and supplies	346,811	862,979
Maintenance	2,938,828	1,196,580
Utilities	349,480	669,815
Contracts, rents, and leases	114,953	278,582
Insurance	202,700	3,131,687
Claims and judgments	-	4,428,941
General office	309,900	-
Enterprise assessments	2,544,296	-
Depreciation	492,287	135,262
Total operating expenses	9,965,632	15,629,233
OPERATING INCOME (LOSS)	1,540,006	(2,453,478)
NONOPERATING REVENUES (EXPENSES):		
Investment income (loss)	(25,476)	-
Total nonoperating revenues (expenses)	(25,476)	-
INCOME (LOSS) BEFORE TRANSFERS	1,514,530	(2,453,478)
TRANSFERS:		
Transfers in	114,673	1,233,197
Transfers out	(464,605)	(122,117)
Total transfers	(349,932)	1,111,080
Change in net position	1,164,598	(1,342,398)
NET POSITION:		
Beginning of the year	9,800,988	1,351,984
End of the year	\$ 10,965,586	\$ 9,586

City of Hemet
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	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	\$ 10,932,192	\$ 13,575,434
Cash received from insurance recovery	-	43,594
Cash payments to suppliers for goods and services	(6,383,131)	(3,579,066)
Cash payments to employees for services	(2,924,443)	(3,208,072)
Cash payment for insurance	(202,700)	(7,205,693)
Net cash provided by (used in) operating activities	1,421,918	(373,803)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(886,509)	(30,267)
Net cash (used in) capital and related financing activities	(886,509)	(30,267)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	114,673	1,233,197
Cash paid to other funds	(464,605)	(173,091)
Net cash provided by (used in) noncapital financing activities	(349,932)	1,060,106
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	(38,232)	-
Net cash (used in) investing activities	(38,232)	-
Net change in cash and cash equivalents	147,245	656,036
CASH AND CASH EQUIVALENTS:		
Beginning of year	10,947,579	5,793,058
End of year	\$ 11,094,824	\$ 6,449,094
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,540,006	\$ (2,453,478)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	492,287	135,262
(Increase) decrease in accounts receivable	(373,081)	392,299
(Increase) decrease in due from other funds	-	1,253,685
(Increase) decrease in inventories	-	(7,149)
(Increase) decrease in deferred outflows of resources related to pension	(86,092)	(158,041)
Increase (decrease) in accounts payable	221,137	(146,467)
Increase (decrease) in accrued wages and benefits payable	2,046	5,365
Increase (decrease) in due to other funds	-	(1,202,711)
Increase (decrease) in deposits	(200,365)	-
Increase (decrease) in claims payable	-	(62,559)
Increase (decrease) in compensated absences	2,264	-
Increase (decrease) in net pension liabilities	526,175	2,567,280
Increase (decrease) in deferred inflows of resources related to pension	(702,459)	(697,289)
Total adjustments	(118,088)	2,079,675
Net cash provided by (used in) operating activities	\$ 1,421,918	\$ (373,803)

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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, 2017

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ 478,821	\$ 967,589
Accounts receivable	-	14,842
Notes receivable	168,309	-
Land held for resale	2,208,773	-
Restricted Assets:		
Investments with fiscal agent	40,128	1,401,600
Total assets	2,896,031	\$ 2,384,031
LIABILITIES		
Current liabilities:		
Accounts payable	7,556	\$ 972,102
Accrued salaries and benefits	100	-
Deposits	-	509,461
Due to City of Hemet	-	902,468
Interest payable	134,715	-
Bonds payable, due within one year	485,000	-
Total current liabilities	627,371	2,384,031
Noncurrent liabilities:		
Bonds payable, due in more than one year	10,232,340	-
Total noncurrent liabilities	10,232,340	-
Total liabilities	10,859,711	\$ 2,384,031
NET POSITION		
Net position held in trust for Successor Agency	<u><u>\$ (7,963,680)</u></u>	

City of Hemet
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Redevelopment property tax trust fund	\$ 1,942,572
Investment income	116
Total additions	1,942,688
DEDUCTIONS	
Administrative costs	253,611
Principal	
Interest and fiscal charges	423,615
Total deduction	677,226
CHANGE IN NET POSITION	1,265,462
NET POSITION	
Beginning of year	(9,229,142)
End of year	\$ (7,963,680)

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Hemet
Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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City of Hemet
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City of Hemet
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of the organization’s governing body and frequently has the ability to affect the organizations operations, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Units:

Management determined that the following entities should be reported as blended component units based on the criteria above. Although the following is legally separate from the City, it has been “blended” as though it is part of the City because the component unit’s governing body is substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component unit; and/or the component unit provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policy (Continued)

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

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, deferred outflows of sources, liabilities, deferred inflows of sources, fund balance or net position, 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.

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, deferred outflows of sources, liabilities, and deferred inflows of sources, 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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Government Fund Financial Statements (Continued)

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, current liabilities, and deferred inflows of sources 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.

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 funds:

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.

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.

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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements (Continued)

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (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.

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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

D. Fair Value Measurement

U.S. GAAP 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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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 the amounts that will not be collected on these loans.

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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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 acquisition 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, 2017

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, 2015
Measurement Date	June 30, 2016
Measurement Period	July 1, 2015 to June 30, 2016

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

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, 2017

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, 2017

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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

S. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's practice is to apply the restricted component of net position first, then use the unrestricted component of net position as needed.

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's practice is to apply restricted fund balances first, then use unrestricted fund balances as needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order, except for instances wherein an ordinance specifies the fund balance:

- Committed
- Assigned
- Unassigned

T. 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".

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

U. 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.

V. Accounting Changes

There were no accounting changes which resulted in a significant impact on the City's financial statements for the year ended June 30, 2017.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments

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

	<u>Government-Wide Statement of Net Position</u>			<u>Statement of</u>	
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Fiduciary</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Net Position</u>	
Cash and Investments	\$ 61,641,681	\$ 11,094,824	\$ 72,736,505	\$ 1,446,410	\$ 74,182,915
Investments with Fiscal Agent	-	-	-	1,441,728	1,441,728
Total Cash and Investments	<u>\$ 61,641,681</u>	<u>\$ 11,094,824</u>	<u>\$ 72,736,505</u>	<u>\$ 2,888,138</u>	<u>\$ 75,624,643</u>

At June 30, 2017, Cash and Investments consist of the following:

Deposits with Financial Institutions	20,165,355
Investments	54,010,593
Investments with fiscal agent	<u>1,441,728</u>
Total Cash and Investments	<u>\$ 75,624,643</u>

A. Demand Deposits

The carrying amount of the City's cash deposits were \$20,165,355 at June 30, 2017. Bank balances before reconciling items were \$20,787,932 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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

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*	Percentage of Portfolio*	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.

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	Percentage Allowed	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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2017, 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, 2017:

Investment Type	Total	Measurement Input	
		Level 2	Not subject to measurement
U.S. Government Sponsored:			
Enterprise Securities	\$ 6,600,550	\$ 6,600,550	\$ -
LAIF	20,452,546	-	20,452,546
Municipal Obligations	13,405,571	13,405,571	-
Negotiable CD	5,487,306	5,487,306	-
Medium-Term Notes	8,064,620	8,064,620	-
Held by Fiscal Agent:			
Money Market Mutual Funds	1,441,728	-	1,441,728
Total	\$ 55,452,321	\$ 33,558,047	\$ 21,894,274

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	\$ 6,600,550	\$ 997,715	\$ -	\$ -	\$ 2,960,155	\$ 2,642,680	\$ -
LAIF	20,452,546	20,452,546	-	-	-	-	-
Municipal Obligations	13,405,571	466,553	2,748,659	-	2,714,441	2,777,359	4,698,559
Negotiable CD	5,487,306	1,489,915	1,243,799	1,498,593	1,003,484	-	251,515
Medium-Term Notes	8,064,620	999,590	2,519,460	1,512,190	3,033,380	-	-
Held by Fiscal Agent:							
Money Market Mutual Funds	1,441,728	1,441,728	-	-	-	-	-
Total	\$ 55,452,321	\$ 25,848,047	\$ 6,511,918	\$ 3,010,783	\$ 9,711,460	\$ 5,420,039	\$ 4,950,074

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

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	AAA	AA	A	Not Rated
U.S. Government Sponsored						
Enterprise Securities	\$ 6,600,550	N/A	\$ -	\$ 6,600,550	\$ -	\$ -
LAIF	20,452,546	N/A	-	-	-	20,452,546
Municipal Obligations	13,405,571	A	1,518,130	7,436,589	4,450,852	-
Negotiable CD	5,487,306	N/A	-	-	-	5,487,306
Medium-Term Notes	8,064,620	A	-	3,021,290	5,043,330	-
Held by Fiscal Agent:						
Money Market Mutual Funds	1,441,728	AAA	1,441,728	-	-	-
Total	\$ 55,452,321		\$ 2,959,858	\$ 17,058,429	\$ 9,494,182	\$ 25,939,852

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, 2017, 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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

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, 2017 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, 2017, the City had \$20,452,546 invested in LAIF, which had invested 2.89% 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, 2017.

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, 2017:

	Due from Other Funds
Due to Other Funds	Other Governmental Funds
Other Governmental Funds	\$ 367,095
Total	\$ 367,095

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 4 – Interfund Transactions (Continued)

B. Transfers In and Out

Transfers In	Transfers Out					Total
	General Fund	Sewer and Storm Drain Special Revenue Fund	Other Governmental Funds	Water Enterprise Fund	Internal Service Funds	
General Fund	\$ -	\$ -	\$ -	\$ 283,078	\$ -	\$ 283,078
Water Enterprise Fund	-	-	79,380	-	35,293	114,673
Internal Service Funds	740,905	50,314	173,627	181,527	86,824	1,233,197
Other Governmental Funds	41,634	-	-	-	-	41,634
Total	\$ 782,539	\$ 50,314	\$ 253,007	\$ 464,605	\$ 122,117	\$ 1,672,582

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 \$283,078 to General Fund to cover water use at the city parks.

A total of \$114,673 was transferred to the Water Fund to transfer capital assets.

Various funds transferred a total of \$1,233,197 to cover deficit in the Internal Service Fund. These costs were allocated based upon the affected funds actual and budgeted use of the City Attorney.

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, 2017 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	\$ 9,435,192
Less: Allowance for Forgivable Notes	(5,633,078)
Total	\$ 3,802,114

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 6 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for the governmental activities for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Transfers and Reclassification	Balance June 30, 2017
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	2,834,681	40,541	-	(1,901,160)	974,062
Total Capital Assets, Not Being Depreciated	205,651,437	40,541	-	(1,901,160)	203,790,818
Capital Assets Being Depreciated:					
Buildings and Improvements	25,997,424	57,350	-	1,435,551	27,490,325
Buildings and Improvements - ISF	75,899	-	-	-	75,899
Machinery and Equipment	34,615,921	1,449,307	(717,159)	-	35,348,069
Machinery and Equipment - ISF	5,161,456	30,267	(38,568)	-	5,153,155
Infrastructure					
Pavement	152,028,955	384,535	(447,945)	-	151,965,545
Medians	163,384	-	-	-	163,384
Sidewalks	18,021,672	260,215	-	291,049	18,572,936
Curb and Gutter	16,560,601	17,784	(2,957)	-	16,575,428
Traffic Signal	6,753,799	-	(2,426)	174,560	6,925,933
Street Lights	3,862,335	-	-	-	3,862,335
Bridges	4,326,295	-	-	-	4,326,295
Storm Drain/Retention Basins	11,440,412	17,764	-	-	11,458,176
Total Capital Assets being Depreciated	279,008,153	2,217,222	(1,209,055)	1,901,160	281,917,480
Less Accumulated Depreciation:					
Buildings and Improvements	(12,314,786)	(611,412)	-	-	(12,926,198)
Buildings and Improvements - ISF	(70,075)	-	-	-	(70,075)
Machinery and Equipment	(29,728,171)	(870,612)	500,691	-	(30,098,092)
Machinery and Equipment - ISF	(4,145,652)	(135,262)	26,756	-	(4,254,158)
Infrastructure					
Pavement	(99,469,773)	(4,578,245)	486,434	-	(103,561,584)
Medians	(57,183)	(5,446)	-	-	(62,629)
Sidewalks	(4,227,116)	(243,964)	-	-	(4,471,080)
Curb and Gutter	(3,879,545)	(220,887)	1,359	-	(4,099,073)
Traffic Signal	(4,009,358)	(190,519)	-	-	(4,199,877)
Street Lights	(2,379,207)	(153,988)	-	-	(2,533,195)
Bridges	(1,013,655)	(57,684)	-	-	(1,071,339)
Storm Drain/Retention Basins	(2,248,824)	(167,067)	812	-	(2,415,079)
Total Accumulated Depreciation	(163,543,345)	(7,235,086)	1,016,052	-	(169,762,379)
Total Capital Assets Being Depreciated, Net	115,464,808	(5,017,864)	(193,003)	1,901,160	112,155,101
Capital Assets, Net	\$ 321,116,245	\$ (4,977,323)	\$ (193,003)	\$ -	\$ 315,945,919

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 6 – Capital Assets (Continued)

A. Governmental Activities (Continued)

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

Governmental Activities:	
General Government	\$ 514,737
Public Safety	621,945
Community Development	97,268
Public works	5,582,592
Libraries	283,282
Internal Service	135,262
Total depreciation expense	\$ 7,235,086

B. Business-Type Activities

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
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	27,870,005	-	-	27,870,005
Machinery and Equipment	4,370,744	886,509		5,257,253
Total Capital Assets being Depreciated	32,240,749	886,509	-	33,127,258
Less Accumulated Depreciation:				
Buildings and Improvements	(24,812,028)	(37,332)	-	(24,849,360)
Machinery and Equipment	(3,958,083)	(454,955)	-	(4,413,038)
Total Accumulated Depreciation	(28,770,111)	(492,287)	-	(29,262,398)
Total Capital Assets Being Depreciated, Net	3,470,638	394,222	-	3,864,860
Capital Assets, Net	\$ 3,503,613	\$ 394,222	\$ -	\$ 3,897,835

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

Business-type Activities:	
Water	\$ 492,287
Total depreciation expense	\$ 492,287

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 7 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year	Due in More than One Year
Governmental Activities:						
Compensated Absences	\$ 2,609,818	\$ 2,317,952	\$ (2,158,097)	2,769,673	\$ 2,603,493	\$ 166,180
Claims Payable	1,328,457	7,330,694	(7,393,253)	1,265,898	870,242	395,656
Other Postemployment Benefit	10,133,933	3,645,741	(4,069,351)	9,710,323	-	9,710,323
Aggregate Net Pension Liabilities (Note 9)	68,368,779	24,072,696	(9,487,970)	82,953,505	-	82,953,505
Total Governmental Activity						
Long-Term Liabilities	<u>\$ 82,440,987</u>	<u>\$ 37,367,083</u>	<u>\$ (23,108,671)</u>	<u>\$ 96,699,399</u>	<u>\$ 3,473,735</u>	<u>\$ 93,225,664</u>

*Pension liabilities are liquidated by the General Fund and the Administrative Services Internal Service Fund.

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, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year	Due in More than One Year
Business-type Activities						
Compensated Absences	\$ 194,024	\$ 229,162	\$ (226,898)	\$ 196,288	\$ 186,474	\$ 9,814
Aggregate Net Pension Liabilities (Note 9)	4,150,924	1,083,314	(557,139)	4,677,099	-	4,677,099
Total Business-type Activities						
Long-term Liabilities	<u>\$ 4,344,948</u>	<u>\$ 1,312,476</u>	<u>\$ (784,037)</u>	<u>\$ 4,873,387</u>	<u>\$ 186,474</u>	<u>\$ 4,686,913</u>

*Pension liabilities are liquidated by the Water Enterprise Fund.

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, 2017

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, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year	More than One Year
Fiduciary Fund:						
Bonds Payable:						
2014 Tax Allocation Refunding Bonds	\$ 10,530,000	\$ -	\$ (470,000)	\$ 10,060,000	\$ 485,000	\$ 9,575,000
Total bonds payable	10,530,000	-	(470,000)	10,060,000	485,000	9,575,000
Bond Premium:						
2014 Tax Allocation Refunding Bonds	700,681	-	(43,341)	657,340	-	657,340
Total Fiduciary Fund						
Long-term Liabilities	<u>\$ 11,230,681</u>	<u>\$ -</u>	<u>\$ (513,341)</u>	<u>\$ 10,717,340</u>	<u>\$ 485,000</u>	<u>\$ 10,232,340</u>

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, 2017 was \$10,060,000.

The debt service to maturity is as follows:

June 30,	Principal	Interest	Total
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
2022	575,000	301,718	876,718
2023-2027	3,350,000	1,401,068	4,751,068
2028-2032	4,070,000	352,447	4,422,447
	<u>\$ 10,060,000</u>	<u>\$ 3,507,984</u>	<u>\$ 13,567,984</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

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, 2017 is \$7,880,000.

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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 8 – Risk Management and Self Insurance Programs (Continued)

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 financial statements.

Insurance Type	Beginning Balance	Claims Incurred	Claim Payments	Ending Balance	Current Portion	Long Term Portion
2014 - 2015 Total	\$ 600,169	\$ 1,630,273	\$ (794,359)	\$ 1,436,083	\$ 565,632	\$ 870,451
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	713,613
2015 - 2016 Total	\$ 1,436,083	\$ 1,362,726	\$ (1,470,362)	\$ 1,328,457	\$ 614,844	\$ 713,613
Dental - Vision	\$ 40,525	\$ 3,437	\$ (3,612)	\$ 40,350	\$ 40,350	\$ -
Workers' Comp	-	241,678	-	241,678	10,000	231,678
Liability	1,287,932	7,085,579	(7,389,641)	983,870	819,892	163,978
2016-2017 Total	\$ 1,328,457	\$ 7,330,694	\$ (7,393,253)	\$ 1,265,898	\$ 870,242	\$ 395,656

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.

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, 2017 is as follow:

Governmental Activities	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date			
Miscellaneous	\$ 2,588,203	\$ 421,335	\$ 3,009,538
Safety	4,860,864	-	4,860,864
Difference between Expected and Actual Experience			
Safety	2,051,075	-	2,051,075
Difference in projected and actual earnings on pension investments			
Miscellaneous	3,599,378	585,945	4,185,323
Safety	5,318,247	-	5,318,247
Total deferred outflows of resources	\$ 18,417,767	\$ 1,007,280	\$ 19,425,047
Net pension liabilities:			
Net pension liabilities			
Miscellaneous	\$ 28,730,750	4,677,099	\$ 33,407,849
Safety	54,222,755	-	54,222,755
Total net pension liabilities	\$ 82,953,505	\$ 4,677,099	\$ 87,630,604
Deferred inflows of Resources:			
Changes of assumptions			
Miscellaneous	\$ 424,387	69,086	\$ 493,473
Safety	1,291,425	-	1,291,425
Difference between Expected and Actual Experience			
Miscellaneous	20,198	3,288	23,486
Total deferred inflows of Resources	\$ 1,736,010	\$ 72,374	\$ 1,808,384
Pension expenses:			
Miscellaneous	\$ 2,628,043	427,821	\$ 3,055,864
Safety	5,893,668	-	5,893,668
	\$ 8,521,711	\$ 427,821	\$ 8,949,532

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

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, 2015 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, 2017

Note 9 – City Employees Retirement Plan (Continued)

A. General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2015, the valuation date, the following employees were covered by the benefit terms:

	Plans	
	Miscellaneous	Safety
Active employees	164	102
Transferred and terminated employees	97	62
Retired Employees and Beneficiaries	266	169
Total	527	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, 2016, the active employee contribution rates were 8.000% and 9.000% of annual pay, and the employer’s contribution rates were 28.555% and 49.874% of the annual payroll for Miscellaneous and Safety Plans, respectively.

B. Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2015 valuation was rolled forward to determine the June 30, 2016 total net pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
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.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

¹The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to 2014 experience study report.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

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

There were no changes of assumptions.

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. Based on the testing of the plans, 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 PERF pension fund cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal 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, 2017

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, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	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, 2015 (Valuation Date)	\$ 105,647,806	\$ 77,974,978	\$ 27,672,828
Changes Recognized for the Measurement Period:			
Service Cost	1,729,490	-	1,729,490
Interest on the total pension liability	7,937,191	-	7,937,191
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	(192,030)	-	(192,030)
Plan to plan resource movement	-	(382)	382
Contributions from the employer	-	2,647,176	(2,647,176)
Contributions from employees	-	743,644	(743,644)
Net investment income, net of administrative expense	-	396,714	(396,714)
Benefit payments, including refunds of employee contributions	(5,132,797)	(5,132,797)	-
Administrative expenses	-	(47,522)	47,522
Net Changes during July 1, 2015 to June 30, 2016	<u>4,341,854</u>	<u>(1,393,167)</u>	<u>5,735,021</u>
Balance at June 30, 2016 (Measurement Date)	<u>\$ 109,989,660</u>	<u>\$ 76,581,811</u>	<u>\$ 33,407,849</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

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, 2015 (Valuation Date)	\$ 144,085,557	\$ 99,238,682	\$ 44,846,875
Changes Recognized for the Measurement Period:			
Service Cost	2,471,569	-	2,471,569
Interest on the total pension liability	10,976,376	-	10,976,376
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	1,932,999	-	1,932,999
Plan to plan resource movement	-	382	(382)
Contributions from the employer	-	4,516,245	(4,516,245)
Contributions from employees	-	1,032,806	(1,032,806)
Net investment income, net of administrative expense	-	516,112	(516,112)
Benefit payments, including refunds of employee contributions	(7,544,599)	(7,544,599)	-
Administrative expenses	-	(60,481)	60,481
Net Changes during July 1, 2015 to June 30, 2016	7,836,345	(1,539,535)	9,375,880
Balance at June 30, 2016 (Measurement Date)	\$ 151,921,902	\$ 97,699,147	\$ 54,222,755

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	\$ 48,267,409	\$ 33,407,849	\$ 21,190,622
Safety Plan	\$ 75,891,557	\$ 54,222,755	\$ 36,621,077

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, 2017

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, 2016, the City incurred a pension expense of \$3,055,864 and \$5,893,668 for the Miscellaneous and Safety Plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. 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.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2015-2016 measurement period is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired).

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<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	\$ 3,009,538	\$ -	\$ 4,860,864	\$ -
Changes of assumptions	-	(493,473)		(1,291,425)
Difference between expected and actual experience	91,732	(115,218)	2,051,075	
Net difference between projected and actual earning on pension plan investments	6,830,067	(2,644,744)	8,704,738	(3,386,491)
Total	<u>\$ 9,931,337</u>	<u>\$ (3,253,435)</u>	<u>\$ 15,616,677</u>	<u>\$ (4,677,916)</u>

Deferred outflows of resources related to pensions resulting from the City’s contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30	<u>Deferred Outflows/(Inflows) of Resources</u>	
	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
2017	\$ 111,892	\$ 884,435
2018	552,041	958,285
2019	1,912,816	2,845,200
2020	1,091,615	1,389,977
2021	-	-
Thereafter	-	-
	<u>\$ 3,668,364</u>	<u>\$ 6,077,897</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 9 – City Employees Retirement Plan (Continued)

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

CalPERS Discount Rate

On December 16, 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 the rates below 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.

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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 10 – Other Postemployment Benefits (Continued)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

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	\$ 3,892,000
Interest on Net Pension Obligation (Asset)	633,371
Adjustment to Annual Required Contribution	(879,630)
Annual OPEB Cost	<u>3,645,741</u>
Contributions Made	<u>(4,069,351)</u>
Increase (Decrease) in Net Pension Obligation (Asset)	(423,610)
Net OPEB Obligation (Asset) Beginning of Year	<u>10,133,933</u>
Net OPEB Obligation (Asset) End of Year	<u><u>\$ 9,710,323</u></u>

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 2017 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 4,231,000	79.3%	\$ 9,256,053
June 30, 2016	4,525,760	80.6%	10,133,933
June 30, 2017	3,645,741	111.6%	9,710,323

E. Funded Status and Funding Progress

As of January 1, 2017, the latest actuarial valuation date, the plan was 1.6% funded. The actuarial accrued liability for benefits was \$54,723,000 and the actuarial value of assets was \$750,000 resulting in an unfunded actuarial accrued liability of \$53,973,000. The covered payroll (annual payroll of active employees covered by the plan) was \$17,890,000 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 302%.

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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 10 – Other Postemployment Benefits (Continued)

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, 2017

Note 11 – Fund Balances

The detail information of the fund balances at June 30, 2017 is as follows:

	General Fund	Sewer Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventory	\$ 300	\$ -	\$ -	\$ 300
Prepays	6,737	-	-	6,737
Library Endowment	-	-	1,000,000	1,000,000
Total nonspendable	<u>7,037</u>	<u>-</u>	<u>1,000,000</u>	<u>1,007,037</u>
Restricted for:				
Public Access Channel	1,253,300	-	-	1,253,300
Low/Mod Housing	-	-	3,957,610	3,957,610
Public Safety	-	-	463,087	463,087
Street Work	-	-	7,621,949	7,621,949
Lighting and Landscaping	-	-	4,100,303	4,100,303
Housing Grants	-	-	4,025,665	4,025,665
Sewer Maintenance	-	7,568,249	-	7,568,249
Indian Gaming Capital Projects	-	-	6,165	6,165
Development Impact Fees	-	-	15,647,861	15,647,861
Library Equipment	-	-	65,275	65,275
General Plan	-	-	79,406	79,406
Measure U	1,215,407	-	-	1,215,407
Total restricted	<u>2,468,707</u>	<u>7,568,249</u>	<u>35,967,321</u>	<u>46,004,277</u>
Committed to:				
Economic Stabilization Reserve	8,294,791	-	-	8,294,791
Total committed	<u>8,294,791</u>	<u>-</u>	<u>-</u>	<u>8,294,791</u>
Assigned to:				
Equipment Replacement	-	-	3,703,431	3,703,431
Capital Replacement	-	-	2,646,472	2,646,472
Continuing Appropriations	215,087	-	-	215,087
Total assigned	<u>215,087</u>	<u>-</u>	<u>6,349,903</u>	<u>6,564,990</u>
Unassigned (deficit)	<u>1,882,184</u>	<u>-</u>	<u>(80,563)</u>	<u>1,801,621</u>
Total Fund Balances	<u>\$ 12,867,806</u>	<u>\$ 7,568,249</u>	<u>\$ 43,236,661</u>	<u>\$ 63,672,716</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

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, 2017, 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.

Note 13 – Individual Fund Disclosure

A. Deficit Net Positions and Fund Balances

In the Government-wide Financial Statements, the City had a deficit unrestricted net position of \$(58,471,100) of which, \$(82,953,505) was attributed to aggregate net pension liabilities.

Funds with deficit net positions and fund balances at June 30, 2017 are as follows:

Fiduciary Fund:	
Successor Agency Private Purpose Trust Fund	\$ (7,963,680)
Other Governmental Funds:	
Special Revenue Funds:	
Local Law Enforcement Block Grant	(80,563)
Internal Service Fund:	
Admin Services Fund	(2,140,031)

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. Local Law Enforcement Block Grant Special Revenue Fund will eliminate the deficit once revenue is received.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 13 – Individual Fund Disclosure (Continued)

B. Expenditures in Excess of Appropriations

The following funds report expenditures in excess of appropriations for the year ended June 30, 2017.

	Appropriation	Expenditures	Overage
Other Governmental Funds:			
Special Revenue Funds:			
Measure A	\$ 635,309	\$ 635,349	\$ (40)
Public Safety Grants	354,471	375,571	(21,100)
Community Development Block Grant	600,006	714,354	(114,348)
Indian Gaming Grants	-	64	(64)
Capital Projects Funds:			
Park Development	(150,000)	-	(150,000)

Note 14 – Commitments and Contingencies

A. Lawsuits

As of June 30, 2017 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 \$340,183.

Note 15 – Financial Condition of the General Fund

The City's General Fund Balance was depleted by \$2,343,242 during fiscal year 2017. General Fund expenditures exceeded revenues by \$1,843,781. In June 2017 the City adopted the fiscal year 2018 operating budget which estimated the City's resources to be \$50,359,660 and estimated uses to be \$51,834,260 resulting in uses in excess of resources of \$1,474,600. The City also estimates that there will be a total reduction in available resources of the General Fund of \$2,006,400, or approximately 24%.

The City has worked to cut costs by amortizing the CalPERS unfunded liability over 20 years instead of the standard 30 years. The current year's CalPERS unfunded liability is prepaid each year to realize a savings of approximately 3% when compared to making monthly payments.

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 30,680,050	\$ 33,319,293	32,646,879	\$ (672,414)
Licenses and permits	1,890,847	1,905,347	1,678,864	(226,483)
Intergovernmental revenues	762,300	762,300	493,487	(268,813)
Charges for services	3,046,600	3,176,600	3,202,676	26,076
Fines and forfeitures	365,700	371,200	442,626	71,426
Investment income	270,000	270,000	226,877	(43,123)
Miscellaneous	97,600	97,600	(5,337)	(102,937)
Total revenues	<u>37,113,097</u>	<u>39,902,340</u>	<u>38,686,072</u>	<u>(1,216,268)</u>
EXPENDITURES:				
Current:				
General government	1,939,450	2,206,882	1,998,626	208,256
Public safety	29,544,505	31,974,864	31,627,143	347,721
Community development	3,815,700	4,307,185	4,164,678	142,507
Parks	1,106,410	1,294,209	1,205,477	88,732
Libraries	1,369,400	1,447,135	1,502,978	(55,843)
Capital outlay	-	-	30,951	(30,951)
Total expenditures	<u>37,775,465</u>	<u>41,230,275</u>	<u>40,529,853</u>	<u>700,422</u>
REVENUES OVER (UNDER) EXPENDITURES	(662,368)	(1,327,935)	(1,843,781)	(515,846)
OTHER FINANCING SOURCES (USES):				
Transfers in	354,000	539,000	283,078	(255,922)
Transfers out	-	(740,905)	(782,539)	(41,634)
Total other financing sources (uses)	<u>354,000</u>	<u>(201,905)</u>	<u>(499,461)</u>	<u>(297,556)</u>
NET CHANGES IN FUND BALANCES	<u>\$ (308,368)</u>	<u>\$ (1,529,840)</u>	<u>(2,343,242)</u>	<u>\$ (813,402)</u>
FUND BALANCES:				
Beginning of year			<u>15,211,048</u>	
End of year			<u>\$ 12,867,806</u>	

City of Hemet
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Sewer and Storm Drain Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 3,572,900	\$ 3,572,900	\$ 3,919,231	\$ 346,331
Investment income (loss)	30,000	30,000	(18,889)	(48,889)
Miscellaneous	-	-	3,452	3,452
Total revenues	<u>3,602,900</u>	<u>3,602,900</u>	<u>3,903,794</u>	<u>300,894</u>
EXPENDITURES:				
Current:				
Sanitation	2,433,283	2,257,709	1,989,740	267,969
Capital outlay	1,675,000	318,091	239,941	78,150
Total expenditures	<u>4,108,283</u>	<u>2,575,800</u>	<u>2,229,681</u>	<u>346,119</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(505,383)</u>	<u>1,027,100</u>	<u>1,674,113</u>	<u>647,013</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(50,314)	(50,314)	-
Total other financing sources (uses)	<u>-</u>	<u>(50,314)</u>	<u>(50,314)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ (505,383)</u>	<u>\$ 976,786</u>	<u>1,623,799</u>	<u>\$ 647,013</u>
FUND BALANCES:				
Beginning of year			<u>5,944,450</u>	
End of year			<u>\$ 7,568,249</u>	

City of Hemet
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2017

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, 2017, the City increased its total budget for expenditures in the General Fund by \$3,454,10.

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, 2017

Last Ten Fiscal Years

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

Measurement period	2015-16	2014-15	2013-14 ¹
Total pension liability			
Service cost	\$ 1,729,490	\$ 1,871,677	\$ 1,873,983
Interest	7,937,191	7,613,775	7,253,346
Changes of benefit terms	-	-	-
Changes of assumptions	-	(1,903,393)	-
Recognized differences between expected and actual experience	(192,030)	353,826	-
Benefit payments, including refunds of employee contributions	(5,132,797)	(4,856,565)	(4,666,256)
Net change in total pension liability	4,341,854	3,079,320	4,461,073
Total pension liability - beginning	105,647,806	102,568,486	98,107,413
Total pension liability - ending (a)	<u>\$ 109,989,660</u>	<u>\$ 105,647,806</u>	<u>\$ 102,568,486</u>
Pension fiduciary net position			
Contributions - employer	\$ 2,647,176	\$ 2,503,520	\$ 2,191,066
Contributions - employee	743,644	780,189	871,668
Net investment income ²	396,714	1,739,990	11,594,247
Benefit payments, including refunds of employee contributions	(5,132,797)	(4,856,565)	(4,666,256)
Plan to plan resource movement	(382)	(887)	-
Administrative expense	(47,522)	(87,854)	-
Net change in plan fiduciary net position	(1,393,167)	78,393	9,990,725
Plan fiduciary net position - beginning	77,974,978	77,896,585	67,905,860
Plan fiduciary net position - ending (b)	<u>\$ 76,581,811</u>	<u>\$ 77,974,978</u>	<u>\$ 77,896,585</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 33,407,849</u>	<u>\$ 27,672,828</u>	<u>\$ 24,671,901</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69.63%</u>	<u>73.81%</u>	<u>75.95%</u>
Covered payroll	<u>\$ 9,302,157</u>	<u>\$ 9,080,721</u>	<u>\$ 9,573,583</u>
Plan net pension liability as a percentage of covered payroll	<u>359.14%</u>	<u>304.74%</u>	<u>257.71%</u>

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be presented as it becomes available.

Notes to Schedule:

Changes of Assumptions: The discount rate was changed from 7.50% (net of administration expense) to 7.65% for the June 30, 2015 measurement date.

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2017

Last Ten Fiscal Years

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

Measurement period	2015-16	2014-15	2013-14 ¹
Total pension liability			
Service cost	\$ 2,471,569	\$ 2,394,505	\$ 2,495,555
Interest	10,976,376	10,402,942	9,879,182
Changes of benefit terms	-	-	-
Changes of assumptions	-	(2,726,343)	-
Differences between expected and actual experience	1,932,999	1,323,162	-
Benefit payments, including refunds of employee contributions	(7,544,599)	(7,001,597)	(6,313,012)
Net change in total pension liability	7,836,345	4,392,669	6,061,725
Total pension liability - beginning	144,085,557	139,692,888	133,631,163
Total pension liability - ending (a)	<u>\$ 151,921,902</u>	<u>\$ 144,085,557</u>	<u>\$ 139,692,888</u>
Pension fiduciary net position			
Contributions - employer	\$ 4,516,245	\$ 4,085,934	\$ 3,816,628
Contributions - employee	1,032,806	885,734	896,539
Net investment income ²	516,112	2,205,144	14,795,183
Benefit payments, including refunds of employee contributions	(7,544,599)	(7,001,597)	(6,313,012)
Plan to plan resource movement	382	887	-
Administrative expense	(60,481)	(111,835)	-
Net change in plan fiduciary net position	(1,539,535)	64,267	13,195,338
Plan fiduciary net position - beginning	99,238,682	99,174,415	85,979,077
Plan fiduciary net position - ending (b)	<u>\$ 97,699,147</u>	<u>\$ 99,238,682</u>	<u>\$ 99,174,415</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 54,222,755</u>	<u>\$ 44,846,875</u>	<u>\$ 40,518,473</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>64.31%</u>	<u>68.87%</u>	<u>70.99%</u>
Covered payroll	<u>\$ 9,175,336</u>	<u>\$ 8,776,174</u>	<u>\$ 8,568,972</u>
Plan net pension liability as a percentage of covered payroll	<u>590.96%</u>	<u>511.01%</u>	<u>472.85%</u>

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be presented as it becomes available.

Notes to Schedule:

Changes of Assumptions: The discount rate was changed from 7.50% (net of administration expense) to 7.65% for the June 30, 2015 measurement date.

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2017

Last Ten Fiscal Years

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

	2016-17	2015-16	2014-15	2013-14 ¹
Actuarially determined contribution ¹	\$ 3,009,538	\$ 2,633,672	\$ 2,503,520	\$ 2,191,066
Contributions in relation to the actuarially determined contribution ¹	(3,009,538)	(2,633,672)	(2,503,520)	(2,191,066)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll ^{2,3}	\$ 9,398,202	\$ 9,302,157	\$ 9,080,721	\$ 9,573,583
Contributions as a percentage of covered payroll ²	32.02%	28.31%	27.57%	22.89%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be presented as it becomes available.

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 are from June 30, 2014 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 of Assets
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50%, Net of Pension Plan and Administrative Expenses; includes inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of 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, 2017

Last Ten Fiscal Years

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

	2016-17	2015-16	2014-15	2013-14 ¹
Actuarially determined contribution ¹	\$ 4,860,864	\$ 4,516,245	\$ 4,085,934	\$ 3,816,628
Contributions in relation to the actuarially determined contribution ¹	(4,860,864)	(4,516,245)	(4,085,934)	(3,816,628)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll ^{2,3}	\$ 10,864,073	\$ 9,175,336	\$ 8,776,174	\$ 8,568,972
Contributions as a percentage of covered-employee payroll ²	44.74%	49.22%	46.56%	44.54%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be presented as it becomes available.

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 are from June 30, 2014 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 of Assets
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50%, Net of Pension Plan and Administrative Expenses; includes inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of 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, 2017

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%

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.

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.

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.

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, 2017

	Special Revenue Funds			
	Public Safety/ Towing	Gas Tax	Measure A	Article 3
ASSETS				
Cash and investments	\$ 64,916	\$ 1,363,247	\$ 4,917,190	\$ -
Accounts receivable	-	34,394	-	-
Interest receivables	-	-	-	-
Due from other governments	-	142,368	420,355	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 64,916	\$ 1,540,009	\$ 5,337,545	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,507	\$ 34,061	\$ -	\$ -
Accrued salaries and benefits	2,413	22,252	603	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	3,920	56,313	603	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	60,996	1,483,696	5,336,942	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	60,996	1,483,696	5,336,942	-
Total liabilities and fund balances	\$ 64,916	\$ 1,540,009	\$ 5,337,545	\$ -

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds			
	Air Pollution Reduction	Lighting/Landscape Maintenance District	Post Prop. 218 Lighting District	Post Prop. 218 Landscape District
ASSETS				
Cash and investments	\$ 775,319	\$ 1,921,908	\$ 818,080	\$ 1,379,603
Accounts receivable	25,992	-	-	3,038
Interest receivables	-	-	-	-
Due from other governments	-	82,718	18,315	106,860
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 801,311	\$ 2,004,626	\$ 836,395	\$ 1,489,501
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 85,450	\$ 7,228	\$ 51,254
Accrued salaries and benefits	-	5,276	1,394	9,895
Deposits	-	-	-	69,722
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	-	90,726	8,622	130,871
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	801,311	1,913,900	827,773	1,358,630
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	801,311	1,913,900	827,773	1,358,630
Total liabilities and fund balances	\$ 801,311	\$ 2,004,626	\$ 836,395	\$ 1,489,501

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds			
	Asset Seizure	Public Safety Grants	Public Safety CFD	Citizen Option for Public Safety Programs (COPS)
ASSETS				
Cash and investments	\$ 58,890	\$ 14,211	\$ 27,024	\$ 190,155
Accounts receivable	-	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	70,707	5,846	8,333
Due from other funds	-	-	-	80,830
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 58,890	\$ 84,918	\$ 32,870	\$ 279,318
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 4,855	\$ -	\$ 38,745
Accrued salaries and benefits	-	-	2,391	-
Deposits	7,914	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	7,914	4,855	2,391	38,745
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	50,976	80,063	30,479	240,573
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	50,976	80,063	30,479	240,573
Total liabilities and fund balances	\$ 58,890	\$ 84,918	\$ 32,870	\$ 279,318

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds			
	Law Enforcement Block Grant (LLEBG)	Community Development Block Grant	General Plan	HOME Program
ASSETS				
Cash and investments	\$ -	\$ -	\$ 79,406	\$ 323,101
Accounts receivable	2,358	385,095	-	808
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	158,034
Notes receivable, net	-	-	-	569,823
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 2,358	\$ 385,095	\$ 79,406	\$ 1,051,766
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,091	\$ 221,097	\$ -	\$ -
Accrued salaries and benefits	-	5,964	-	-
Deposits	-	-	-	-
Due to other funds	80,830	158,034	-	-
Advance from other funds	-	-	-	-
Total liabilities	82,921	385,095	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	79,406	1,051,766
Assigned	-	-	-	-
Unassigned (deficit)	(80,563)	-	-	-
Total fund balances	(80,563)	-	79,406	1,051,766
Total liabilities and fund balances	\$ 2,358	\$ 385,095	\$ 79,406	\$ 1,051,766

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds			
	CAL HOME Program	2001-2008 HOME Program	Neighborhood Stabilization Program Grant	Housing Authority
ASSETS				
Cash and investments	\$ -	\$ 510,898	\$ -	\$ 144,309
Accounts receivable	-	-	-	3,500
Interest receivables	-	384,113	-	523,294
Due from other governments	62,418	-	-	-
Due from other funds	-	128,231	-	-
Notes receivable, net	734,292	484,385	203,874	1,809,740
Advance to other funds	-	-	-	-
Land held for resale	-	-	593,919	1,482,500
Total assets	\$ 796,710	\$ 1,507,627	\$ 797,793	\$ 3,963,343
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	5,733
Due to other funds	107,776	-	20,455	-
Advance from other funds	-	-	-	-
Total liabilities	107,776	-	20,455	5,733
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	688,934	1,507,627	777,338	3,957,610
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	688,934	1,507,627	777,338	3,957,610
Total liabilities and fund balances	\$ 796,710	\$ 1,507,627	\$ 797,793	\$ 3,963,343

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds	Capital Projects Funds		
	Indian Gaming Grants	Public Meeting Facilities	General Facilities	Flood Control
ASSETS				
Cash and investments	\$ 6,165	\$ 557,644	\$ 1,780,676	\$ 3,019,011
Accounts receivable	-	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	354,137
Land held for resale	-	-	-	-
Total assets	\$ 6,165	\$ 557,644	\$ 1,780,676	\$ 3,373,148
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,268
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	-	-	-	2,268
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	6,165	557,644	1,780,676	3,370,880
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	6,165	557,644	1,780,676	3,370,880
Total liabilities and fund balances	\$ 6,165	\$ 557,644	\$ 1,780,676	\$ 3,373,148

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Capital Projects Funds			
	Law Enforcement Facilities	Park Development	Valley Wide DVL Park	Library Facilities
ASSETS				
Cash and investments	\$ 49,196	\$ 1,504,578	\$ 130,244	\$ 825,372
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	\$ 49,196	\$ 1,504,578	\$ 130,244	\$ 825,372
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 7,284
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	-	-	-	7,284
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	49,196	1,504,578	130,244	818,088
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	49,196	1,504,578	130,244	818,088
Total liabilities and fund balances	\$ 49,196	\$ 1,504,578	\$ 130,244	\$ 825,372

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Capital Projects Funds			
	Capital Projects	Equipment Replacement	General Capital	Fire Facilities
ASSETS				
Cash and investments	\$ 2,703,383	\$ 3,871,889	\$ 8,564	\$ 3,686,386
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	\$ 2,703,383	\$ 3,871,889	\$ 8,564	\$ 3,686,386
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 56,911	\$ 168,458	\$ -	\$ 151,069
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	354,137
Total liabilities	56,911	168,458	-	505,206
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	8,564	3,181,180
Assigned	2,646,472	3,703,431	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	2,646,472	3,703,431	8,564	3,181,180
Total liabilities and fund balances	\$ 2,703,383	\$ 3,871,889	\$ 8,564	\$ 3,686,386

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Bridges/Streets/ Traffic Facilities	LaSalle Library Endowment	
ASSETS			
Cash and investments	\$ 4,246,052	\$ 1,067,918	\$ 36,045,335
Accounts receivable	15,032	-	470,217
Interest receivables	-	2,330	909,737
Due from other governments	535,480	-	1,453,400
Due from other funds	-	-	367,095
Notes receivable, net	-	-	3,802,114
Advance to other funds	-	-	354,137
Land held for resale	-	-	2,076,419
Total assets	\$ 4,796,564	\$ 1,070,248	\$ 45,478,454
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 73,529	\$ 4,973	\$ 910,780
Accrued salaries and benefits	621	-	50,809
Deposits	475,603	-	558,972
Due to other funds	-	-	367,095
Advance from other funds	-	-	354,137
Total liabilities	549,753	4,973	2,241,793
Fund Balances:			
Nonspendable	-	1,000,000	1,000,000
Restricted	4,246,811	65,275	35,967,321
Assigned	-	-	6,349,903
Unassigned (deficit)	-	-	(80,563)
Total fund balances	4,246,811	1,065,275	43,236,661
Total liabilities and fund balances	\$ 4,796,564	\$ 1,070,248	\$ 45,478,454

(Concluded)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds			
	Public Safety/ Towing	Gas Tax	Measure A	Article 3
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,636,832	\$ -
Intergovernmental revenue	-	1,537,969	-	62,500
Charges for services	59,537	-	-	-
Investment income (loss)	538	(4,764)	(12,268)	-
Miscellaneous	-	38,311	-	-
Total revenues	60,075	1,571,516	1,624,564	62,500
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	45,219	-	-	-
Community development	-	-	-	-
Public works	-	2,455,147	-	-
Sanitation	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	635,349	-
Total expenditures	45,219	2,455,147	635,349	-
REVENUES OVER (UNDER) EXPENDITURES	14,856	(883,631)	989,215	62,500
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(69,675)	-	-
Total other financing sources (uses)	-	(69,675)	-	-
CHANGES IN FUND BALANCES	14,856	(953,306)	989,215	62,500
FUND BALANCES:				
Beginning of year	46,140	2,437,002	4,347,727	(62,500)
End of year	\$ 60,996	\$ 1,483,696	\$ 5,336,942	\$ -

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds			
	Air Pollution Reduction	Lighting/ Landscape Maintenance District	Post Prop. 218 Lighting District	Post Prop. 218 Landscape District
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	130,391	1,944,404	-	-
Charges for services	-	1,099	307,705	1,636,205
Investment income (loss)	8,341	(3,920)	7,732	10,579
Miscellaneous	-	378	-	-
Total revenues	<u>138,732</u>	<u>1,941,961</u>	<u>315,437</u>	<u>1,646,784</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	5,000	1,544,039	193,515	1,290,497
Sanitation	-	-	-	-
Library	-	-	-	-
Capital outlay	50,472	-	-	-
Total expenditures	<u>55,472</u>	<u>1,544,039</u>	<u>193,515</u>	<u>1,290,497</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>83,260</u>	<u>397,922</u>	<u>121,922</u>	<u>356,287</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(35,293)	(22,568)	-	(9,496)
Total other financing sources (uses)	<u>(35,293)</u>	<u>(22,568)</u>	<u>-</u>	<u>(9,496)</u>
CHANGES IN FUND BALANCES	47,967	375,354	121,922	346,791
FUND BALANCES:				
Beginning of year	753,344	1,538,546	705,851	1,011,839
End of year	<u>\$ 801,311</u>	<u>\$ 1,913,900</u>	<u>\$ 827,773</u>	<u>\$ 1,358,630</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, 2017

	Special Revenue Funds			
	Asset Seizure	Public Safety Grants	Public Safety CFD	Citizen Option for Public Safety Programs (COPS)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	227,096	-	255,554
Charges for services	-	-	496,032	-
Investment income (loss)	1,151	815	-	3,007
Miscellaneous	-	-	-	-
Total revenues	<u>1,151</u>	<u>227,911</u>	<u>496,032</u>	<u>258,561</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	3,728	292,946	389,579	137,905
Community development	-	-	-	-
Public works	-	-	-	-
Sanitation	-	-	-	-
Library	-	-	-	-
Capital outlay	62,379	82,625	-	333
Total expenditures	<u>66,107</u>	<u>375,571</u>	<u>389,579</u>	<u>138,238</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(64,956)</u>	<u>(147,660)</u>	<u>106,453</u>	<u>120,323</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	<u>(64,956)</u>	<u>(147,660)</u>	<u>106,453</u>	<u>120,323</u>
FUND BALANCES:				
Beginning of year	115,932	227,723	(75,974)	120,250
End of year	<u>\$ 50,976</u>	<u>\$ 80,063</u>	<u>\$ 30,479</u>	<u>\$ 240,573</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, 2017

	Special Revenue Funds			
	Law Enforcement Block Grant (LLEBG)	Community Development Block Grant	General Plan	HOME Program
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	80,625	714,355	-	-
Charges for services	-	-	600	-
Investment income (loss)	-	-	854	5,113
Miscellaneous	-	-	-	59
Total revenues	80,625	714,355	1,454	5,172
EXPENDITURES:				
Current:				
General government	-	104,403	-	-
Public safety	-	-	-	-
Community development	-	605,231	-	-
Public works	-	-	-	-
Sanitation	-	-	-	-
Library	-	-	-	-
Capital outlay	2,358	4,721	-	-
Total expenditures	2,358	714,355	-	-
REVENUES OVER (UNDER) EXPENDITURES	78,267	-	1,454	5,172
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
CHANGES IN FUND BALANCES	78,267	-	1,454	5,172
FUND BALANCES:				
Beginning of year	(158,830)	-	77,952	1,046,594
End of year	\$ (80,563)	\$ -	\$ 79,406	\$ 1,051,766

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds			
	CAL HOME Program	2001-2008 HOME Program	Neighborhood Stabilization Program Grant	Housing Authority
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	226,116	-	5,000	-
Charges for services	-	-	-	-
Investment income (loss)	-	6,587	3,162	1,236
Miscellaneous	-	-	-	60,000
Total revenues	226,116	6,587	8,162	61,236
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	5,315	-	-	-
Public works	-	-	-	-
Sanitation	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	5,315	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	220,801	6,587	8,162	61,236
OTHER FINANCING SOURCES (USES):				
Transfers in	41,634	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	41,634	-	-	-
CHANGES IN FUND BALANCES	262,435	6,587	8,162	61,236
FUND BALANCES:				
Beginning of year	426,499	1,501,040	769,176	3,896,374
End of year	<u>\$ 688,934</u>	<u>\$ 1,507,627</u>	<u>\$ 777,338</u>	<u>\$ 3,957,610</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, 2017

	Special Revenue Funds		Capital Projects Funds	
	Indian Gaming Grants	Public Meeting Facilities	General Facilities	Flood Control
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	-	-	4,201	18,387
Investment income (loss)	67	6,030	(4,912)	(8,353)
Miscellaneous	-	-	-	-
Total revenues	67	6,030	(711)	10,034
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Sanitation	-	-	-	9,208
Library	-	-	-	-
Capital outlay	64	-	-	17,871
Total expenditures	64	-	-	27,079
REVENUES OVER (UNDER) EXPENDITURES	3	6,030	(711)	(17,045)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
CHANGES IN FUND BALANCES	3	6,030	(711)	(17,045)
FUND BALANCES:				
Beginning of year	6,162	551,614	1,781,387	3,387,925
End of year	<u>\$ 6,165</u>	<u>\$ 557,644</u>	<u>\$ 1,780,676</u>	<u>\$ 3,370,880</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, 2017

	Capital Projects Funds			
	Law Enforcement Facilities	Park Development	Valley Wide DVL Park	Library Facilities
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	6,020	2,906	566	1,470
Investment income (loss)	505	(4,149)	1,404	(2,826)
Miscellaneous	-	-	-	-
Total revenues	<u>6,525</u>	<u>(1,243)</u>	<u>1,970</u>	<u>(1,356)</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Sanitation	-	-	-	-
Library	-	-	-	109,391
Capital outlay	-	-	-	221,693
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,084</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>6,525</u>	<u>(1,243)</u>	<u>1,970</u>	<u>(332,440)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	<u>6,525</u>	<u>(1,243)</u>	<u>1,970</u>	<u>(332,440)</u>
FUND BALANCES:				
Beginning of year	42,671	1,505,821	128,274	1,150,528
End of year	<u>\$ 49,196</u>	<u>\$ 1,504,578</u>	<u>\$ 130,244</u>	<u>\$ 818,088</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, 2017

	Capital Projects Funds			
	Capital Projects	Equipment Replacement	General Capital	Fire Facilities
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	-	677,700	-	6,585
Investment income (loss)	(7,655)	(10,660)	-	(10,314)
Miscellaneous	-	44,151	-	-
Total revenues	<u>(7,655)</u>	<u>711,191</u>	<u>-</u>	<u>(3,729)</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	68,558	-	-	-
Public works	-	-	-	199
Sanitation	-	-	-	-
Library	-	-	-	-
Capital outlay	85,959	669,155	-	210,943
Total expenditures	<u>154,517</u>	<u>669,155</u>	<u>-</u>	<u>211,142</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(162,172)</u>	<u>42,036</u>	<u>-</u>	<u>(214,871)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(115,975)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(115,975)</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	<u>(162,172)</u>	<u>(73,939)</u>	<u>-</u>	<u>(214,871)</u>
FUND BALANCES:				
Beginning of year	2,808,644	3,777,370	8,564	3,396,051
End of year	<u>\$ 2,646,472</u>	<u>\$ 3,703,431</u>	<u>\$ 8,564</u>	<u>\$ 3,181,180</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, 2017

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Bridges/Streets/ Traffic Facilities	LaSalle Library Endowment	
REVENUES:			
Taxes	\$ -	\$ -	\$ 1,636,832
Intergovernmental revenue	-	-	5,184,010
Charges for services	51,670	-	3,270,683
Investment income (loss)	(11,761)	13,750	(10,711)
Miscellaneous	538,054	-	680,953
Total revenues	577,963	13,750	10,761,767
EXPENDITURES:			
Current:			
General government	-	-	104,403
Public safety	-	-	869,377
Community development	-	-	679,104
Public works	-	-	5,488,397
Sanitation	-	-	9,208
Library	-	29,495	138,886
Capital outlay	141,938	-	2,185,860
Total expenditures	141,938	29,495	9,475,235
REVENUES OVER (UNDER) EXPENDITURES	436,025	(15,745)	1,286,532
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	41,634
Transfers out	-	-	(253,007)
Total other financing sources (uses)	-	-	(211,373)
CHANGES IN FUND BALANCES	436,025	(15,745)	1,075,159
FUND BALANCES:			
Beginning of year	3,810,786	1,081,020	42,161,502
End of year	\$ 4,246,811	\$ 1,065,275	\$ 43,236,661

(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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 65,000	\$ 59,537	\$ (5,463)
Investment Income	700	538	(162)
Total revenues	<u>65,700</u>	<u>60,075</u>	<u>(5,625)</u>
EXPENDITURES:			
Current:			
Public safety	52,100	45,219	6,881
Total expenditures	<u>52,100</u>	<u>45,219</u>	<u>6,881</u>
CHANGES IN FUND BALANCES	<u>\$ 13,600</u>	<u>14,856</u>	<u>\$ 1,256</u>
FUND BALANCES:			
Beginning of year		46,140	
End of year		<u>\$ 60,996</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 1,828,300	\$ 1,537,969	\$ (290,331)
Investment income (loss)	20,000	(4,764)	(24,764)
Miscellaneous	-	38,311	38,311
Total revenues	<u>1,848,300</u>	<u>1,571,516</u>	<u>(276,784)</u>
EXPENDITURES:			
Current:			
Public works	3,125,367	2,455,147	670,220
Total expenditures	<u>3,125,367</u>	<u>2,455,147</u>	<u>670,220</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,277,067)</u>	<u>(883,631)</u>	<u>393,436</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	30,000	-	(30,000)
Transfers out	(69,675)	(69,675)	-
Total other financing sources (uses)	<u>(39,675)</u>	<u>(69,675)</u>	<u>(30,000)</u>
NET CHANGES IN FUND BALANCES	<u>\$ (1,316,742)</u>	<u>(953,306)</u>	<u>\$ 363,436</u>
FUND BALANCES:			
Beginning of year		<u>2,437,002</u>	
End of year		<u>\$ 1,483,696</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 1,783,000	\$ 1,636,832	\$ (146,168)
Investment income (loss)	20,000	(12,268)	(32,268)
Total revenues	<u>1,803,000</u>	<u>1,624,564</u>	<u>(178,436)</u>
EXPENDITURES:			
Current:			
Public works	-	-	-
Capital outlay	635,309	635,349	(40)
Total expenditures	<u>635,309</u>	<u>635,349</u>	<u>(40)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 1,167,691</u>	<u>989,215</u>	<u>\$ (178,476)</u>
FUND BALANCES:			
Beginning of year		<u>4,347,727</u>	
End of year		<u>\$ 5,336,942</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, 2017

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

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 97,000	\$ 130,391	\$ 33,391
Investment income	2,000	8,341	6,341
Total revenues	99,000	138,732	39,732
EXPENDITURES:			
Current:			
Public works	4,000	5,000	(1,000)
Capital outlay	85,766	50,472	35,294
Total expenditures	89,766	55,472	34,294
REVENUES OVER (UNDER) EXPENDITURES	9,234	83,260	74,026
OTHER FINANCING SOURCES (USES):			
Transfers out	-	(35,293)	(35,293)
Total other financing sources (uses)	-	(35,293)	(35,293)
NET CHANGES IN FUND BALANCES	\$ 9,234	47,967	\$ 38,733
FUND BALANCES:			
Beginning of year		753,344	
End of year		\$ 801,311	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenue	\$ 1,900,562	\$ 1,944,404	\$ 43,842
Charges for services	-	1,099	1,099
Investment income (loss)	-	(3,920)	(3,920)
Miscellaneous	-	378	378
Total revenues	<u>1,900,562</u>	<u>1,941,961</u>	<u>41,399</u>
EXPENDITURES:			
Current:			
Public works	1,627,170	1,544,039	83,131
Total expenditures	<u>1,627,170</u>	<u>1,544,039</u>	<u>83,131</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>273,392</u>	<u>397,922</u>	<u>124,530</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	-	(22,568)	(22,568)
Total other financing sources (uses)	<u>-</u>	<u>(22,568)</u>	<u>(22,568)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 273,392</u>	<u>375,354</u>	<u>\$ 101,962</u>
FUND BALANCES:			
Beginning of year		1,538,546	
End of year		<u>\$ 1,913,900</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 312,373	\$ 307,705	\$ (4,668)
Investment income	4,900	7,732	2,832
Total revenues	<u>317,273</u>	<u>315,437</u>	<u>(1,836)</u>
EXPENDITURES:			
Current:			
Public works	293,423	193,515	99,908
Total expenditures	<u>293,423</u>	<u>193,515</u>	<u>99,908</u>
NET CHANGES IN FUND BALANCES	<u>\$ 23,850</u>	<u>121,922</u>	<u>\$ 98,072</u>
FUND BALANCES:			
Beginning of year		705,851	
End of year		<u>\$ 827,773</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 1,650,053	\$ 1,636,205	\$ (13,848)
Investment income	7,800	10,579	2,779
Miscellaneous	265,726	-	(265,726)
Total revenues	<u>1,923,579</u>	<u>1,646,784</u>	<u>(276,795)</u>
EXPENDITURES:			
Current:			
Public works	1,374,855	1,290,497	84,358
Total expenditures	<u>1,374,855</u>	<u>1,290,497</u>	<u>84,358</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>548,724</u>	<u>356,287</u>	<u>(192,437)</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	(9,496)	(9,496)	-
Total other financing sources (uses)	<u>(9,496)</u>	<u>(9,496)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ 539,228</u>	<u>346,791</u>	<u>\$ (192,437)</u>
FUND BALANCES:			
Beginning of year		1,011,839	
End of year		<u>\$ 1,358,630</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 20,000	\$ -	\$ (20,000)
Investment income	1,500	1,151	(349)
Total revenues	<u>21,500</u>	<u>1,151</u>	<u>(20,349)</u>
EXPENDITURES:			
Current:			
Public safety	3,728	3,728	-
Capital outlay	62,379	62,379	-
Total expenditures	<u>66,107</u>	<u>66,107</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ (44,607)</u>	<u>(64,956)</u>	<u>\$ (20,349)</u>
FUND BALANCES:			
Beginning of year		<u>115,932</u>	
End of year		<u>\$ 50,976</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 532,462	\$ 227,096	\$ (305,366)
Investment income	-	815	815
Total revenues	<u>532,462</u>	<u>227,911</u>	<u>(304,551)</u>
EXPENDITURES:			
Current:			
Public safety	267,079	292,946	(25,867)
Capital outlay	87,392	82,625	4,767
Total expenditures	<u>354,471</u>	<u>375,571</u>	<u>(21,100)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 177,991</u>	<u>(147,660)</u>	<u>\$ (325,651)</u>
FUND BALANCES:			
Beginning of year		<u>227,723</u>	
End of year		<u>\$ 80,063</u>	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 545,000	\$ 496,032	\$ (48,968)
Total revenues	<u>545,000</u>	<u>496,032</u>	<u>(48,968)</u>
EXPENDITURES:			
Current:			
Public Safety	411,970	389,579	22,391
Total expenditures	<u>411,970</u>	<u>389,579</u>	<u>22,391</u>
NET CHANGES IN FUND BALANCES	<u>\$ 133,030</u>	<u>106,453</u>	<u>\$ (26,577)</u>
FUND BALANCES:			
Beginning of year		(75,974)	
End of year		<u>\$ 30,479</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 372,833	\$ 255,554	\$ (117,279)
Investment income	-	3,007	3,007
Total revenues	<u>372,833</u>	<u>258,561</u>	<u>(114,272)</u>
EXPENDITURES:			
Current:			
Public safety	153,874	137,905	15,969
Capital outlay	333	333	-
Total expenditures	<u>154,207</u>	<u>138,238</u>	<u>15,969</u>
NET CHANGES IN FUND BALANCES	<u>\$ 218,626</u>	<u>120,323</u>	<u>\$ (98,303)</u>
FUND BALANCES:			
Beginning of year		120,250	
End of year		<u>\$ 240,573</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	121,293	\$ 80,625	\$ (40,668)
Total revenues	121,293	80,625	(40,668)
EXPENDITURES:			
Capital outlay	2,991	2,358	633
Total expenditures	5,349	2,358	2,991
NET CHANGES IN FUND BALANCES	\$ 115,944	78,267	\$ (37,677)
FUND BALANCES:			
Beginning of year		(158,830)	
End of year		\$ (80,563)	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 789,800	\$ 714,355	\$ (75,445)
Total revenues	789,800	714,355	(75,445)
EXPENDITURES:			
Current:			
General government	153,449	104,403	49,046
Community development	557,847	605,231	(47,384)
Capital outlay	(111,290)	4,721	(116,011)
Total expenditures	600,006	714,355	(114,349)
NET CHANGES IN FUND BALANCES	\$ 189,794	-	\$ (189,794)
FUND BALANCES:			
Beginning of year		-	
End of year		\$ -	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ -	\$ 600	\$ 600
Investment income	500	854	354
Total revenues	<u>500</u>	<u>1,454</u>	<u>954</u>
EXPENDITURES:			
Current:			
General government	40,000	-	40,000
Total expenditures	<u>40,000</u>	<u>-</u>	<u>40,000</u>
NET CHANGES IN FUND BALANCES	<u>\$ (39,500)</u>	<u>1,454</u>	<u>\$ 40,954</u>
FUND BALANCES:			
Beginning of year		<u>77,952</u>	
End of year		<u>\$ 79,406</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 5,113	\$ 5,113
Miscellaneous	-	59	59
Total revenues	<u>-</u>	<u>5,172</u>	<u>5,172</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>5,172</u>	<u>\$ 5,172</u>
FUND BALANCES:			
Beginning of year		<u>1,046,594</u>	
End of year		<u>\$ 1,051,766</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenue	\$ -	\$ 226,116	\$ 226,116
Total revenues	-	226,116	226,116
EXPENDITURES:			
Current:			
Community development	50,596	5,315	45,281
Total expenditures	50,596	5,315	45,281
NET CHANGES IN FUND BALANCES	\$ (50,596)	220,801	\$ 271,397
FUND BALANCES:			
Beginning of year		426,499	
End of year		\$ 647,300	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 6,587	\$ 6,587
Total revenues	-	6,587	6,587
NET CHANGES IN FUND BALANCES	\$ -	6,587	\$ 6,587
FUND BALANCES			
Beginning of year		1,501,040	
End of year		\$ 1,507,627	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 3,162	\$ 3,162
Total revenues	-	8,162	8,162
EXPENDITURES:			
Current:			
Community development	-	-	-
Total expenditures	-	-	-
NET CHANGES IN FUND BALANCES	\$ -	8,162	\$ 8,162
FUND BALANCES:			
Beginning of year		769,176	
End of year		<u>\$ 777,338</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Housing Authority Special Revenue Funds
For the Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 1,236	\$ 1,236
Miscellaneous	-	60,000	60,000
NET CHANGES IN FUND BALANCES	\$ -	61,236	\$ 61,236
FUND BALANCES:			
Beginning of year		3,896,374	
End of year		\$ 3,957,610	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 67	\$ 67
Total revenues	-	67	67
EXPENDITURES:			
Capital outlay	-	64	(64)
Total expenditures	-	64	(64)
NET CHANGES IN FUND BALANCES	\$ -	3	\$ 3
FUND BALANCES:			
Beginning of year		6,162	
End of year		<u>\$ 6,165</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 6,030	\$ 6,030
Total revenues	-	6,030	6,030
NET CHANGES IN FUND BALANCES	\$ -	6,030	\$ 6,030
FUND BALANCES:			
Beginning of year		551,614	
End of year		\$ 557,644	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 76,000	\$ 4,201	\$ (71,799)
Investment income (loss)	10,000	(4,912)	(14,912)
Total revenues	86,000	(711)	(86,711)
NET CHANGES IN FUND BALANCES	\$ 86,000	(711)	\$ (86,711)
FUND BALANCES:			
Beginning of year		1,781,387	
End of year		\$ 1,780,676	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 190,000	\$ 18,387	\$ (171,613)
Investment income (loss)	20,000	(8,353)	(28,353)
Total revenues	<u>210,000</u>	<u>10,034</u>	<u>(199,966)</u>
EXPENDITURES:			
Current:			
Sanitation	9,208	9,208	-
Capital outlay	17,870	17,871	(1)
Total expenditures	<u>27,078</u>	<u>27,079</u>	<u>(1)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 182,922</u>	<u>(17,045)</u>	<u>\$ (199,967)</u>
FUND BALANCES			
Beginning of year		3,387,925	
End of year		<u>\$ 3,370,880</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 50,000	\$ 6,020	\$ (43,980)
Investment income	-	505	505
Total revenues	50,000	6,525	(43,475)
NET CHANGE IN FUND BALANCES	\$ 16,610	6,525	\$ (10,085)
FUND BALANCES			
Beginning of year		42,671	
End of year		\$ 49,196	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 130,000	\$ 2,906	\$ (127,094)
Investment income (loss)	10,000	(4,149)	(14,149)
NET CHANGES OF FUND BALANCES	\$ 290,000	(1,243)	\$ (291,243)
FUND BALANCES:			
Beginning of year		1,505,821	
End of year		\$ 1,504,578	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 25,000	\$ 566	\$ (24,434)
Investment income	1,200	1,404	204
NET CHANGES IN FUND BALANCES	\$ 26,200	1,970	\$ (24,230)
FUND BALANCES:			
Beginning of year		128,274	
End of year		\$ 130,244	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 70,000	\$ 1,470	\$ (68,530)
Investment income (loss)	10,000	(2,826)	(12,826)
Total revenues	80,000	(1,356)	(81,356)
EXPENDITURES:			
Current:			
Libraries	135,925	109,391	26,534
Capital outlay	575,587	221,693	353,894
Total expenditures	711,512	331,084	380,428
NET CHANGES IN FUND BALANCES	\$ (631,512)	(332,440)	\$ 299,072
FUND BALANCES:			
Beginning of year		1,150,528	
End of year		\$ 818,088	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income (loss)	\$ -	\$ (7,655)	\$ (7,655)
Total revenues	<u>-</u>	<u>(7,655)</u>	<u>(7,655)</u>
EXPENDITURES:			
Current:			
Community development	2,024,388	68,558	1,955,830
Capital outlay	154,384	85,959	68,425
Total expenditures	<u>2,178,772</u>	<u>154,517</u>	<u>2,024,255</u>
NET CHANGES IN FUND BALANCES	<u>\$ (2,178,772)</u>	<u>(162,172)</u>	<u>\$ 2,016,600</u>
FUND BALANCES:			
Beginning of year		2,808,644	
End of year		<u>\$ 2,646,472</u>	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 677,700	\$ 677,700	\$ -
Investment income (loss)	20,000	(10,660)	(30,660)
Miscellaneous	-	44,151	44,151
Total revenues	<u>697,700</u>	<u>711,191</u>	<u>13,491</u>
EXPENDITURES:			
Capital outlay	887,955	669,155	218,800
Total expenditures	<u>887,955</u>	<u>669,155</u>	<u>218,800</u>
REVENUES OVER (UNDER) EXPENDITURES	(190,255)	42,036	232,291
OTHER FINANCING SOURCES (USES):			
Transfers out	-	(115,975)	(115,975)
Total other financing sources (uses)	<u>-</u>	<u>(115,975)</u>	<u>(115,975)</u>
NET CHANGES IN FUND BALANCES	<u>\$ (190,255)</u>	<u>(73,939)</u>	<u>\$ 116,316</u>
FUND BALANCES			
Beginning of year		3,777,370	
End of year		<u>\$ 3,703,431</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ -	\$ 6,585	\$ 6,585
Investment income (loss)	-	(10,314)	(10,314)
Miscellaneous	70,000	-	(70,000)
Total revenues	70,000	(3,729)	(73,729)
EXPENDITURES:			
Current:			
Public works	-	199	(199)
Capital outlay	245,085	210,943	34,142
Total expenditures	245,085	211,142	33,943
NET CHANGES IN FUND BALANCES	\$ (175,085)	(214,871)	\$ (39,786)
FUND BALANCES			
Beginning of year		3,396,051	
End of year		\$ 3,181,180	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 280,000	\$ 51,670	\$ (228,330)
Investment income	30,000	(11,761)	(41,761)
Miscellaneous Income (loss)	-	538,054	538,054
Total revenues	<u>310,000</u>	<u>577,963</u>	<u>267,963</u>
EXPENDITURES:			
Capital outlay	158,127	141,938	16,189
Total expenditures	<u>158,127</u>	<u>141,938</u>	<u>16,189</u>
NET CHANGES IN FUND BALANCES	<u>\$ 151,873</u>	<u>436,025</u>	<u>\$ 284,152</u>
FUND BALANCES			
Beginning of year		3,810,786	
End of year		<u>\$ 4,246,811</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 13,750	\$ 13,750
Miscellaneous	70,000	-	(70,000)
Total revenues	<u>70,000</u>	<u>13,750</u>	<u>(56,250)</u>
EXPENDITURES:			
Current:			
Library	30,000	29,495	505
Total expenditures	<u>30,000</u>	<u>29,495</u>	<u>505</u>
NET CHANGES IN FUND BALANCES	<u>\$ 40,000</u>	<u>(15,745)</u>	<u>\$ (55,745)</u>
FUND BALANCES			
Beginning of year		1,081,020	
End of year		<u>\$ 1,065,275</u>	

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, 2017

	Administrative Services	Workers' Compensation Admin	Medical Insurance Admin
ASSETS			
Current assets:			
Cash and investments	\$ 2,938,938	\$ 804,307	\$ 60,801
Accounts receivable	4,266	-	-
Due from other funds	-	-	-
Inventories	113,535	-	-
Total current assets	<u>3,056,739</u>	<u>804,307</u>	<u>60,801</u>
Capital assets:			
Depreciable, net	898,493	-	-
Total capital assets	<u>898,493</u>	<u>-</u>	<u>-</u>
Total assets	<u>3,955,232</u>	<u>804,307</u>	<u>60,801</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	1,079,229	-	-
Total deferred outflows of resources	<u>1,079,229</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable	288,072	3,538	-
Accrued salaries and benefits	39,698	2,840	-
Due to other funds	50,974	-	-
Claims payable, due within one year	-	10,000	21,751
Total current liabilities	<u>378,744</u>	<u>16,378</u>	<u>21,751</u>
Long-term liabilities:			
Claims payable, due in more than one year	-	231,678	-
Net pension liabilities	6,718,204	-	-
Total long-term liabilities	<u>6,718,204</u>	<u>231,678</u>	<u>-</u>
Total liabilities	<u>7,096,948</u>	<u>248,056</u>	<u>21,751</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	77,544	-	-
Total deferred inflows of resources	<u>77,544</u>	<u>-</u>	<u>-</u>
NET POSITION			
Investment in capital assets	898,493	-	-
Unrestricted (deficit)	(3,038,524)	556,251	39,050
Total net position	<u>\$ (2,140,031)</u>	<u>\$ 556,251</u>	<u>\$ 39,050</u>

City of Hemet
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2017

	Liability Insurance	OPEB	Total
ASSETS			
Current assets:			
Cash and investments	\$ 1,646,081	\$ 998,967	\$ 6,449,094
Accounts receivable	-	1,932	6,198
Due from other funds	-	50,974	50,974
Inventories	-	-	113,535
Total current assets	<u>1,646,081</u>	<u>1,051,873</u>	<u>6,619,801</u>
Capital assets:			
Depreciable, net	-	-	898,493
Total capital assets	<u>-</u>	<u>-</u>	<u>898,493</u>
Total assets	<u>1,646,081</u>	<u>1,051,873</u>	<u>7,518,294</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contribution after measurement date	-	-	1,079,229
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>1,079,229</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,679	132,458	431,747
Accrued salaries and benefits	1,032	-	43,570
Due to other funds	-	-	50,974
Claims payable, due within one year	819,892	18,599	870,242
Total current liabilities	<u>828,603</u>	<u>151,057</u>	<u>1,396,533</u>
Long-term liabilities:			
Claims payable, due in more than one year	163,978	-	395,656
Net pension liabilities	-	-	6,718,204
Total long-term liabilities	<u>163,978</u>	<u>-</u>	<u>7,113,860</u>
Total liabilities	<u>992,581</u>	<u>151,057</u>	<u>8,510,393</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contribution after measurement date	-	-	77,544
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>77,544</u>
NET POSITION			
Investment in capital assets	-	-	898,493
Unrestricted (deficit)	653,500	900,816	(888,907)
Total net position	<u>\$ 653,500</u>	<u>\$ 900,816</u>	<u>\$ 9,586</u>

City of Hemet
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2017

	Administrative Services	Workers' Compensation Admin	Medical Insurance Admin
OPERATING REVENUES:			
Charges for services	\$ 5,720,526	\$ 2,065,104	\$ 263,880
Miscellaneous	230,392	43,594	21,475
Total operating revenues	5,950,918	2,108,698	285,355
OPERATING EXPENSES:			
Personal services	4,605,756	185,215	26,597
Parts and supplies	862,966	-	-
Maintenance	1,196,580	-	-
Utilities	669,815	-	-
Contracts, rents, and leases	245,109	-	-
Insurance	142,600	1,922,765	239,182
Claims and judgments	-	290,639	-
Depreciation	135,262	-	-
Total operating expenses	7,858,088	2,398,619	265,779
OPERATING INCOME (LOSS)	(1,907,170)	(289,921)	19,576
TRANSFERS:			
Transfers in	1,233,197	-	-
Transfers out	(107,072)	-	-
Total transfers	1,126,125	-	-
Changes in net position	(781,045)	(289,921)	19,576
NET POSITION:			
Beginning of the year	(1,358,986)	846,172	19,474
End of the year	\$ (2,140,031)	\$ 556,251	\$ 39,050

City of Hemet
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2017

	Liability Insurance	OPEB	Total
OPERATING REVENUES:			
Charges for services	\$ 1,400,846	\$ 3,429,075	\$ 12,879,431
Miscellaneous	863	-	296,324
Total operating revenues	1,401,709	3,429,075	13,175,755
OPERATING EXPENSES:			
Personal services	107,819	-	4,925,387
Parts and supplies	13	-	862,979
Maintenance	-	-	1,196,580
Utilities	-	-	669,815
Contracts, rents, and leases	33,473	-	278,582
Insurance	827,140	-	3,131,687
Claims and judgments	68,951	4,069,351	4,428,941
Depreciation	-	-	135,262
Total operating expenses	1,037,396	4,069,351	15,629,233
OPERATING INCOME (LOSS)	364,313	(640,276)	(2,453,478)
TRANSFERS:			
Transfers in	-	-	1,233,197
Transfers out	(15,045)	-	(122,117)
Total transfers	(15,045)	-	1,111,080
Changes in net position	349,268	(640,276)	(1,342,398)
NET POSITION:			
Beginning of the year	304,232	1,541,092	1,351,984
End of the year	<u>\$ 653,500</u>	<u>\$ 900,816</u>	<u>\$ 9,586</u>

City of Hemet
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2017

	Administrative Services	Workers' Compensation Admin	Medical Insurance Admin
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services from other funds	\$ 7,397,260	\$ 2,065,104	\$ 285,355
Cash received for insurance recovery	-	43,594	-
Cash payments to suppliers of goods and services	(3,210,614)	(290,639)	-
Cash payments to employees for services	(2,888,733)	(184,667)	(26,597)
Cash payment for insurance premiums and settlements	(142,600)	(1,680,840)	(245,264)
Net cash provided by (used in) operating activities	<u>1,155,313</u>	<u>(47,448)</u>	<u>13,494</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(30,267)	-	-
Net cash (used in) capital and related financing activities	<u>(30,267)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	1,233,197	-	-
Cash paid to other funds	(107,072)	-	-
Net cash provided by noncapital financing activities	<u>1,126,125</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	2,251,171	(47,448)	13,494
CASH AND CASH EQUIVALENTS:			
Beginning of year	687,767	851,755	47,307
End of year	<u>\$ 2,938,938</u>	<u>\$ 804,307</u>	<u>\$ 60,801</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,907,170)	\$ (289,921)	\$ 19,576
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	135,262	-	-
(Increase) Decrease in:			
Accounts receivables	141,683	-	-
Inventories	(7,149)	-	-
Due from other funds	1,253,685	-	-
Deferred outflows of resources related to pension	(158,041)	-	-
Increase (Decrease) in:			
Accounts payable	(228,995)	247	(2,295)
Accrued wages and benefits payable	5,073	548	-
Due to other funds	50,974	-	-
Claims payable	-	241,678	(3,787)
Net pension liabilities	2,567,280	-	-
Deferred inflows of resources related to pension	(697,289)	-	-
Total adjustments	<u>3,062,483</u>	<u>242,473</u>	<u>(6,082)</u>
Net cash provided by (used in) operating activities	<u>\$ 1,155,313</u>	<u>\$ (47,448)</u>	<u>\$ 13,494</u>

City of Hemet
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2017

	Liability Insurance	OPEB	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services from other funds	\$ 399,153	\$ 3,428,562	\$ 13,575,434
Cash received for insurance recovery	-	-	43,594
Cash payments to suppliers of goods and services	(77,813)	-	(3,579,066)
Cash payments to employees for services	(108,075)	-	(3,208,072)
Cash payment for insurance premiums and settlements	(1,200,153)	(3,936,836)	(7,205,693)
Net cash (used in) operating activities	(986,888)	(508,274)	(373,803)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	-	-	(30,267)
Net cash (used in) capital and related financing activities	-	-	(30,267)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	-	-	1,233,197
Cash paid to other funds	(15,045)	(50,974)	(173,091)
Net cash provided by (used in) noncapital financing activities	(15,045)	(50,974)	1,060,106
Net increase (decrease) in cash and cash equivalents	(1,001,933)	(559,248)	656,036
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,648,014	1,558,215	5,793,058
End of year	\$ 1,646,081	\$ 998,967	\$ 6,449,094
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 364,313	\$ (640,276)	\$ (2,453,478)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	135,262
(Increase) Decrease in:			
Accounts receivables	251,129	(513)	392,299
Inventories	-	-	(7,149)
Due from other funds	-	-	1,253,685
Deferred outflows of resources related to pension	-	-	(158,041)
Increase (Decrease) in:			
Accounts payable	(44,327)	128,903	(146,467)
Accrued wages and benefits payable	(256)	-	5,365
Due to other funds	(1,253,685)	-	(1,202,711)
Claims payable	(304,062)	3,612	(62,559)
Net pension liabilities	-	-	2,567,280
Deferred inflows of resources related to pension	-	-	(697,289)
Total adjustments	(1,351,201)	132,002	2,079,675
Net cash provided by (used in) operating activities	\$ (986,888)	\$ (508,274)	\$ (373,803)

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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, 2017

	Pass Thru Fees	Payroll Deposits	Heartland CFD 2006	Total Agency Funds
ASSETS				
Cash and investments	\$ 267	\$ 967,322	\$ -	\$ 967,589
Accounts receivable	-	4,513	10,329	14,842
Investments with fiscal agent	-	-	1,401,600	1,401,600
Total assets	\$ 267	\$ 971,835	\$ 1,411,929	\$ 2,384,031
LIABILITIES				
Accounts payable	\$ 267	\$ 971,835	\$ -	\$ 972,102
Due to City of Hemet	-	-	902,468	902,468
Deposits	-	-	509,461	509,461
Total liabilities	\$ 267	\$ 971,835	\$ 1,411,929	\$ 2,384,031

City of Hemet
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Pass Thru Fees Fund				
ASSETS				
Cash and investments	\$ 19,740	\$ 127,926	\$ (147,399)	\$ 267
Total assets	\$ 19,740	\$ 127,926	\$ (147,399)	\$ 267
LIABILITIES				
Accounts payable	\$ 1,994	\$ 145,671	\$ (147,398)	\$ 267
Deposits	17,746	112,938	(130,684)	-
Total liabilities	\$ 19,740	\$ 258,609	\$ (278,082)	\$ 267
Payroll Deposits Fund				
ASSETS				
Cash and investments	\$ 840,084	\$ 54,306,427	\$ (54,179,189)	\$ 967,322
Accounts receivable	4,243	59,211	(58,941)	4,513
Total assets	\$ 844,327	\$ 54,365,638	\$ (54,238,130)	\$ 971,835
LIABILITIES				
Accounts payable	\$ 844,327	\$ 73,585,999	\$ (73,458,491)	\$ 971,835
Total liabilities	\$ 844,327	\$ 73,585,999	\$ (73,458,491)	\$ 971,835
Heartland CFD 2006 Fund				
ASSETS				
Accounts receivable	\$ 9,912	\$ 10,329	\$ (9,912)	\$ 10,329
Cash and Investments with fiscal agent	1,383,734	751,854	(733,988)	1,401,600
Total assets	\$ 1,393,646	\$ 762,183	\$ (743,900)	\$ 1,411,929
LIABILITIES				
Due to City of Hemet	\$ 882,837	\$ 1,525,713	\$ (1,506,082)	\$ 902,468
Deposits	510,809	762,182	(763,530)	509,461
Total liabilities	\$ 1,393,646	\$ 2,287,895	\$ (2,269,612)	\$ 1,411,929

(Continued)

City of Hemet
Combining Statement of Changes in Assets and Liabilities (Continued)
All Agency Funds
For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Total Agency Funds				
ASSETS				
Cash	\$ 859,824	\$ 54,434,353	\$ (54,326,588)	\$ 967,589
Accounts receivable	14,155	69,540	(68,853)	14,842
Cash and investments with fiscal agent	1,383,734	751,854	(733,988)	1,401,600
Total assets	\$ 2,257,713	\$ 55,255,747	\$ (55,129,429)	\$ 2,384,031
LIABILITIES				
Accounts payable	\$ 846,321	\$ 73,731,670	\$ (73,605,889)	\$ 972,102
Due to other agency funds	882,837	1,525,713	(1,506,082)	902,468
Deposits	528,555	875,120	(894,214)	509,461
Total liabilities	\$ 2,257,713	\$ 76,132,503	\$ (76,006,185)	\$ 2,384,031

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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>	172 - 181
Revenue Capacity	
<i>These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	183 - 191
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>	192 - 198
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>	199
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>	201 - 211

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities					
Net Investment in Capital Assets	\$ 330,174	\$ 327,965	\$ 323,329	\$ 320,323	\$ 332,523
Restricted	18,754	22,937	32,078	58,734	42,003
Unrestricted	<u>27,282</u>	<u>28,462</u>	<u>24,332</u>	<u>327</u>	<u>14,792</u>
Total governmental activities net position	<u>\$ 376,210</u>	<u>\$ 379,364</u>	<u>\$ 379,739</u>	<u>\$ 379,384</u>	<u>\$ 389,318</u>
Business-type activities					
Net Investment in Capital Assets	\$ 6,380	\$ 6,657	\$ 5,281	\$ 4,624	\$ 3,694
Restricted	-	-	-	-	-
Unrestricted	<u>6,267</u>	<u>7,901</u>	<u>10,292</u>	<u>10,985</u>	<u>14,171</u>
Total business-type activities net position	<u>\$ 12,647</u>	<u>\$ 14,558</u>	<u>\$ 15,573</u>	<u>\$ 15,609</u>	<u>\$ 17,865</u>
Primary government					
Net Investment in Capital Assets	\$ 336,554	\$ 334,622	\$ 328,610	\$ 324,947	\$ 336,217
Restricted	18,754	22,937	32,078	58,734	42,003
Unrestricted	<u>33,549</u>	<u>36,363</u>	<u>34,624</u>	<u>11,312</u>	<u>28,963</u>
Total primary government net position	<u>\$ 388,856</u>	<u>\$ 393,922</u>	<u>\$ 395,312</u>	<u>\$ 394,994</u>	<u>\$ 407,183</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities					
Net Investment in Capital Assets	\$ 326,964	\$ 325,096	\$ 324,343	\$ 321,098	\$ 315,946
Restricted	33,450	36,986	39,006	43,671	48,220
Unrestricted	<u>24,524</u>	<u>20,224</u>	<u>(53,711)</u>	<u>(45,551)</u>	<u>(58,471)</u>
Total governmental activities net position	<u><u>\$ 384,938</u></u>	<u><u>\$ 382,307</u></u>	<u><u>\$ 309,638</u></u>	<u><u>\$ 319,218</u></u>	<u><u>\$ 305,695</u></u>
Business-type activities					
Net Investment in Capital Assets	\$ 4,114	\$ 4,171	\$ 3,740	\$ 3,522	\$ 3,898
Restricted	-	-	-	-	-
Unrestricted	<u>7,559</u>	<u>7,828</u>	<u>3,606</u>	<u>6,550</u>	<u>7,068</u>
Total business-type activities net position	<u><u>\$ 11,673</u></u>	<u><u>\$ 12,000</u></u>	<u><u>\$ 7,346</u></u>	<u><u>\$ 10,072</u></u>	<u><u>\$ 10,966</u></u>
Primary government					
Net Investment in Capital Assets	\$ 331,078	\$ 329,267	\$ 328,083	\$ 324,620	\$ 319,844
Restricted	33,450	36,986	39,006	43,671	48,220
Unrestricted	<u>32,082</u>	<u>28,053</u>	<u>(50,105)</u>	<u>(39,001)</u>	<u>(51,403)</u>
Total primary government net position	<u><u>\$ 396,611</u></u>	<u><u>\$ 394,307</u></u>	<u><u>\$ 316,984</u></u>	<u><u>\$ 329,290</u></u>	<u><u>\$ 316,661</u></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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses					
Governmental activities:					
General government	\$ 1,402	\$ 1,417	\$ 1,471	\$ 929	\$ 1,870
Public Safety	31,794	30,881	27,482	27,348	26,114
Community development	6,142	5,718	7,100	7,287	4,367
Public Works	2,350	11,312	13,343	12,379	11,700
Sanitation	2,026	1,793	1,858	2,381	1,596
Parks	994	810	849	763	617
Libraries	2,488	2,177	2,046	1,787	1,689
Interest and related charges on long-term debt	1,079	1,007	934	760	363
Total governmental activities expenses	<u>48,276</u>	<u>55,114</u>	<u>55,083</u>	<u>53,633</u>	<u>48,317</u>
Business-type activities:					
Refuse	10,334	10,148	10,018	10,516	5,059
Water	7,087	6,513	6,716	7,132	8,881
Total business-type activities expenses	<u>17,421</u>	<u>16,660</u>	<u>16,735</u>	<u>17,647</u>	<u>13,940</u>
Total primary government expenses	<u>\$ 65,697</u>	<u>\$ 71,774</u>	<u>\$ 71,818</u>	<u>\$ 71,280</u>	<u>\$ 62,257</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 769	\$ 1,095	\$ 3,754	\$ 2,797	\$ 1,031
Public safety	892	577	573	964	1,185
Community development	3,799	2,882	2,047	1,118	795
Public Works	3,558	4,812	3,271	5,878	4,743
Sanitation	2,820	2,977	2,555	2,794	2,788
Other activities	229	106	82	53	50
Operating grants and contributions	6,235	5,837	6,645	3,503	3,219
Capital grants and contributions	8,533	5,458	6,275	8,718	6,445
Total government activities program revenues	<u>26,834</u>	<u>23,746</u>	<u>25,201</u>	<u>25,825</u>	<u>20,255</u>
Business-type activities					
Charges for services:					
Refuse	11,401	11,058	10,697	9,978	4,160
Water	7,375	7,497	7,539	7,403	7,768
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>18,776</u>	<u>18,555</u>	<u>18,236</u>	<u>17,381</u>	<u>11,928</u>
Total primary government program revenues	<u>\$ 45,610</u>	<u>\$ 42,301</u>	<u>\$ 43,437</u>	<u>\$ 43,206</u>	<u>\$ 32,183</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses					
Governmental activities:					
General government	\$ 2,047	\$ 3,082	\$ 3,053	\$ 1,142	\$ 2,777
Public Safety	25,449	28,308	28,947	21,566	34,746
Community development	5,064	6,627	5,325	3,952	4,874
Public Works	15,807	11,804	12,139	11,652	11,696
Sanitation	1,754	1,921	2,201	2,070	2,048
Parks	790	906	843	1,015	1,176
Libraries	1,600	1,751	1,855	1,788	2,085
Interest and related charges on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>52,510</u>	<u>54,397</u>	<u>54,363</u>	<u>43,186</u>	<u>59,402</u>
Business-type activities:					
Refuse	276	-	-	-	-
Water	8,918	7,478	7,919	7,643	9,966
Total business-type activities expenses	<u>9,194</u>	<u>7,478</u>	<u>7,919</u>	<u>7,643</u>	<u>9,966</u>
Total primary government expenses	<u>\$ 61,704</u>	<u>\$ 61,875</u>	<u>\$ 62,282</u>	<u>\$ 50,829</u>	<u>\$ 69,368</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,494	\$ 1,606	\$ 600	\$ 586	\$ 602
Public safety	902	1,069	681	760	1,207
Community development	602	718	3,197	2,674	2,261
Public Works	4,314	4,810	2,577	2,724	3,542
Sanitation	2,758	2,883	2,876	3,412	3,918
Other activities	36	35	44	2,764	58
Operating grants and contributions	1,981	2,454	2,742	3,349	2,559
Capital grants and contributions	5,321	5,850	7,211	7,658	6,220
Total government activities program revenues	<u>17,409</u>	<u>19,425</u>	<u>19,928</u>	<u>23,928</u>	<u>20,367</u>
Business-type activities					
Charges for services:					
Refuse	117	-	-	-	-
Water	7,549	7,371	7,090	10,306	11,460
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>7,666</u>	<u>7,371</u>	<u>7,090</u>	<u>10,306</u>	<u>11,460</u>
Total primary government program revenues	<u>\$ 25,076</u>	<u>\$ 26,796</u>	<u>\$ 27,018</u>	<u>\$ 34,234</u>	<u>\$ 31,827</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net (expense)/revenue					
Governmental activities	\$ (21,443)	\$ (31,368)	\$ (29,882)	\$ (27,808)	\$ (28,061)
Business-type activities	-	-	1,501	(266)	(2,012)
Total primary government net expense	<u>\$ (21,443)</u>	<u>\$ (31,368)</u>	<u>\$ (28,381)</u>	<u>\$ (28,074)</u>	<u>\$ (30,073)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 15,048	15,670	12,061	10,648	7,813
Transient occupancy taxes	992	947	621	603	586
Sales taxes	11,716	10,229	7,320	9,436	9,426
Motor vehicle in lieu taxes	5,910	6,690	5,373	5,179	4,783
Franchise and other taxes	3,484	3,531	1,077	1,422	3,354
Investment income	1,204	1,052	510	493	572
Miscellaneous	244	23	7	149	448
Gain (loss) on sale/disposal of assets	-	-	-	-	-
Capital contributions	-	-	-	-	-
Transfers	(92)	(18)	571	-	(2,185)
Total governmental activities	<u>38,505</u>	<u>38,124</u>	<u>27,540</u>	<u>27,929</u>	<u>24,797</u>
Business-type activities					
Investment income	216	277	85	56	183
Gain (loss) on sale/disposal of assets	-	-	-	-	1,830
Capital contributions	-	-	-	-	-
Miscellaneous	-	-	-	91	70
Transfers	92	18	(571)	-	2,185
Total business-type activities	<u>309</u>	<u>295</u>	<u>(486)</u>	<u>146</u>	<u>4,268</u>
Total primary government	<u>\$ 38,814</u>	<u>\$ 38,419</u>	<u>\$ 27,054</u>	<u>\$ 28,075</u>	<u>\$ 29,065</u>
Change in Net Position					
Governmental activities	\$ 19,458	\$ 16,681	\$ (2,342)	\$ 121	\$ 121
Business-type activities	(826)	1,650	1,015	(120)	(120)
Total primary government	<u>\$ 18,633</u>	<u>\$ 18,332</u>	<u>\$ (1,326)</u>	<u>\$ 1</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net (expense)/revenue					
Governmental activities	\$ (35,101)	\$ (34,972)	\$ (34,972)	\$ (30,431)	\$ (39,034)
Business-type activities	<u>(1,527)</u>	<u>(107)</u>	<u>(107)</u>	<u>2,410</u>	<u>1,495</u>
Total primary government net expense	<u>\$ (36,628)</u>	<u>\$ (35,079)</u>	<u>\$ (35,079)</u>	<u>\$ (28,021)</u>	<u>\$ (37,539)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	7,343	6,207	6,207	6,208	6,485
Transient occupancy taxes	626	643	643	854	963
Sales taxes	10,118	11,043	11,043	12,275	14,175
Motor vehicle in lieu taxes	4,829	4,996	4,996	5,715	6,061
Franchise and other taxes	4,730	4,875	4,875	5,053	4,964
Investment income	132	565	565	1,415	194
Miscellaneous	264	184	184	765	439
Gain (loss) on sale/disposal of assets	-	-	-	-	-
Capital contributions	-	-	-	-	-
Transfers	<u>2,527</u>	<u>(187)</u>	<u>(187)</u>	<u>205</u>	<u>350</u>
Total governmental activities	<u>30,568</u>	<u>28,327</u>	<u>28,327</u>	<u>32,490</u>	<u>33,631</u>
Business-type activities					
Investment income	12	71	71	166	(25)
Gain (loss) on sale/disposal of assets	-	-	-	-	-
Capital contributions	-	-	-	-	-
Miscellaneous	59	176	176	84	45
Transfers	<u>(4,736)</u>	<u>187</u>	<u>187</u>	<u>(205)</u>	<u>(350)</u>
Total business-type activities	<u>(4,665)</u>	<u>434</u>	<u>434</u>	<u>45</u>	<u>(330)</u>
Total primary government	<u>\$ 25,903</u>	<u>\$ 28,760</u>	<u>\$ 28,760</u>	<u>\$ 32,535</u>	<u>\$ 33,301</u>
Change in Net Position					
Governmental activities	\$ (4,532)	\$ (6,646)	\$ (6,646)	\$ 2,059	\$ (5,403)
Business-type activities	<u>(6,192)</u>	<u>327</u>	<u>327</u>	<u>2,455</u>	<u>1,165</u>
Total primary government	<u>\$ (10,725)</u>	<u>\$ (6,319)</u>	<u>\$ (6,319)</u>	<u>\$ 4,514</u>	<u>\$ (4,238)</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund					
Reserved	\$ 4,942	\$ 1,261	\$ 2,364	\$ -	\$ -
Unreserved	2,788	2,559	209	-	-
Nonspendable**	-	-	-	1,019	3,221
Restricted**	-	-	-	-	-
Committed**	-	-	-	-	7,439
Assigned**	-	-	-	-	316
Unassigned**	-	-	-	1,679	6,724
Total general fund	<u>\$ 7,730</u>	<u>\$ 3,820</u>	<u>\$ 2,573</u>	<u>\$ 2,697</u>	<u>\$ 17,699</u>
All other governmental funds					
Reserved	\$ 15,024	\$ 15,677	\$ 20,189	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	10,983	15,155	13,654	-	-
Capital projects funds	12,388	16,693	22,971	-	-
Nonspendable**	-	-	-	1,354	1,354
Restricted**	-	-	-	51,960	34,784
Committed**	-	-	-	-	-
Assigned**	-	-	-	6,309	4,181
Unassigned, reported in:**					
Special revenue funds	-	-	-	(2,468)	(2,029)
Total all other governmental funds	<u>\$ 38,394</u>	<u>\$ 47,526</u>	<u>\$ 56,814</u>	<u>\$ 57,155</u>	<u>\$ 38,289</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable**	1,020	12	13	7	7
Restricted**	698	873	1,075	1,253	2,469
Committed**	7,888	7,270	7,288	7,727	8,295
Assigned**	4,269	6,362	314	215	215
Unassigned**	8,163	4,397	8,226	6,084	1,882
Total general fund	<u>\$ 22,038</u>	<u>\$ 18,913</u>	<u>\$ 16,916</u>	<u>\$ 15,287</u>	<u>\$ 12,868</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable**	1,354	1,354	1,000	1,000	1,000
Restricted**	32,831	33,741	36,931	41,418	43,536
Committed**	-	-	-	-	-
Assigned**	4,452	4,554	4,759	6,586	6,350
Unassigned, reported in:**					
Special revenue funds	(1,225)	(174)	(276)	(297)	(81)
Total all other governmental funds	<u>\$ 37,412</u>	<u>\$ 39,476</u>	<u>\$ 42,414</u>	<u>\$ 48,707</u>	<u>\$ 50,805</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues					
Taxes	\$ 30,943	\$ 27,273	\$ 23,068	\$ 23,362	\$ 22,502
Licenses and permits	1,712	1,803	1,363	2,175	1,536
Intergovernmental revenues	12,011	11,099	11,787	14,710	11,113
Charges for services	15,092	14,217	12,464	11,812	9,924
Fines and forfeitures	360	327	218	600	511
Investment income	2,166	1,520	877	493	572
Other contributions	-	-	-	-	-
Miscellaneous	2,692	2,112	2,210	159	468
Total revenues	<u>64,976</u>	<u>58,351</u>	<u>51,987</u>	<u>53,311</u>	<u>46,625</u>
Expenditures					
General government	1,304	1,097	1,027	1,601	1,983
Public safety	31,078	30,027	25,883	24,807	24,610
Community development	6,276	5,707	2,630	7,196	4,617
Public works	5,037	5,481	6,138	5,651	5,501
Sanitation	2,059	1,924	1,802	1,957	1,785
Parks	1,021	805	823	763	647
Libraries	2,254	1,821	1,669	1,420	1,441
Capital outlay	9,070	4,813	3,495	6,410	3,900
Debt service					
Principal	345	360	375	390	405
Interest	1,079	1,003	937	697	342
SERAF Obligation	-	-	4,425	911	-
Fiscal-administrative charges	4	7	3	3	3
Total expenditures	<u>59,526</u>	<u>53,047</u>	<u>49,208</u>	<u>51,807</u>	<u>45,234</u>
Excess (deficiency) of revenues over expenditures	<u>5,451</u>	<u>5,305</u>	<u>2,780</u>	<u>1,504</u>	<u>1,392</u>
Other financing sources (uses)					
Transfers in	2,845	3,034	3,569	5,038	6,696
Transfers out	(2,889)	(3,117)	(2,953)	(4,010)	(8,977)
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	<u>(43)</u>	<u>(83)</u>	<u>616</u>	<u>1,028</u>	<u>(2,281)</u>
Net change in fund balances	<u>\$ 5,407</u>	<u>\$ 5,221</u>	<u>\$ 3,396</u>	<u>\$ 2,532</u>	<u>\$ (889)</u>
Debt service as a percentage of noncapital expenditures	2.83%	2.84%	12.56%	4.41%	1.82%

(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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues					
Taxes	\$ 24,265	\$ 24,275	\$ 30,083	\$ 31,725	\$ 34,284
Licenses and permits	1,598	1,996	2,119	1,974	1,679
Intergovernmental revenues	9,322	10,033	6,638	6,712	5,677
Charges for services	9,509	10,107	8,966	9,988	10,393
Fines and forfeitures	404	400	379	412	443
Investment income	132	565	558	1,430	197
Other contributions	-	-	-	-	-
Miscellaneous	337	184	646	3,823	679
Total revenues	<u>45,566</u>	<u>47,561</u>	<u>49,389</u>	<u>56,064</u>	<u>53,352</u>
Expenditures					
General government	1,949	2,412	2,812	2,307	2,103
Public safety	23,967	26,915	28,017	30,339	32,497
Community development	5,064	6,627	5,248	4,793	4,844
Public works	4,919	5,692	5,562	5,738	5,488
Sanitation	1,754	1,921	2,162	2,035	1,999
Parks	790	906	850	1,120	1,205
Libraries	1,248	1,399	1,419	1,506	1,642
Capital outlay	6,035	2,422	4,776	3,772	2,457
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
SERAF Obligation	-	-	-	-	-
Fiscal-administrative charges	-	-	-	-	-
Total expenditures	<u>45,725</u>	<u>48,294</u>	<u>50,846</u>	<u>51,611</u>	<u>52,235</u>
Excess (deficiency) of revenues over expenditures	<u>(159)</u>	<u>(733)</u>	<u>(1,457)</u>	<u>4,453</u>	<u>1,117</u>
Other financing sources (uses)					
Transfers in	6,933	1,985	1,231	713	325
Transfers out	(3,313)	(2,313)	(1,231)	(490)	(1,086)
Issuance of debt	-	-	8	11	-
Total other financing sources (uses)	<u>3,620</u>	<u>(328)</u>	<u>8</u>	<u>234</u>	<u>(761)</u>
Net change in fund balances	<u>\$ 3,461</u>	<u>\$ (1,061)</u>	<u>\$ (1,449)</u>	<u>\$ 4,687</u>	<u>\$ 356</u>
Debt service as a percentage of noncapital expenditures	0.00%	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
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	5,916
2017	6,136

*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	
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
2017	5,294,563,351	166,151,715	(159,158,493)	5,301,556,573

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		
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**	1,317,453,007	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
2017	1,554,120,090	66,302,157	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

	2008	2009	2010	2011	2012
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	0.081648	0.09156 *	0.09476 *	0.11177	0.12536
Metropolitan Water District Debt Sv	0.004499	0.0075 *	0.0043 *	0.0037	0.0037
Total Rate	1.08615	1.09906	1.09906	1.11547	1.12906

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

	2013	2014	2015	2016	2017
City Direct Rates:					
City of Hemet Basic Area	0.24552	0.24552	0.24552	0.2455	0.2455
Overlapping Rates:					
Hemet Unified School	0.30653	0.30653	0.30653	0.30650	0.12409
County General	0.25433	0.25433	0.25433	0.25430	0.00000
Eastern Municipal Water District	0.04435	0.04435	0.04435	0.04440	0.02000
Flood control Zone 4	0.03923	0.03923	0.03923	0.03920	0.00000
Riv. Co. Office of Education	0.03641	0.03641	0.03641	0.03640	0.00000
Mt. San Jacinto Junior College	0.03527	0.03527	0.03527	0.03530	0.01320
Eastern Municipal Water Improvement Dist 17	0.01665	0.01665	0.01665	0.01665	0.00000
Valley Wide Recreation & Park District	0.01455	0.01455	0.01455	0.01455	0.00000
San Jacinto Valley Cemetary	0.00458	0.00458	0.00458	0.00458	0.00000
Flood Control Administration	0.00238	0.00238	0.00238	0.00238	0.00000
San Jacinto Basin Resource Conservation	0.00020	0.00020	0.00020	0.00020	0.00000
Proposition 13 Rate	1.00000	1.00000	1.00000	0.99996	0.4028
Bond issues:					
Hemet Unified School District Debt Sv	0.12525	0.12502	0.11991	0.13729	0.12409
Metropolitan Water District Debt Sv	0.0035	0.0035	0.0035	0.0035	0.0035
Total Rate	1.12875	1.12852	1.12341	1.14075	0.53038

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, 2017 and Nine Years Ago

Taxpayer	2017			2008		
	Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Assessed Value	Rank	Percent of Total City Taxable Assessed Value
PHH Real Estate	\$ 45,291,897	1	0.85%	\$ -	-	-
Freedom Properties Hemet	41,942,976	2	0.79%	-	-	-
Walmart Real Estate Business Trust	37,424,912	3	0.71%	-	-	-
Granite Village West LP	35,014,992	4	0.66%	-	-	-
MCS Hemet Valley Center	33,159,919	5	0.63%	-	-	-
FFLP CC	30,699,383	6	0.58%	-	-	-
James J. Femino	30,600,017	7	0.58%	-	-	-
Time Warner Cable	22,727,157	8	0.43%	-	-	-
Time Warner Cable	21,280,275	9	0.40%	-	-	-
Deutsch Engineered Connect Devices Inc	20,842,230	10	0.39%	-	-	-
Freedom Properties Hemet	-	-	-	\$ 37,026,124	1	0.67%
LBREP L Sunca McSweeny Farms	-	-	-	36,622,936	2	0.66%
Granite Village West LP	-	-	-	36,300,000	3	0.66%
MCS Hemet Valley Center	-	-	-	31,791,533	4	0.58%
Pulte Home Corporation	-	-	-	27,952,365	5	0.51%
River Oaks Ridge LP	-	-	-	26,141,040	6	0.47%
James Femino	-	-	-	25,569,365	7	0.46%
Merrill Gardens LLC	-	-	-	25,510,417	8	0.46%
Walmart Real Estate Business Trust	-	-	-	24,280,476	9	0.44%
Whispering Pines	-	-	-	23,611,464	10	0.43%
	<u>\$ 318,983,758</u>		<u>6.02%</u>	<u>\$ 294,805,720</u>		<u>5.34%</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
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%
2017	5,240	-	10,652	5,285	-	100.86%

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
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%
2017	214	5,499	104.95%

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
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	-	*	*	-	-	-	-
2017	-	*	*	-	-	-	-

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
2008	\$ 20,351	1.17%	274
2009	17,279	1.09%	231
2010	16,452	1.12%	217
2011	15,593	1.06%	197
2012	286	0.02%	4
2013	153	0.01%	2
2014	-	0.00%	-
2015	-	0.00%	-
2016	-	0.00%	-
2017	-	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
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%	-
2017	81,868	-	**	-	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, 2017

2016-2017 Assessed Valuation:	\$ 5,301,324,610		
	Total Debt		City's Share of
OVERLAPPING TAX AND ASSESSMENT DEBT:	6/30/2017	% Applicable (1)	Debt 6/30/17
Metropolitan Water District	\$ 74,905,000	0.202%	\$ 151,308
Eastern Municipal Water District, I.D. No. 24	360,000	53.646%	193,126
Eastern Municipal Water District, I.D. No. U12	308,000	2.024%	6,234
Eastern Municipal Water District, I.D. No. U18	821,000	100.000%	821,000
Eastern Municipal Water District, I.D. No. U21	152,000	13.951%	21,206
Mt. San Jacinto Community College District	63,950,000	6.583%	4,209,829
Hemet Unified School District	169,720,000	52.212%	88,614,206
San Jacinto Unified School District	66,948,971	5.867%	3,927,896
Hemet Unified School District Community Facilities District No. 2004-1	2,935,000	100.000%	2,935,000
Hemet Unified School District Community Facilities District No. 2005-2, 3 & 4	19,590,000	100.000%	19,590,000
San Jacinto Unified School District Community Facilities District No. 2005-4	2,155,000	29.818%	642,578
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	6,862,000	100.000%	6,862,000
Eastern Municipal Water District Community Facilities District No. 2005-38	2,445,000	100.000%	2,445,000
Eastern Municipal Water District Community Facilities District No. 2006-56	4,695,000	100.000%	4,695,000
City of Hemet Community Facilities District No. 1999-1	7,880,000	100.000%	7,880,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 146,584,382
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	\$ 849,105,407	2.116%	\$ 17,967,070
Riverside County Pension Obligations	286,535,000	2.116%	6,063,081
Riverside County board of Education Certificates of Participation	-	0.000%	-
Riverside County Flood Control District, Zone No. 4	18,730,000	11.793%	2,208,829
Mt San Jacinto Community College District General Fund Obligations	-	0.000%	-
Hemet Unified School District Certificates of Participation	54,355,000	52.212%	28,379,833
San Jacinto Unified School District Certificates of Participation	38,580,000	5.867%	2,263,489
City of Hemet	0	100.000%	0
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 56,882,301
Less: Riverside County Administrative Center Authority (100% self-supporting from tax increment revenues)			102,568
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 56,779,733
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):			
Hemet Redevelopment Agency Tax Allocation Bonds	10,060,000	100.000%	10,060,000
Riverside County Project Areas Tax Allocation Bonds	316,668,028	0.541-3.840 %	3,753,025
TOTAL OVERLAPPING TAX INCREMENT DEBT			13,813,025
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			217,279,710
TOTAL NET OVERLAPPING DEBT			217,177,142
GROSS COMBINED TOTAL DEBT			\$ 217,279,710 (2)
NET COMBINED TOTAL DEBT			\$ 217,177,142

- (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 2016-17 Assessed Valuations:

Total Overlapping Tax and Assessment Debt	2.77%
Total Direct Debt	0.00%
Gross Combined Total Debt	4.10%
Net Combined Total Debt	4.10%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,386,574.693):

Total Overlapping Tax Increment Debt	1.00%
--------------------------------------	-------

Source: California Municipal Statistics, Inc.

City of Hemet
Legal Debt Margin Information
Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 206,985,772	\$ 202,041,080	\$ 168,329,960	\$ 157,681,797	\$ 155,923,565
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 206,985,772</u>	<u>\$ 202,041,080</u>	<u>\$ 168,329,960</u>	<u>\$ 157,681,797</u>	<u>\$ 155,923,565</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2017:

Assessed Value	\$ 5,135,404,858
Debt limit (3.75% of assessed value)	<u>192,577,682</u>
Debt applicable to limit:	
General obligation bonds	<u>0</u>
Legal debt margin	<u>\$ 192,577,682</u>

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 156,603,119	\$ 163,587,451	\$ 171,057,453	\$ 181,336,069	\$ 192,577,682
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 156,603,119</u>	<u>\$ 163,587,451</u>	<u>\$ 171,057,453</u>	<u>\$ 181,336,069</u>	<u>\$ 192,577,682</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	
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						
2017	1,693	470	411	1.92						

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)
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	1,777,480 (4)	22,199	8.70%
2017	81,868	- *	- *	7.80%

*2017 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, 2017

Employer	2017	
	Number of Employees	Percent of Total Employment
Hemet Unified School District	3,642	13.95%
Physicians For Healthy Hospitals	1,042	3.99%
Horizon Solar	650 *	2.49%
Gosch Ford, Toyota, Hyundai & Inland Chevrolet	447	1.71%
County of Riverside (Various service centers)	509	1.95%
Walmart Supercenter	400	1.53%
TE Connectivity	380 *	1.46%
Manorcare Health Services	285 *	1.09%
City of Hemet	300	1.15%
Forest River, Inc.	284	1.09%
Stater Bros	242	0.93%
Village Healthcare Retirement	230	0.88%
American Medical Response	198	0.76%
McCrometer, Inc.	180	0.69%
Home Depot	178	0.68%
Winco Foods	141	0.54%
Lowe's	120 *	0.46%
Target	110	0.42%

* 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	2008	2009	2010	2011	2012
General Government	41	36	35	32	30
Community Development (Building, Planning, Engineering)	43	39	39	38	38
Library	23	17	16	15	13
Police					
Sworn	82	75	68	58	54
Non-sworn	33	31	31	31	27
Fire					
Firefighters and Officers	56	50	48	49	48
Civilians	3	3	1	3	1
Public Works					
Water	14	14	16	17	16
Sewer/Storm Drain/Street Sweeping	11	2	4	1	4
Refuse	25	26	24	24	2
Streets, Parks, LLMD	29	31	31	31	33
Facility & Equipment Maintenance	17	17	15	14	11
Clean City Youth	8	6	4	6	5
Administration	15	8	3	4	7
TOTAL	400	355	335	323	289

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

Function	2013	2014	2015	2016	2017
General Government	30	29	31	33	30
Community Development (Building, Planning, Engineering)	35	35	28	27	28
Library	13	12	12	12	13
Police					
Sworn	61	61	70	63	75
Non-sworn	28	28	29	29	35
Fire					
Firefighters and Officers	44	44	39	39	42
Civilians	3	3	2	2	3
Public Works					
Water	19	18	18	21	20
Sewer/Storm Drain/Street Sweeping	4	4	4	4	8
Refuse	1	1	0	0	0
Streets, Parks, LLMD	32	33	31	31	31
Facility & Equipment Maintenance	11	11	11	10	11
Clean City Youth	4	4	0	0	0
Administration	5	8	5	5	4
TOTAL	290	291	280	276	300

City of Hemet
Operating Indicators
by Function
Last Ten Fiscal Years

Function:	2008	2009	2010	2011	2012
Police					
Calls for Service (1)	50,022	64,091	57,432	42,616	44,508
Arrests (1)	3,318	3,097	3,553	4,205	3,860
Sworn Officer's per 1000 population	1	1	1	1	1
Fire					
Calls for Service (1)	12,028	10,805	12,155	12,620	12,850
Fire/Explosion (included in total above)	253	244	288	240	228
Medical Aid (included in total above)	9,754	8,842	10,167	10,704	10,802
Community Development					
Permits: Single Family + Mobile set up	237	166	149	106	21
Conditional Use Permits applied/approved	28/12	13/8	9/3	12/11	7/4
Site Development Reviews applied/approved	10/2	6/5	1/2	4/1	3/1
Library					
Number of items checked out	492,665	437,175	412,718	428,459	428,601
Number of Cardholders	88,752	87,834	112,192	116,012	112,000
Total items in collection	98,625	82,018	101,752	102,902	106,211
Simpson Senior Center					
Citizens served through:					
Simpson Center	58,332	57,693	57,000	N/A	N/A
Lunch Program	27,872	27,872	28,000	N/A	N/A
Prime of Life	37,000	23,000	23,000	N/A	N/A
Public Works					
Trees trimmed	1,837	1,996	1,781	1,537	2,117
Poured Sidewalk (sq ft)	181,500	150,000	134,450	151,280	164,920
Asphalt remove and replace (sq ft)	50,000	3,037,500	306,000	52,426	66,234
Striping painted (linear ft)	220,500	223,500	218,000	1,044,862	1,056,000
Equipment CHP 90 day inspections/maint	236	238	224	N/A	N/A
Equipment light duty preventative maint	852	834	861	N/A	N/A
Buildings maintained (sq ft)	285,907	285,907	285,907	285,907	285,907
Miscellaneous service requests	4,306	4,507	3,520	4,760	4,753
Refuse collected:					
Commercial tons	22,864	23,207	17,846	18,038	7,052
Residential tons	23,262	23,610	23,056	23,545	12,915
Roll-off tons	10,260	10,415	7,375	8,112	3,541
Green Waste tons	4,638	4,707	7,725	7,808	2,988
Commingled Recyclable tons	4,506	4,504	4,024	2,118	912
Cardboard tons	1,035	1,050	1,170	1,890	619
Water					
Number of active accounts	8,996	9,001	9,325	9,145	9,112
Water introduced into the System (acre ft)	4,576	4,919	4,206	4,293	4,484
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:	2013	2014	2015	2016	2017
Police					
Calls for Service (1)	45,507	70,599	25,000	52,346 *	79,101
Arrests (1)	2,468	3,222	2,109	3,433 *	2,593
Sworn Officer's per 1000 population	1	1	1	1 *	1
Fire					
Calls for Service (1)	11,922	13,613	15,693	12,672 *	17,946
Fire/Explosion (included in total above)	224	254	286	255 *	761
Medical Aid (included in total above)	10,064	11,383	15,407	10,816 *	13,867
Community Development					
Permits: Single Family + Mobile set up	93	127	120	80	2
Conditional Use Permits applied/approved	8/4	9/2	9/11	13/6 *	6/6
Site Development Reviews applied/approved	9/7	5/4	5/4	7/4 *	3/3
Library					
Number of items checked out	381,047	360,792	451,956	430,614 *	680,326
Number of Cardholders	128,209	133,366	138,244	110,629 *	149,965
Total items in collection	92,680	104,977	94,434	98,114 *	101,451
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	2,400	1,300	1,000	1,800	1,750
Poured Sidewalk (sq ft)	178,742	70,190	100,000	12,000	38,050
Asphalt remove and replace (sq ft)	73,266	1,358,833	1,000,000	158,000	N/A
Striping painted (linear ft)	N/A	1,000,000	N/A	850,000	N/A
Equipment CHP 90 day inspections/maint	N/A	116	112	124	124
Equipment light duty preventative maint	N/A	858	864	766	811
Buildings maintained (sq ft)	285,907	285,907	285,907	285,907	285,907
Miscellaneous service requests	4,800	1,500	2,789	3,893 *	1,290
Refuse collected:					
Commercial tons	-	-	-	-	-
Residential tons	-	-	-	-	-
Roll-off tons	-	-	-	-	-
Green Waste tons	-	-	-	-	-
Commingled Recyclable tons	-	-	-	-	-
Cardboard tons	-	-	-	-	-
Water					
Number of active accounts	9,214	9,075	7,761	9,304	9,317
Water introduced into the System (acre ft)	3,953	4,597	5,262	3,539	3,784
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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police Stations	1	1	1	1	1
Fire Stations	5	4	4	4	4
Recreation and Culture:					
Number of parks	9	9	10	10	10
Number of libraries	1	1	1	1	1
Number of volumes	98,625	82,018	101,752	102,902	106,211
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	8,996	9,001	9,423	9,145	9,112
Miles of water mains	120	120	120	120	120
Number of refuse accounts	23,504	23,454	23,548	23,548	-
Number of vehicles (city wide)	295	298	300	300	257

N/A = not available

Source: Various City Departments

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police Stations	1	1	1	1	1
Fire Stations	4	4	5	5	5
Recreation and Culture:					
Number of parks	10	10	12	12	12
Number of libraries	1	1	1	1	1
Number of volumes	92,680	104,977	111,149	88,756	80,115
Public Works:					
Area of City (square miles)	26	26	28	28	28
Miles of Streets	360	360	360	360	360
Number of Street lights	3,600	3,600	3,600	3,600	5,479
Number of water accounts	9,214	9,075	7,760	9,304	9,317
Miles of water mains	120	120	120	120	130
Number of refuse accounts	-	-	-	-	-
Number of vehicles (city wide)	238	227	314	320	314

N/A = not available
Source: Various City Departments

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

Effective	<u>7/1/2008</u> <u>Bimonthly</u>	<u>7/1/2009</u> <u>Bimonthly</u>	<u>7/1/2010</u> <u>Bimonthly</u>	<u>7/1/2011</u> <u>Bimonthly</u>	<u>7/1/2012</u> <u>Bimonthly</u>
Water					
Low Water Usage Rates					
0-1000 CF	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00
Normal Water Usage Rates					
Base Water Rates					
5/8" Meter	42.28	42.28	42.28	42.28	42.28
3/4" Meter	45.58	45.58	45.58	45.58	45.58
1" Meter	49.62	54.58	54.58	54.58	54.58
2" Meter	141.50	141.50	141.50	141.50	141.50
Consumption Water Rates per 100 CF					
0-600 CF	2.30	2.30	2.30	2.30	2.30
'601-1200 CF	2.50	2.50	2.50	2.50	2.50
'1201-over CF	2.88	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>7/1/2013</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>	<u>7/1/2017</u> <u>Monthly</u>
Water					
Low Water Usage Rates					
0-1000 CF	\$ 56.00	\$ 56.00	\$ 56.00	N/A	N/A
Normal Water Usage Rates					
Base Water Rates					
5/8" Meter	42.28	42.28	42.28	24.95	26.25
3/4" Meter	45.58	45.58	45.58	27.26	28.87
1" Meter	54.58	54.58	54.58	32.83	34.86
2" Meter	141.50	141.50	141.50	81.02	85.25
Consumption Water Rates per 100 CF					
0-600 CF	2.30	2.30	2.30	6.25	4.41
'601-1200 CF	2.50	2.50	2.50	6.25	4.41
'1201-over CF	2.88	2.88	2.88	6.25	4.41
Refuse					
Standard cart (60 gallon)	-	-	-	-	-
Large cart (90 gallon)	-	-	-	-	-
Sewer					
City sewer and storm drain	15.04	15.04	15.04	10.30	10.80

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Single Family Residential	\$ 1,240,052	\$ 889,529	\$ 578,755	\$ 656,432	\$ 712,947
Multi-Family Residential	416,413	498,880	496,734	429,042	513,087
Commercial/Institutional	509,716	527,331	444,644	341,292	403,410
Landscape Irrigation	178,597	168,463	158,942	76,907	109,569
Total	\$ 2,344,778	\$ 2,084,203	\$ 1,679,075	\$ 1,503,673	\$ 1,739,013

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Single Family Residential	\$ 807,603	\$ 787,091	\$ 636,811	\$ 639,159	\$ 734,462
Multi-Family Residential	551,677	522,196	491,472	436,877	428,529
Commercial/Institutional	475,449	328,247	454,675	351,109	375,643
Landscape Irrigation	230,049	264,334	131,711	114,399	109,508
Total	<u>\$ 2,064,778</u>	<u>\$ 1,901,868</u>	<u>\$ 1,714,669</u>	<u>\$ 1,541,545</u>	<u>\$ 1,648,142</u>

Source: City of Hemet Water Department