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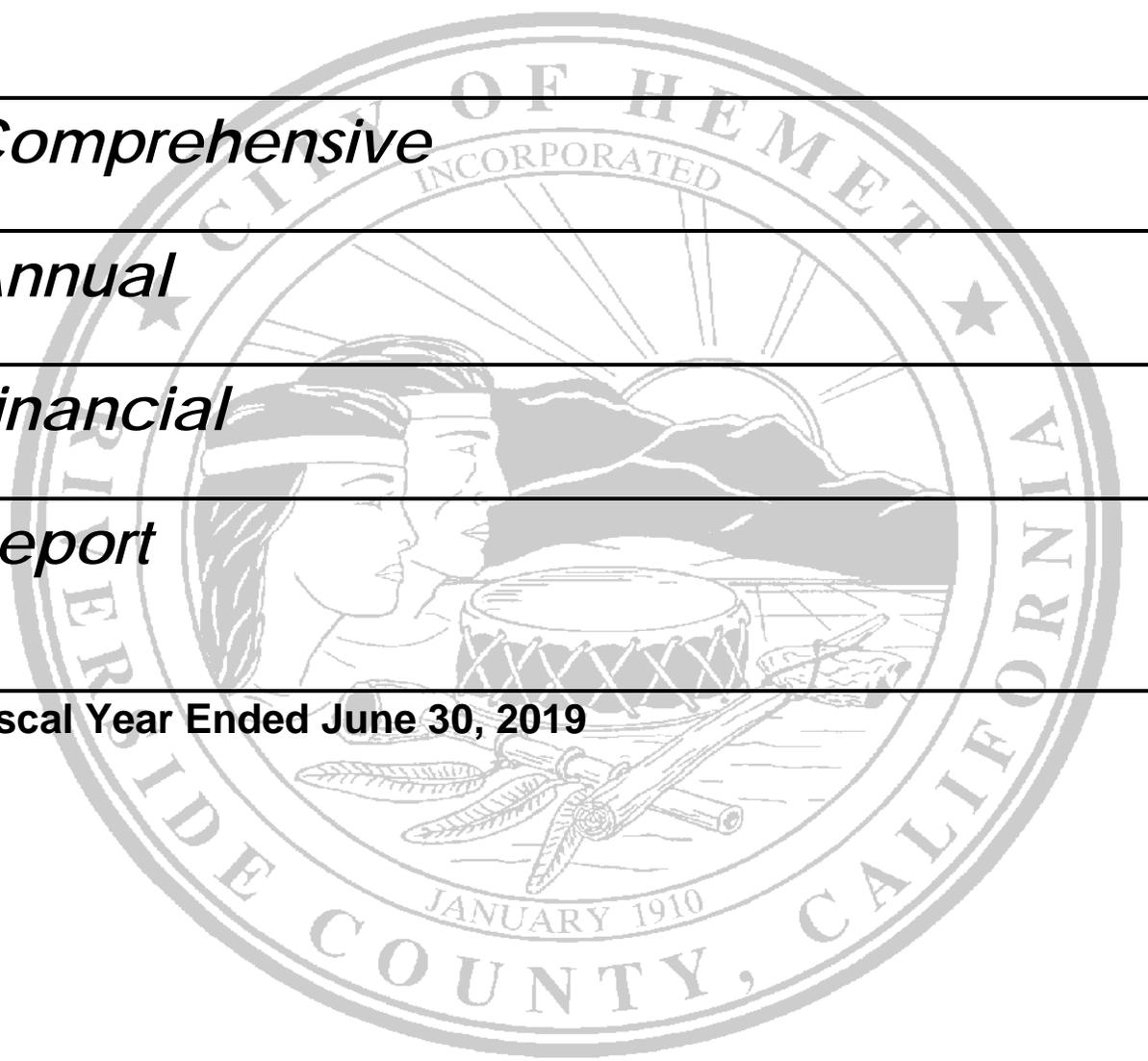
*Financial*

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*Report*

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**Fiscal Year Ended June 30, 2019**



**H** *City of*  
**emet**  
*California*



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2019**

**CITY OF HEMET  
CALIFORNIA**



**Bonnie Wright – Mayor**

**Russ Brown – Vice Mayor**

**Michael Perciful – Council Member**

**Karlee Meyer – Council Member**

**Linda Krupa – Council Member**

**Prepared by the City of Hemet Finance Department**



**City of Hemet**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**

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# City of Hemet

445 E FLORIDA AVENUE \* HEMET, CALIFORNIA 92543 \* (951)765-2330

June 16, 2020

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, 2019.

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, 2019 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, 2019 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 (additional 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 Finance Department, under the direction of the Director of Finance, 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 2018-2019 reflected higher than projected revenues as well as savings in expenditures.

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. Over the last two fiscal years, Measure U revenue have outpaced original projections.

## **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 Fiscal Year 2018/2019, Council approved a balanced budget. Use of one-time revenues and cuts to department budgets were used to accomplish this goal. The General Fund ended the fiscal year with a surplus of revenues. The City continues to look for ways to provide services to the community without using its reserves to achieve this goal.

## **Awards and Acknowledgements**

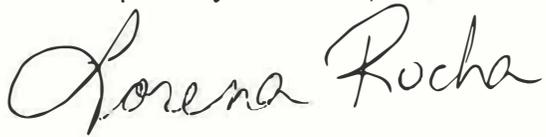
The City of Hemet is regularly recognized for excellence in financial reporting. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hemet for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. 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 Department. 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

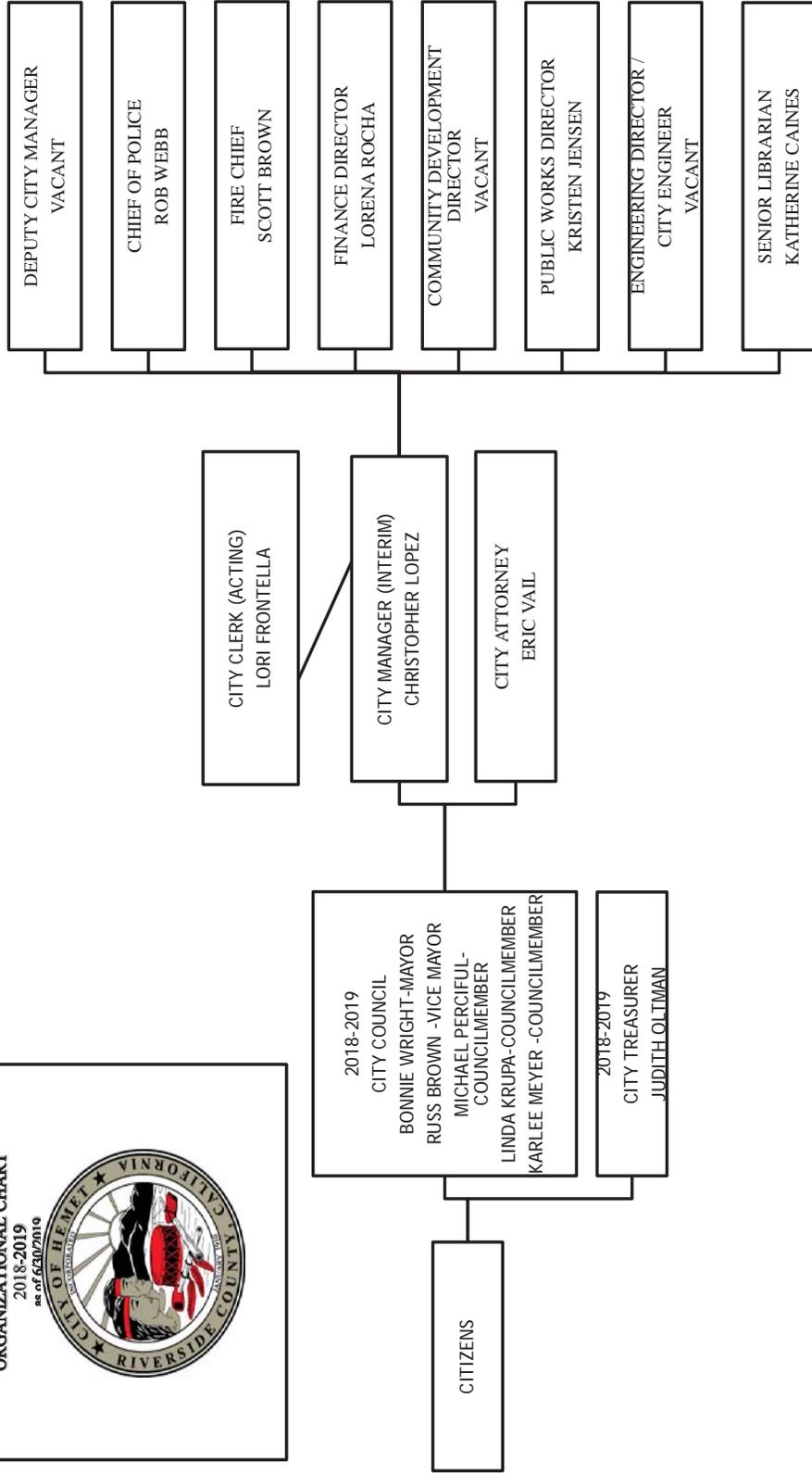
**City of Hemet  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO



PRINCIPAL OFFICIALS OF THE CITY OF HEMET, CALIFORNIA

June 30, 2019

Elected and Administrative Officials

City Council

Bonnie Wright  
Russ Brown  
Karlee Meyer  
Michael Perciful  
Linda Krupa

Mayor  
Vice Mayor  
Councilmember  
Councilmember  
Councilmember

Other Elected Officials

Judith Oltman

City Treasurer

Administrative Officials

Christopher Lopez  
Eric Vail  
Lorena Rocha  
Deanna Elliano  
Rob Webb  
Scott Brown  
Kristen Jensen  
Katherine Caines

City Manager  
City Attorney  
Finance Director  
Community Services Director  
Police Chief  
Fire Chief  
Public Works Director  
Senior Librarian

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hemet, California (the "City"), as of and for the year ended June 30, 2019, and the related notes to the basic 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.

### ***Auditors' 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, 2019, 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.

### **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-Pension, Schedule of Changes in Net Other Postemployment Benefit Liability and Related Ratios, and the Schedule of Contributions-Other Postemployment Benefits on pages 5 to 13 and 90 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 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.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report June 16, 2020, 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  
June 16, 2020

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**City of Hemet**  
**Management’s Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

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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, 2019. 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.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**City of Hemet**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

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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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary assets and liabilities</li> <li>• Statement of changes in fiduciary assets and liabilities</li> </ul>
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 (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

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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 (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

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)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 94.0	\$ 84.0	\$ 15.0	\$ 12.2	\$ 109.0	\$ 96.2
Capital assets	<u>309.3</u>	<u>312.8</u>	<u>3.9</u>	<u>4.2</u>	<u>313.2</u>	<u>317.0</u>
Total assets	<u>\$ 403.3</u>	<u>\$ 396.8</u>	<u>\$ 18.9</u>	<u>\$ 16.4</u>	<u>\$ 422.2</u>	<u>\$ 413.2</u>
Deferred outflows of resources:						
OPEB DOR	<u>\$ 2.0</u>	<u>\$ -</u>	<u>\$ 0.3</u>	<u>\$ -</u>	<u>\$ 2.3</u>	<u>\$ -</u>
Pension DOR	<u>18.2</u>	<u>21.0</u>	<u>0.7</u>	<u>1.2</u>	<u>18.9</u>	<u>22.2</u>
Total deferred outflows of resources	<u>\$ 20.2</u>	<u>\$ 21.0</u>	<u>\$ 1.0</u>	<u>\$ 1.2</u>	<u>\$ 21.2</u>	<u>\$ 22.2</u>
Long-term debt outstanding	<u>\$ 133.8</u>	<u>\$ 133.2</u>	<u>\$ 11.6</u>	<u>\$ 11.7</u>	<u>\$ 145.4</u>	<u>\$ 144.9</u>
Other liabilities	<u>13.3</u>	<u>11.6</u>	<u>2.3</u>	<u>2.3</u>	<u>15.6</u>	<u>13.9</u>
Total liabilities	<u>\$ 147.1</u>	<u>\$ 144.8</u>	<u>\$ 13.9</u>	<u>\$ 14.0</u>	<u>\$ 161.0</u>	<u>\$ 158.8</u>
Deferred inflows of resources:						
OPEB DIR	<u>\$ 0.1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.1</u>	<u>\$ -</u>
Pension DIR	<u>2.5</u>	<u>0.8</u>	<u>0.2</u>	<u>0.1</u>	<u>2.7</u>	<u>0.9</u>
Total deferred inflows of resources	<u>\$ 2.6</u>	<u>\$ 0.8</u>	<u>\$ 0.2</u>	<u>\$ 0.1</u>	<u>\$ 2.8</u>	<u>\$ 0.9</u>
Net Position:						
Investment in Capital Assets	<u>\$ 309.3</u>	<u>\$ 312.8</u>	<u>\$ 3.9</u>	<u>\$ 4.2</u>	<u>\$ 313.2</u>	<u>\$ 317.0</u>
Restricted	<u>64.1</u>	<u>55.3</u>	<u>-</u>	<u>-</u>	<u>64.1</u>	<u>55.3</u>
Unrestricted	<u>(99.6)</u>	<u>(95.9)</u>	<u>1.9</u>	<u>(0.8)</u>	<u>(97.7)</u>	<u>(96.7)</u>
Total net position	<u>\$ 273.8</u>	<u>\$ 272.2</u>	<u>\$ 5.8</u>	<u>\$ 3.4</u>	<u>\$ 279.6</u>	<u>\$ 275.6</u>

**City of Hemet**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

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

Table 2  
Changes in Net Position  
(in Millions)

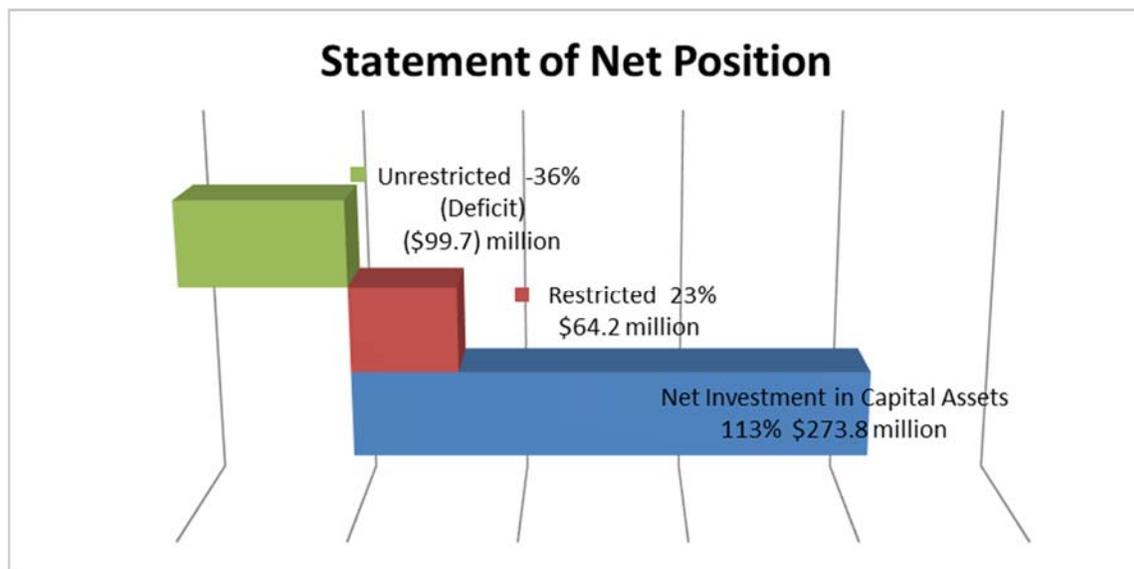
	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 12.7	\$ 12.9	\$ 11.4	\$ 10.6	\$ 24.1	\$ 23.5
Operating grants/contributions	2.5	2.7	-	-	2.5	2.7
Capital grants/contributions	8.0	6.5	-	-	8.0	6.5
General revenues:						
Property taxes	7.7	7.1	-	-	7.7	7.1
Other taxes	26.1	24.8	-	-	26.1	24.8
Measure U Sales Tax	11.7	11.1	-	-	11.7	11.1
Other general revenues	2.8	1.2	0.4	-	3.2	1.2
Transfers	<u>0.2</u>	<u>-</u>	<u>(0.2)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 71.7</u>	<u>\$ 66.3</u>	<u>\$ 11.6</u>	<u>\$ 10.6</u>	<u>\$ 83.3</u>	<u>\$ 76.9</u>
<b>Program expenses</b>						
General government	\$ 6.2	\$ 3.5	\$ -	\$ -	\$ 6.2	\$ 3.5
Public safety	33.9	37.8	-	-	33.9	37.8
Public Safety Measure U	7.0	5.3	-	-	7.0	5.3
Community development	5.5	5.7	-	-	5.5	5.7
Public works	12.0	13.8	-	-	12.0	13.8
Sanitation	2.2	2.2	-	-	2.2	2.2
Parks and library	3.2	3.5	-	-	3.2	3.5
Water and refuse	-	-	9.3	12.1	9.3	12.1
Total expenses	<u>\$ 70.0</u>	<u>\$ 71.8</u>	<u>\$ 9.3</u>	<u>\$ 12.1</u>	<u>\$ 79.3</u>	<u>\$ 83.9</u>
Excess (deficiency)	\$ 1.7	\$ (5.5)	\$ 2.4	\$ (1.5)	\$ 4.1	\$ (7.0)
Beginning Net Position	<u>\$ 272.2</u>	<u>\$ 277.6</u>	<u>\$ 3.4</u>	<u>\$ 4.8</u>	<u>\$ 275.6</u>	<u>\$ 282.4</u>
Ending Net Position	<u>\$ 273.8</u>	<u>\$ 272.2</u>	<u>\$ 5.8</u>	<u>\$ 3.4</u>	<u>\$ 279.8</u>	<u>\$ 275.6</u>

**City of Hemet**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. The Net Position of the City's governmental activities increased by .6% (from \$272.2 million to \$273.8 million) in 2019. *Unrestricted* net position – the part of net position that can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased from a deficit of \$95.9 million in 2018 to a deficit of \$99.7 million in 2019. This increase was primarily due to the implementation of Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 75 which requires government entities to report net pension and OPEB liabilities.

The net position of the City's business-type activities increased by 73.1% (from \$3.4 million to \$5.8 million) in 2019. The net position (financial position) of the City changed as a result of the revenue and expense fluctuations described below for the governmental and business-type activities of the City.

Total Net Position – Governmental Activities



Governmental Activities

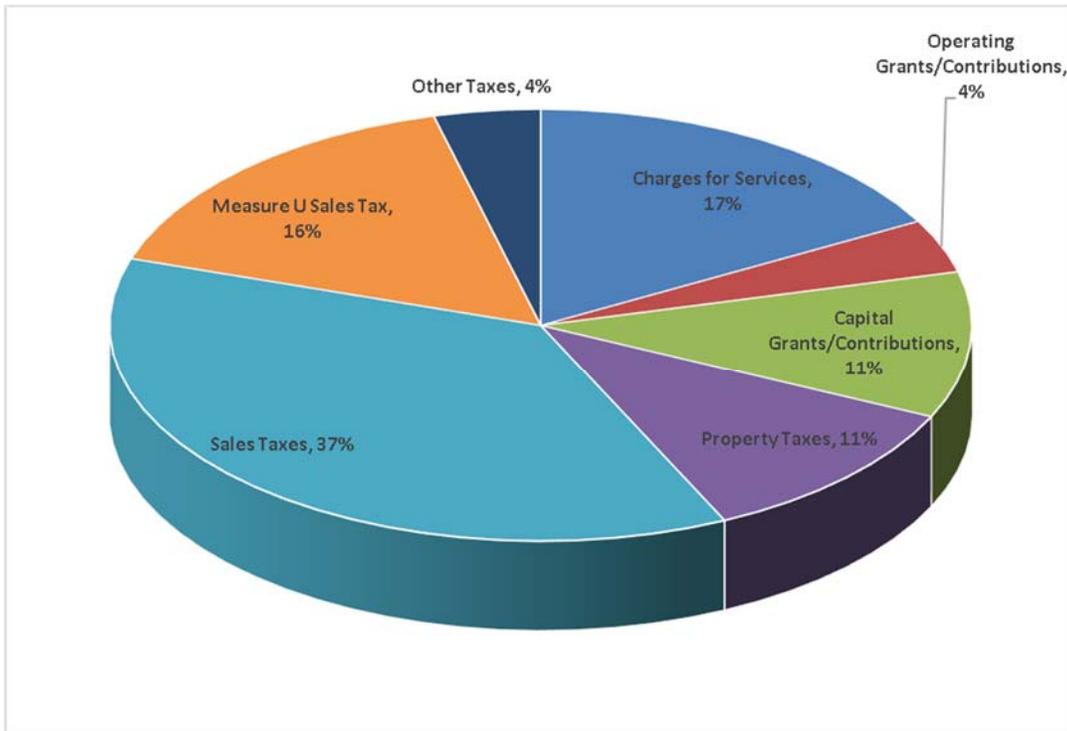
Revenues for the City's governmental activities saw an increase of \$5.3 million in 2019. One major category contributing to revenue increases was Measure U taxes. Further discussion related to expenses can be found in the major funds section of this analysis. The cost of all *governmental* activities this year was \$70 million. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through property and other taxes (not including Measure U taxes) was \$33.8 million because some of the cost was paid by those who directly benefited from the programs (\$12.3 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$10.4 million).

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

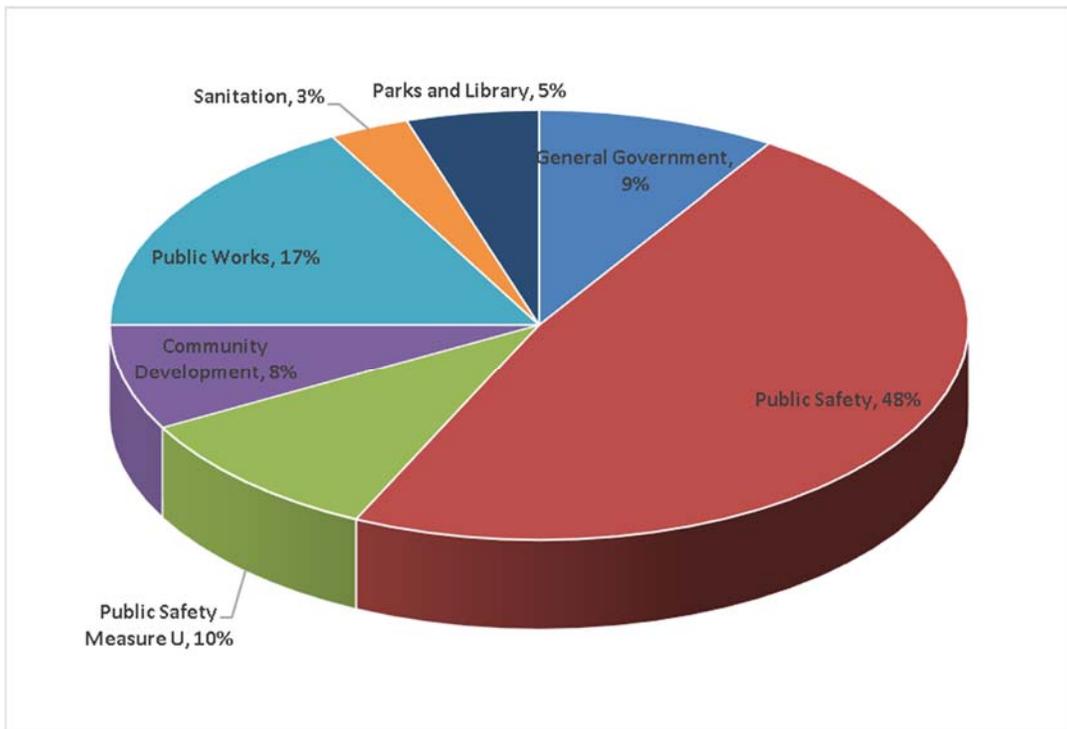
- General revenues increased over the prior year in these categories and amounts: Property tax up by \$594,910, Sales tax up by \$1,539,911, Motor vehicle in-lieu taxes up by \$392,972, and Measure U tax up by \$640,852.

**City of Hemet**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



Business-Type Activities

The City's business-type activities had an increase in revenues of \$1.1 million in 2019 compared to 2018.

**City of Hemet**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

**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 \$23.4 million. Fund balance increased \$6.7 million in 2019 mainly due to Measure U sales tax collection. Any unused Measure U fund balance is reserved for future public safety needs.

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 increased \$3,135,272 in 2019 from 2018 mainly due to Franchise and other taxes.
- General Fund expenditures excluding Measure U decreased approximately \$839,000 from 2018.

**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 23% 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 \$5.8 million, an increase of \$2.4 million from 2018. This is mainly due to a reduction in expenditures.

**CAPITAL ASSETS**

Capital Assets  
(net of depreciation, in millions)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 12.3	\$ 12.3	\$ -	\$ -	\$ 12.3	\$ 12.3
Rights of way	190.5	190.5	-	-	190.5	190.5
Buildings and improvements	13.3	13.9	2.6	2.7	15.9	16.6
Machinery and equipment	6.0	7.1	0.8	1.5	6.8	8.6
Infrastructure	82.2	86.0	-	-	82.2	86.0
Construction in progress	<u>5.1</u>	<u>2.9</u>	<u>0.5</u>	<u>-</u>	<u>5.6</u>	<u>2.9</u>
Total	<u>\$ 309.3</u>	<u>\$ 312.7</u>	<u>\$ 3.9</u>	<u>\$ 4.2</u>	<u>\$ 313.3</u>	<u>\$ 316.9</u>

Two projects were completed during the fiscal year 2019. 2017-18 SW & ADA Ramps Project totaling approximately \$154,000 and Esplanade St Improvements Project totaling approximately \$210,000. 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 (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

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**LONG-TERM DEBT**

Outstanding Debt  
(in millions)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		<u>(As Restated)</u>		<u>(As Restated)</u>		<u>(As Resta</u>
OPEB	42.2	\$ 40.6	6.9	\$ 6.6	\$ 49.1	\$ 47.2
Compensated absences	3.0	2.9	0.1	0.2	3.1	3.1
Claims Payable	2.4	1.3	-	-	2.4	1.3
Aggregate Net Pension liabilities	91.0	91.9	4.8	5.1	95.8	97.0
Capital Leases	-	-	-	-	-	-
Total Long-Term Liabilities	<u>\$ 138.6</u>	<u>\$ 136.7</u>	<u>\$ 11.8</u>	<u>\$ 11.9</u>	<u>\$ 150.4</u>	<u>\$ 148.6</u>

The net adjustment to long-term liabilities is an increase of \$1.8 million mainly due to GASB standards requiring pension and OPEB liabilities to be included in the net position.

**Contacting the City's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Hemet Finance Division at 445 E. Florida Avenue, Hemet, California 92543.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Hemet**  
**Statement of Net Position**  
**June 30, 2019**

<b>ASSETS</b>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 76,889,691	\$ 13,241,199	\$ 90,130,890
Receivables:			
Accounts	3,244,911	1,633,320	4,878,231
Taxes	1,052,212	-	1,052,212
Interest	429,113	-	429,113
Due from other governments	5,933,084	79,846	6,012,930
Inventories	124,666	-	124,666
Prepaid items	7,306	5,399	12,705
<b>Total current assets</b>	<u>87,680,983</u>	<u>14,959,764</u>	<u>102,640,747</u>
Noncurrent assets:			
Notes receivable, net	4,205,562	-	4,205,562
Land held for resale	2,076,419	-	2,076,419
Capital assets:			
Nondepreciable	207,966,428	360,860	208,327,288
Depreciable, net	101,375,897	3,531,640	104,907,537
<b>Total capital assets, net</b>	<u>309,342,325</u>	<u>3,892,500</u>	<u>313,234,825</u>
<b>Total noncurrent assets</b>	<u>315,624,306</u>	<u>3,892,500</u>	<u>319,516,806</u>
<b>Total assets</b>	<u>403,305,289</u>	<u>18,852,264</u>	<u>422,157,553</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Other postemployment benefits related items	2,002,270	325,951	2,328,221
Pension related deferred outflows of resources	18,197,874	741,955	18,939,829
<b>Total deferred outflows of resources</b>	<u>20,200,144</u>	<u>1,067,906</u>	<u>21,268,050</u>

**City of Hemet**  
**Statement of Net Position (Continued)**  
**June 30, 2019**

<b>LIABILITIES</b>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	4,603,473	621,153	5,224,626
Accrued salaries and benefits	618,313	33,958	652,271
Accrued liabilities	111,299	5,399	116,698
Deposits	3,015,983	1,267,792	4,283,775
Unearned revenue	180,906	-	180,906
Accrued interest	-	203,067	203,067
Compensated absences, due within one year	2,815,721	131,087	2,946,808
Claims payable, due within one year	1,920,191	-	1,920,191
Total current liabilities	<u>13,265,886</u>	<u>2,262,456</u>	<u>15,528,342</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	179,727	8,367	188,094
Claims payable - due in more than one year	458,408	-	458,408
Net other postemployment benefit liabilities	42,158,175	6,862,959	49,021,134
Aggregate net pension liability	90,961,188	4,753,530	95,714,718
Total noncurrent liabilities	<u>133,757,498</u>	<u>11,624,856</u>	<u>145,382,354</u>
<b>Total liabilities</b>	<u>147,023,384</u>	<u>13,887,312</u>	<u>160,910,696</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Other postemployment benefits related deferred inflows of resources	136,591	22,236	158,827
Pension related deferred inflows of resources	2,511,270	249,833	2,761,103
<b>Total deferred inflows of resources</b>	<u>2,647,861</u>	<u>272,069</u>	<u>2,919,930</u>
<b>NET POSITION</b>			
Investment in capital assets	<u>309,342,325</u>	<u>3,892,500</u>	<u>313,234,825</u>
Restricted for:			
Public access channel	1,124,865	-	1,124,865
Community development	7,990,184	-	7,990,184
Public works	30,208,700	-	30,208,700
Public safety	674,227	-	674,227
Sanitation	11,456,696	-	11,456,696
Measure U	11,680,431	-	11,680,431
Libraries:			
Expendable	44,287	-	44,287
Nonexpendable	1,000,000	-	1,000,000
Total restricted	<u>64,179,390</u>	<u>-</u>	<u>64,179,390</u>
Unrestricted (Deficit)	<u>(99,687,527)</u>	<u>1,868,289</u>	<u>(97,819,238)</u>
<b>Total net position</b>	<u>\$ 273,834,188</u>	<u>\$ 5,760,789</u>	<u>\$ 279,594,977</u>

**City of Hemet**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

<b>Functions/Programs</b>	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 6,181,074	\$ 793,290	\$ -	\$ -	\$ 793,290
Public safety	40,915,578	1,049,103	1,689,685	538,029	3,276,817
Community development	5,535,213	2,824,270	747,142	264,782	3,836,194
Public works	11,962,439	3,944,308	-	7,051,157	10,995,465
Sanitation	2,166,508	3,968,425	-	-	3,968,425
Parks	1,205,362	-	-	107,410	107,410
Libraries	2,025,646	140,718	18,384	-	159,102
<b>Total governmental activities</b>	<b>69,991,820</b>	<b>12,720,114</b>	<b>2,455,211</b>	<b>7,961,378</b>	<b>23,136,703</b>
<b>Business-type activities:</b>					
Water	9,260,899	11,445,689	-	-	11,445,689
<b>Total business-type activities</b>	<b>9,260,899</b>	<b>11,445,689</b>	<b>-</b>	<b>-</b>	<b>11,445,689</b>
<b>Total primary government</b>	<b>\$ 79,252,719</b>	<b>\$ 24,165,803</b>	<b>\$ 2,455,211</b>	<b>\$ 7,961,378</b>	<b>\$ 34,582,392</b>

**City of Hemet**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2019**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ (5,387,784)	\$ -	\$ (5,387,784)
Public safety	(37,638,761)	-	(37,638,761)
Community development	(1,699,019)	-	(1,699,019)
Public Works	(966,974)	-	(966,974)
Sanitation	1,801,917	-	1,801,917
Parks	(1,097,952)	-	(1,097,952)
Libraries	(1,866,544)	-	(1,866,544)
Total governmental activities	(46,855,117)	-	(46,855,117)
<b>Business-type activities:</b>			
Water	-	2,184,790	2,184,790
Total business-type activities	-	2,184,790	2,184,790
Total primary government	(46,855,117)	2,184,790	(44,670,327)
<b>General Revenues:</b>			
Taxes:			
Property taxes	7,718,169	-	7,718,169
Transient occupancy taxes	974,570	-	974,570
Sales taxes	24,985,774	-	24,985,774
Motor vehicle in-lieu taxes	6,786,066	-	6,786,066
Franchise and other taxes	5,116,875	-	5,116,875
Total taxes	45,581,454	-	45,581,454
Investment income	2,425,223	349,895	2,775,118
Miscellaneous	356,967	60,429	417,396
Transfers	162,678	(162,678)	-
<b>Total general revenues</b>	48,526,322	247,646	48,773,968
<b>Change in net position</b>	1,671,205	2,432,436	4,103,641
<b>Net position - beginning of year</b>	272,162,983	3,328,353	275,491,336
<b>Net position - end of year</b>	\$ 273,834,188	\$ 5,760,789	\$ 279,594,977

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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, 2019**

	Major Funds		Nonmajor Governmental Funds	Total
	General Fund	Sewer and Storm Drain		
<b>ASSETS</b>				
Cash and investments	\$ 20,189,676	\$ 11,452,734	\$ 37,946,759	\$ 69,589,169
Accounts receivable	331,355	2,202,170	440,391	2,973,916
Property taxes receivable	1,052,212	-	-	1,052,212
Interest receivable	426,550	-	2,563	429,113
Due from other governments	4,316,339	-	1,616,745	5,933,084
Due from other funds	593,640	-	387,668	981,308
Inventories	300	-	-	300
Prepaid items	7,306	-	-	7,306
Notes receivable, net	-	-	4,205,562	4,205,562
Advances to other funds	-	-	354,137	354,137
Land held for resale	-	-	2,076,419	2,076,419
<b>Total assets</b>	<b>\$ 26,917,378</b>	<b>\$ 13,654,904</b>	<b>\$ 47,030,244</b>	<b>\$ 87,602,526</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 704,079	\$ 2,149,192	\$ 798,646	\$ 3,651,917
Accrued salaries and benefits	514,196	11,694	51,096	576,986
Accrued liabilities	111,299	-	-	111,299
Deposits	2,053,284	-	962,699	3,015,983
Due to other funds	1,107,204	37,322	1,080,834	2,225,360
Advances from other funds	-	-	354,137	354,137
Unearned revenue	180,906	-	-	180,906
<b>Total liabilities</b>	<b>4,670,968</b>	<b>2,198,208</b>	<b>3,247,412</b>	<b>10,116,588</b>
<b>Fund Balances:</b>				
Nonspendable	7,606	-	1,000,000	1,007,606
Restricted	12,805,296	11,456,696	38,917,398	63,179,390
Committed	8,213,633	-	-	8,213,633
Assigned	133,905	-	4,056,575	4,190,480
Unassigned (deficit)	1,085,970	-	(191,141)	894,829
<b>Total fund balances</b>	<b>22,246,410</b>	<b>11,456,696</b>	<b>43,782,832</b>	<b>77,485,938</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,917,378</b>	<b>\$ 13,654,904</b>	<b>\$ 47,030,244</b>	<b>\$ 87,602,526</b>

**City of Hemet**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2019**

<b>Total Fund Balances - Total Governmental Funds</b>	\$	77,485,938
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	\$	207,966,428
Depreciable, net of \$952,758 reported in the Internal Service Funds		100,423,139
		308,389,567
Compensated absences were not due and payable in the current period; therefore, they were not reported in the Governmental Funds Balance Sheet.		
		(2,995,448)
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 \$847,949 reported in Internal Service Fund.		17,349,925
Aggregate net pension liability, net of \$(5,432,606) reported in Internal Service Fund.		(85,528,582)
Pension related deferred inflows of resources, net of \$(225,265) reported in Internal Service Fund.		(2,286,005)
		(70,464,662)
Net other postemployment benefits 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:		
OPEB related deferred outflows of resources, net of \$372,515 reported in Internal Service Fund.		1,629,755
Net OPEB liability, net of \$(7,843,381) reported in Internal Service Fund.		(34,314,794)
OPEB related deferred inflows of resources, net of \$(25,412) reported in Internal Service Fund.		(111,179)
		(32,796,218)
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.		
		(5,784,989)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>273,834,188</b>

**City of Hemet**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	Major Fund		Nonmajor Governmental Funds	Total
	General Fund	Sewer and Storm Drain		
<b>REVENUES:</b>				
Taxes	\$ 45,581,454	\$ -	\$ 1,944,346	\$ 47,525,800
Licenses and permits	1,967,805	-	-	1,967,805
Intergovernmental revenues	851,977	-	5,001,953	5,853,930
Charges for services	3,552,762	3,968,424	3,630,804	11,151,990
Fines and forfeitures	446,539	-	-	446,539
Investment income	1,199,767	299,508	926,216	2,425,491
Miscellaneous	302,202	-	1,901,590	2,203,792
<b>Total revenues</b>	<u>53,902,506</u>	<u>4,267,932</u>	<u>13,404,909</u>	<u>71,575,347</u>
<b>EXPENDITURES:</b>				
Current:				
General government	5,054,955	-	93,224	5,148,179
Public safety	35,121,131	-	786,493	35,907,624
Community development	4,331,074	-	726,014	5,057,088
Public works	-	-	6,075,519	6,075,519
Sanitation	-	2,104,429	-	2,104,429
Parks	1,071,821	-	81,209	1,153,030
Libraries	1,331,213	-	154,556	1,485,769
Capital outlay	477,184	18,759	3,506,493	4,002,436
<b>Total expenditures</b>	<u>47,387,378</u>	<u>2,123,188</u>	<u>11,423,508</u>	<u>60,934,074</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>6,515,128</u>	<u>2,144,744</u>	<u>1,981,401</u>	<u>10,641,273</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	162,678	-	20,004	182,682
Transfers out	(1,127,208)	(37,322)	(99,526)	(1,264,056)
<b>Total other financing sources (uses)</b>	<u>(964,530)</u>	<u>(37,322)</u>	<u>(79,522)</u>	<u>(1,081,374)</u>
<b>NET CHANGES IN FUND BALANCES</b>	5,550,598	2,107,422	1,901,879	9,559,899
<b>FUND BALANCES:</b>				
Beginning of year	16,695,812	9,349,274	41,880,953	67,926,039
End of year	<u>\$ 22,246,410</u>	<u>\$ 11,456,696</u>	<u>\$ 43,782,832</u>	<u>\$ 77,485,938</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, 2019**

---

**Net Change in Fund Balances - Total Governmental Funds** \$ 9,559,899

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

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

Total capital outlay expenditures reported in governmental funds,	\$ 4,002,436	
Less: acquisition of internal service fund capital assets	-	
Less: repair and maintenance expenditures	<u>(82,188)</u>	3,920,248

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 \$146,932 reported in the Internal Service Fund. (7,168,421)

The net effect on disposal of capital assets. (10,192)

Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds. (75,000)

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. Therefore, OPEB expense is not reported as an expenditure in governmental funds except for \$414,193 reported in the Internal Service Fund. 725,651

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. (84,442)

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. Therefore, pension expense is not reported as expenditures in the governmental funds except for \$412,311 reported in the Internal Service Fund. (3,205,241)

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. (1,991,297)

**Change in Net Position of Governmental Activities** \$ 1,671,205

**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, 2019**

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 13,241,199	\$ 7,300,522
Accounts receivable	1,633,320	270,995
Due from other governments	79,846	-
Due from other funds	-	1,244,052
Inventories	-	124,366
Prepaid items	5,399	-
<b>Total current assets</b>	<b>14,959,764</b>	<b>8,939,935</b>
Noncurrent assets:		
Nondepreciable capital assets	360,860	-
Depreciable capital assets, net of accumulated depreciation	3,531,640	952,758
<b>Total noncurrent assets</b>	<b>3,892,500</b>	<b>952,758</b>
<b>Total assets</b>	<b>18,852,264</b>	<b>9,892,693</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows of resources	741,955	847,949
Other postemployment benefits related deferred outflows of resources	325,951	372,515
<b>Total deferred outflows of resources</b>	<b>1,067,906</b>	<b>1,220,464</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	621,153	951,556
Accrued salaries and benefits	33,958	41,327
Accrued liabilities	5,399	-
Interest payable	203,067	-
Deposits	1,267,792	-
Due to other funds	-	-
Compensated absences, due within one year	131,087	-
Claims payable, due within one year	-	1,920,191
<b>Total current liabilities</b>	<b>2,262,456</b>	<b>2,913,074</b>
Long-term liabilities:		
Compensated absences, due in more than one year	8,367	-
Claims payable, due in more than one year	-	458,408
Aggregate net pension liabilities	4,753,530	5,432,606
Net other postemployment benefits liabilities	6,862,959	7,843,381
<b>Total long-term liabilities</b>	<b>11,624,856</b>	<b>13,734,395</b>
<b>Total liabilities</b>	<b>13,887,312</b>	<b>16,647,469</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related deferred inflows of resources	249,833	225,265
Other postemployment benefits related deferred inflows of resources	22,236	25,412
<b>Total deferred inflows of resources</b>	<b>272,069</b>	<b>250,677</b>
<b>NET POSITION</b>		
Investment in capital assets	3,892,500	952,758
Unrestricted (deficit)	1,868,289	(6,737,747)
<b>Total net position</b>	<b>\$ 5,760,789</b>	<b>\$ (5,784,989)</b>

See accompanying Notes to the Basic Financial Statements

**City of Hemet**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Funds
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 11,445,689	\$ 14,287,839
Miscellaneous	60,429	223,938
<b>Total operating revenues</b>	<b>11,506,118</b>	<b>14,511,777</b>
<b>OPERATING EXPENSES:</b>		
Personal services	2,946,472	5,705,950
Parts and supplies	554,764	1,229,595
Maintenance	1,341,593	1,173,827
Utilities	233,151	694,584
Water purchases	381,304	-
Contracts, rents, and leases	101,412	296,241
Insurance	111,900	3,179,449
Claims and judgments	-	5,320,548
General office	372,372	-
Enterprise assessments	2,563,784	-
Depreciation	654,147	146,932
<b>Total operating expenses</b>	<b>9,260,899</b>	<b>17,747,126</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,245,219</b>	<b>(3,235,349)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment income	349,895	-
<b>Total nonoperating revenues (expenses)</b>	<b>349,895</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>2,595,114</b>	<b>(3,235,349)</b>
<b>TRANSFERS:</b>		
Transfers in	-	1,244,052
Transfers out	(162,678)	-
<b>Total transfers</b>	<b>(162,678)</b>	<b>1,244,052</b>
<b>Changes in net position</b>	<b>2,432,436</b>	<b>(1,991,297)</b>
<b>NET POSITION:</b>		
Beginning of the year	3,328,353	(3,793,692)
End of the year	<b>\$ 5,760,789</b>	<b>\$ (5,784,989)</b>

**City of Hemet**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received for services from customers or other funds	\$ 11,532,579	\$ 13,005,357
Cash payments to suppliers for goods and services	(5,636,524)	(3,277,693)
Cash payments to employees for services	(2,886,655)	(4,879,698)
Cash payment for insurance	(111,900)	(6,878,229)
<b>Net cash provided by (used in) operating activities</b>	<b>2,897,500</b>	<b>(2,030,263)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of capital assets	(372,855)	-
<b>Net cash (used in) capital and related financing activities</b>	<b>(372,855)</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash paid to other funds	(162,678)	-
<b>Net cash (used in) noncapital financing activities</b>	<b>(162,678)</b>	<b>1,244,052</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	350,136	-
<b>Net cash provided by investing activities</b>	<b>350,136</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>2,712,103</b>	<b>(786,211)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	10,529,096	8,086,733
End of year	<b>\$ 13,241,199</b>	<b>\$ 7,300,522</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 2,245,219	\$ (3,235,349)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	654,147	146,932
(Increase) decrease in accounts receivable	(57,567)	(262,368)
(Increase) decrease in due from other governments	(1,200)	-
(Increase) decrease in due from other funds	-	(1,244,052)
(Increase) decrease in inventories	-	33,874
(Increase) decrease in deferred outflows of resources related to pension	413,143	389,658
(Increase) decrease in deferred outflows of resources related to other postemployment benefits	(325,951)	(372,515)
Increase (decrease) in accounts payable	(88,144)	637,557
Increase (decrease) in accrued wages and benefits payable	(9,462)	(252)
Increase (decrease) in due to other funds	-	-
Increase (decrease) in deposits	85,228	-
Increase (decrease) in claims payable	-	1,066,891
Increase (decrease) in compensated absences	(36,989)	-
Increase (decrease) in net pension liabilities	(376,875)	(64,257)
Increase (decrease) in net other postemployment benefits liabilities	253,853	762,196
Increase (decrease) in deferred inflows of resources related to pension	120,702	86,910
Increase (decrease) in deferred inflows of resources related to other postemployment benefits	21,396	24,512
Total adjustments	652,281	1,205,086
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,897,500</b>	<b>\$ (2,030,263)</b>

See accompanying Notes to the Basic Financial Statements

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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 Heartland CFD 2006.

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**City of Hemet**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	Successor Agency Private-purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and investments	\$ 563,842	\$ 394,234
Accounts receivable	-	19,856
Due from other funds	-	659,204
Notes receivable	168,309	-
Land held for resale	2,208,773	-
Investments with fiscal agent	-	1,236,879
Restricted Assets:		
Investments with fiscal agent	40,143	-
<b>Total assets</b>	<b>2,981,067</b>	<b>\$ 2,310,173</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	7,670	\$ 1,055,516
Accrued salaries and benefits	-	-
Deposits	-	595,453
Due to other funds	-	659,204
Interest payable	121,515	-
Bonds payable, due within one year	530,000	-
Total current liabilities	659,185	2,310,173
Noncurrent liabilities:		
Bonds payable, due in more than one year	9,104,740	-
Total noncurrent liabilities	9,104,740	-
<b>Total liabilities</b>	<b>9,763,925</b>	<b>\$ 2,310,173</b>
<b>NET POSITION</b>		
Net position (deficit) held in trust for Successor Agency	<b>\$ (6,782,858)</b>	

**City of Hemet**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2019**

---

	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS:</b>	
Redevelopment property tax trust fund	\$ 1,154,544
Investment income	460
<b>Total additions</b>	<b>1,155,004</b>
<b>DEDUCTIONS:</b>	
Administrative costs	253,611
Interest and fiscal charges	324,241
<b>Total deduction</b>	<b>577,852</b>
<b>CHANGE IN NET POSITION</b>	<b>577,152</b>
<b>NET POSITION:</b>	
Beginning of year	(7,360,010)
End of year	\$ (6,782,858)

**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, 2019**

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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, 2019**

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**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 Policies**

**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.

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 2 – Summary of Significant Accounting Policy (Continued)**

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

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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, 2019**

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**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, 2019**

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**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 Heartland CFD 2006.

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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, 2019**

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**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, 2019**

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**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 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 of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**L. Compensated Absences (Continued)**

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.

**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 Debt**

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 position. In the Fiduciary Fund Financial Statements, 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, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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.

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**P. Other Postemployment Benefits (“OPEB”)**

For the purpose of measuring total OPEB liability, OPEB expense, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The following timeframes are used for OPEB reporting:

Valuation Date	January 1, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

**Q. 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.

**R. 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.

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**S. 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.

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, 2019**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**T. 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

**U. 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 <sup>st</sup> Installment February 1, 2 <sup>nd</sup> Installment
Collection Date	December 1, 1 <sup>st</sup> Installment April 10, 2 <sup>nd</sup> 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 uncollectable) 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, 2019**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**V. 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.

**W. Accounting Changes**

GASB Statement No. 83, *Certain Asset Retirement Obligations (GASB 83)*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2019

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (GASB 88)*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2019

**Note 3 – Cash and Investments**

At June 30, 2019, Cash and investments are classified in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position			Statement of	
	Governmental Activities	Business-type Activities	Total	Fiduciary Net Position	Total
Cash and Investments	\$ 76,889,691	\$ 13,241,199	\$ 90,130,890	\$ 958,076	\$ 91,088,966
Investments with Fiscal Agent	-	-	-	1,277,022	1,277,022
Total Cash and Investments	\$ 76,889,691	\$ 13,241,199	\$ 90,130,890	\$ 2,235,098	\$ 92,365,988

At June 30, 2019, Cash and Investments consist of the following:

Cash on Hand	\$ 8,045
Deposits with Financial Institutions	29,191,167
Investments	61,889,754
Investments with fiscal agent	1,277,022
Total Cash and Investments	\$ 92,365,988

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 3 – Cash and Investments (Continued)**

**A. Demand Deposits**

The carrying amount of the City's cash deposits were \$29,191,167 at June 30, 2019. Bank balances before reconciling items were \$29,877,016 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

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

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

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

The table below identifies the investment types that are authorized by the City's investment policy and the California Government Code. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investments In One Issuer*
U.S. Treasury Obligations	None	None	None
U.S. Agency's Securities	5 Years	None	None
Banker's Acceptances	180 days	40%	None
Commercial Paper	270 days	15%	10%
Negotiable Certificates of Deposit ("CD")	5 Years	30%	None
Repurchase Agreements	30 days	10%	None
Municipal Bonds	5 Years	20%	None
Medium-Term Notes	5 Years	20%	5%
Money Market Mutual Fund	N/A	10%	None
Local Agency Investment Fund ("LAIF")	N/A	90%	None

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

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 3 – Cash and Investments (Continued)**

**C. Investments Authorized by Debt Agreements**

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

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

**D. Fair Value Measurement**

At June 30, 2019, 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, 2019:

Investment Type	Total	Measurement Input	
		Level 2	Not subject to measurement
U.S. Government Sponsored:			
Enterprise Securities	\$ 9,419,316	\$ 9,419,316	\$ -
LAIF	22,859,893	-	22,859,893
Municipal Obligations	10,481,000	10,481,000	-
Negotiable CD	8,780,410	8,780,410	-
Medium-Term Notes	10,349,135	10,349,135	-
Held by Fiscal Agent:			
Money Market Mutual Funds	1,277,022	1,277,022	-
<b>Total</b>	<b>\$ 63,166,776</b>	<b>\$ 40,306,883</b>	<b>\$ 22,859,893</b>

Investments in U.S. government sponsored enterprise securities, municipal obligations and medium-term notes are valued based on institutional bond quotes. Investments in negotiable certificates of deposits are valued based on certificate of deposits pricing.

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 3 – Cash and Investments (Continued)**

**E. Risk Disclosures**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Authorized Investment Type	Carrying Amount	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25 to 36 Months	36 to 48 Months	48 to 60 Months	More Than 60 Months
U.S. Government Sponsored:							
Enterprise Securities	\$ 9,419,316	\$ 1,000,210	\$ 3,990,185	\$ 2,680,112	\$ 1,748,809	\$ -	\$ -
LAIF	22,859,893	22,859,893	-	-	-	-	-
Municipal Obligations	10,481,000	-	2,710,174	2,774,512	2,317,991	507,088	2,171,235
Negotiable CD	8,780,410	2,218,002	1,991,334	1,771,887	1,773,759	777,137	248,291
Medium-Term Notes	10,349,135	1,499,570	3,006,440	1,001,320	2,781,645	2,060,160	-
Held by Fiscal Agent:							
Money Market Mutual Funds	1,277,022	1,277,022	-	-	-	-	-
<b>Total</b>	<b>\$63,166,776</b>	<b>\$ 28,854,697</b>	<b>\$ 11,698,133</b>	<b>\$ 8,227,831</b>	<b>\$ 8,622,204</b>	<b>\$ 3,344,385</b>	<b>\$ 2,419,526</b>

**Disclosures Relating to Credit Risk**

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

Investment Type	Total	Minimum Legal Rating	Rating			
			AAA	AA	A	Not Rated
U.S. Government Sponsored						
Enterprise Securities	\$ 9,419,316	N/A	\$ -	\$ 9,419,316	\$ -	\$ -
LAIF	22,859,893	N/A	-	-	-	22,859,893
Municipal Obligations	10,481,000	A	1,021,980	8,126,313	1,332,707	-
Negotiable CD	8,780,410	N/A	-	-	-	8,780,410
Medium-Term Notes	10,349,135	A	998,220	4,782,855	4,568,060	-
Held by Fiscal Agent:						
Money Market Mutual Funds	1,277,022	AAA	1,277,022	-	-	-
<b>Total</b>	<b>\$63,166,776</b>		<b>\$ 3,297,222</b>	<b>\$ 22,328,484</b>	<b>\$ 5,900,767</b>	<b>\$ 31,640,303</b>

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 3 – Cash and Investments (Continued)**

**E. Risk Disclosures (Continued)**

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City's investments in Federal Farm Credit Bank Notes amounted to \$3,989,860, representing 6.3% of the City's total 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, 2019, the City deposits (bank balances were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California law.

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

**F. Investment in Local Agency Investment Fund ("LAIF")**

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2019 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.

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 3 – Cash and Investments (Continued)**

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

As of June 30, 2019, the City had \$22,859,893 invested in LAIF, which had invested 1.77% 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, 2019.

**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, 2019:

Due to Other Funds	Due from Other Funds				
	General Fund	Other Governmental Funds	Internal Service Funds	Agency Funds	Total
General Fund	\$ -	\$ -	\$ 1,107,204	\$ -	\$ 1,107,204
Sewer and Storm Drain Fund	-	-	37,322	-	37,322
Other Governmental Funds	593,640	387,668	99,526	-	1,080,834
Agency Funds	-	-	-	659,204	659,204
<b>Total</b>	<b>\$ 593,640</b>	<b>\$ 387,668</b>	<b>\$ 1,244,052</b>	<b>\$ 659,204</b>	<b>\$ 2,884,564</b>

These were the result of routine, short-term interfund borrowing to eliminating temporary deficit cash balances and for costs related to pension and OPEB.

**B. Transfers In and Out**

Transfers In	Transfers Out				Total
	General Fund	Sewer and Storm Drain Fund	Other Governmental Funds	Water Enterprise Fund	
General Fund	\$ -	\$ -	\$ -	\$ 162,678	\$ 162,678
Internal Service Funds	1,107,204	37,322	99,526	-	1,244,052
Other Governmental Funds	20,004	-	-	-	20,004
<b>Total</b>	<b>\$ 1,127,208</b>	<b>\$ 37,322</b>	<b>\$ 99,526</b>	<b>\$ 162,678</b>	<b>\$ 1,426,734</b>

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 \$162,678 to General Fund to cover water use at the city parks.

A total of \$20,004 was transferred from the General Fund to the Gas Tax fund for the General Fund maintenance of effort for Measure A. A total of \$1,244,052 was transferred to the Internal Service Funds for costs related to pension and OPEB expenses.

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 4 – Interfund Transactions (Continued)**

**C. Advances To and From**

	<b>Advances from Other Funds</b>
<b>Advances to Other Funds</b>	Other Governmental Funds
Other Governmental Funds	\$ 354,137

During the year advances were made from the Flood Control Capital Projects Fund to the Fire Facilities Capital Projects Fund for projects to be completed in the following year.

**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, 2019 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:

	Governmental Activities
Notes Receivables	\$ 10,064,127
Less: Allowance for Forgivable Notes	(5,858,565)
Total	\$ 4,205,562

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 6 – Capital Assets**

**A. Governmental Activities**

Summary of changes in capital assets for the governmental activities, including internal service funds, for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
<b>Capital Assets, Not Being Depreciated:</b>					
Land and Improvements	\$ 12,348,575	\$ -	\$ -	\$ -	\$ 12,348,575
Rights of Way	190,468,181	-	-	-	190,468,181
CIP - Infrastructure	2,921,293	2,602,518	(10,192)	(363,947)	5,149,672
<b>Total Capital Assets, Not Being Depreciated</b>	<b>205,738,049</b>	<b>2,602,518</b>	<b>(10,192)</b>	<b>(363,947)</b>	<b>207,966,428</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings and Improvements	27,490,325	-	-	-	27,490,325
Buildings and Improvements - ISF	75,899	-	-	-	75,899
Machinery and Equipment	37,152,791	1,317,730	-	-	38,470,521
Machinery and Equipment - ISF	5,499,088	-	-	-	5,499,088
Infrastructure					
Pavement	151,965,545	-	-	209,219	152,174,764
Medians	163,384	-	-	-	163,384
Sidewalks	18,572,936	-	-	146,855	18,719,791
Curb and Gutter	16,575,428	-	-	7,873	16,583,301
Traffic Signal	6,925,933	-	-	-	6,925,933
Street Lights	3,862,335	-	-	-	3,862,335
Bridges	4,326,295	-	-	-	4,326,295
Storm Drain/Retention Basins	11,458,176	-	-	-	11,458,176
<b>Total Capital Assets being Depreciated</b>	<b>284,068,135</b>	<b>1,317,730</b>	<b>-</b>	<b>363,947</b>	<b>285,749,812</b>
<b>Less Accumulated Depreciation:</b>					
Buildings and Improvements	(13,549,912)	(622,858)	-	-	(14,172,770)
Buildings and Improvements - ISF	(70,932)	(857)	-	-	(71,789)
Machinery and Equipment	(31,143,510)	(1,265,092)	-	-	(32,408,602)
Machinery and Equipment - ISF	(4,398,036)	(146,075)	-	-	(4,544,111)
Infrastructure					
Pavement	(108,013,403)	(4,261,664)	-	-	(112,275,067)
Medians	(68,075)	(5,446)	-	-	(73,521)
Sidewalks	(4,718,719)	(248,618)	-	-	(4,967,337)
Curb and Gutter	(4,320,079)	(221,059)	-	-	(4,541,138)
Traffic Signal	(4,380,716)	(174,342)	-	-	(4,555,058)
Street Lights	(2,684,011)	(144,591)	-	-	(2,828,602)
Bridges	(1,129,023)	(57,684)	-	-	(1,186,707)
Storm Drain/Retention Basins	(2,582,146)	(167,067)	-	-	(2,749,213)
<b>Total Accumulated Depreciation</b>	<b>(177,058,562)</b>	<b>(7,315,353)</b>	<b>-</b>	<b>-</b>	<b>(184,373,915)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>107,009,573</b>	<b>(5,997,623)</b>	<b>-</b>	<b>363,947</b>	<b>101,375,897</b>
<b>Capital Assets, Net</b>	<b>\$ 312,747,622</b>	<b>\$ (3,395,105)</b>	<b>\$ (10,192)</b>	<b>\$ -</b>	<b>\$ 309,342,325</b>

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 6 – Capital Assets (Continued)**

**A. Governmental Activities (Continued)**

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

<b>Governmental Activities:</b>	
General Government	\$ 592,003
Public Safety	1,001,387
Community Development	169,716
Public works	5,088,560
Libraries	316,755
Internal Service	146,932
Total depreciation expense	\$ 7,315,353

**B. Business-Type Activities**

Summary of changes in capital assets for the business-type activities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 32,975	\$ -	\$ -	\$ 32,975
Construction in Progress	-	327,885	-	327,885
<b>Total Capital Assets, Not Being Depreciated</b>	32,975	327,885	-	360,860
<b>Capital Assets Being Depreciated:</b>				
Buildings and Improvements	27,870,005	-	-	27,870,005
Machinery and Equipment	6,165,674	44,970	-	6,210,644
<b>Total Capital Assets being Depreciated</b>	34,035,679	44,970	-	34,080,649
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(25,160,965)	(40,482)	-	(25,201,447)
Machinery and Equipment	(4,733,897)	(613,665)	-	(5,347,562)
<b>Total Accumulated Depreciation</b>	(29,894,862)	(654,147)	-	(30,549,009)
<b>Total Capital Assets Being Depreciated, Net</b>	4,140,817	(609,177)	-	3,531,640
<b>Capital Assets, Net</b>	\$ 4,173,792	\$ (281,292)	\$ -	\$ 3,892,500

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

<b>Business-type Activities:</b>	
Water	\$ 654,147
Total depreciation expense	\$ 654,147

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Long-Term Liabilities**

**A. Governmental Activities**

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year	Due in More than One Year
<b>Governmental Activities:</b>						
Compensated Absences	\$ 2,911,006	\$ 1,020,301	\$ (935,859)	2,995,448	\$ 2,815,721	\$ 179,727
Claims Payable	1,311,708	10,315,274	(9,248,383)	2,378,599	1,920,191	458,408
Other Postemployment Benefit (Note 10)	40,598,793	5,315,941	(3,756,559)	42,158,175	-	42,158,175
Aggregate Net Pension Liabilities (Note 9)	91,872,939	26,972,808	(27,884,539)	90,961,208	-	90,961,208
<b>Total Governmental Activity</b>						
<b>Long-Term Liabilities</b>	<u>\$ 136,694,446</u>	<u>\$ 43,624,324</u>	<u>\$ (41,825,340)</u>	<u>\$ 138,493,430</u>	<u>\$ 4,735,912</u>	<u>\$ 133,757,518</u>

Pension and Other Postemployment Benefits Liabilities

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

Compensated Absences

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, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year	Due in More than One Year
<b>Business-type Activities</b>						
Compensated Absences	\$ 176,443	\$ 54,452	\$ (91,441)	\$ 139,454	\$ 131,087	\$ 8,367
Other Postemployment Benefit (Note 10)	6,609,106	865,386	(611,533)	6,862,959	-	6,862,959
Aggregate Net Pension Liabilities (Note 9)	5,130,405	1,466,378	(1,843,253)	4,753,530	-	4,753,530
<b>Total Business-type Activities</b>						
<b>Long-term Liabilities</b>	<u>\$ 11,915,954</u>	<u>\$ 2,386,216</u>	<u>\$ (2,546,227)</u>	<u>\$ 11,755,943</u>	<u>\$ 131,087</u>	<u>\$ 11,624,856</u>

Pension and Other Postemployment Benefits Liabilities

Pension and OPEB 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, 2019**

**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, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year	Due in More than One Year
<b>Fiduciary Fund:</b>						
Bonds Payable:						
2014 Tax Allocation Refunding Bonds	\$ 9,575,000	\$ -	\$ (505,000)	\$ 9,070,000	\$ 530,000	\$ 8,540,000
Total bonds payable	9,575,000	-	(505,000)	9,070,000	530,000	8,540,000
Bond Premium:						
2014 Tax Allocation Refunding Bonds	610,939	-	(46,199)	564,740	-	564,740
<b>Total Fiduciary Fund Long-term Liabilities</b>	<b>\$ 10,185,939</b>	<b>\$ -</b>	<b>\$ (551,199)</b>	<b>\$ 9,634,740</b>	<b>\$ 530,000</b>	<b>\$ 9,104,740</b>

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, 2019 was \$9,070,000.

The debt service to maturity is as follows:

June 30,	Principal	Interest	Total
2020	\$ 530,000	\$ 364,544	\$ 894,544
2021	545,000	343,344	888,344
2022	575,000	316,094	891,094
2023	610,000	287,344	897,344
2024	635,000	256,844	891,844
2025-2029	3,650,000	818,462	4,468,462
2030-2032	2,525,000	174,537	2,699,537
Total	<b>\$ 9,070,000</b>	<b>\$ 2,561,169</b>	<b>\$ 11,631,169</b>

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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, 2019 is \$7,110,000.

**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	\$ 300,000,000 All risk Various Sub-limits per policy	\$ 5,000 All risk \$10,000 vehicles at actual cash value \$10,000 vehicles at replacement cost value except \$100,000 for vehicle valued at \$250,000 or more. \$10,000 for mobile equipment \$5,000 boiler and machinery
Excess Liability	\$25,000,000 total limit inclusive of SIR \$5,000,000 pool layer inclusive of SIR \$5,000,000 reissuance layer 1 \$5,000,000 reinsurance layer 2 \$10,000,000 reinsurance layer 3	\$250,000 SIR per occurrence, offense or wrongful act SIR
Primary Workers' Comp	\$125,000	None
Excess Workers' Comp	\$4,875,000 pooled layer (includes \$125,000 limit above) \$45,000,000 excess of \$5,000,000 Statutory excess of \$50,000,000	\$125,000
Cyber Liability Program	\$2,000,000 per occurrence \$25,000,000 program aggregate various sub-limits apply	\$50,000 SIR
Cyber Liability Program Excess Layer 1	\$15,000,000 aggregate limit \$3,000,000 per member	Excess limits layer is added
Cyber Liability Program Excess Layer 2	\$10,000,000 aggregate limit \$2,000,000 per member	Excess limits layer is added
Crime	\$1,000,000	\$2,500

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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

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

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

Insurance Type	Beginning Balance	Claims Incurred	Claim Payments	Ending Balance	Current Portion	Long Term Portion
2016-2017 Total	\$ 1,328,457	\$ 7,330,694	\$ (7,393,253)	\$ 1,265,898	\$ 870,242	\$ 395,656
2017-2018						
Dental - Vision	\$ 40,350	\$ 15,806	\$ (4,602)	\$ 51,554	\$ 51,554	\$ -
Workers' Comp	241,678	131,380	-	373,058	10,000	363,058
Liability	983,870	7,649,223	(7,745,997)	887,096	665,322	221,774
2017-2018 Total	\$ 1,265,898	\$ 7,796,409	\$ (7,750,599)	\$ 1,311,708	\$ 726,876	\$ 584,832
Dental - Vision	\$ 51,554	\$ 40,509	\$ (40,387)	\$ 51,676	\$ 51,676	\$ -
Workers' Comp	373,058	821,674	(726,324)	468,408	10,000	458,408
Liability	887,096	9,453,091	(8,481,672)	1,858,515	1,858,515	-
2018-2019 Total	\$ 1,311,708	\$ 10,315,274	\$ (9,248,383)	\$ 2,378,599	\$ 1,920,191	\$ 458,408

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

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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, 2019 is as follow:

<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Deferred outflows of resources:</b>			
Pension contribution made after measurement date			
Miscellaneous	\$ 3,258,693	\$ 530,485	\$ 3,789,178
Safety	6,604,854	-	6,604,854
Difference between expected and actual experience			
Safety	2,159,687	-	2,159,687
Changes of assumptions			
Miscellaneous	1,181,119	192,275	1,373,394
Safety	4,757,260	-	4,757,260
Difference in projected and actual earnings on pension investments			
Miscellaneous	117,915	19,195	137,110
Safety	118,346	-	118,346
<b>Total deferred outflows of resources</b>	<b>\$ 18,197,874</b>	<b>\$ 741,955</b>	<b>\$ 18,939,829</b>
<b>Net pension liabilities:</b>			
Net pension liabilities			
Miscellaneous	\$ 29,200,258	\$ 4,753,530	\$ 33,953,788
Safety	61,760,930	-	61,760,930
<b>Total net pension liabilities</b>	<b>\$ 90,961,188</b>	<b>\$ 4,753,530</b>	<b>\$ 95,714,718</b>
<b>Deferred inflows of resources:</b>			
Difference between expected and actual experience			
Miscellaneous	\$ 1,210,798	\$ 197,106	\$ 1,407,904
Safety	535,958	-	535,958
Changes in assumptions			
Miscellaneous	323,891	52,727	376,618
Safety	440,623	-	440,623
<b>Total deferred inflows of Resources</b>	<b>\$ 2,511,270</b>	<b>\$ 249,833</b>	<b>\$ 2,761,103</b>
<b>Pension expenses:</b>			
Miscellaneous	\$ 4,221,883	\$ 687,283	\$ 4,909,166
Safety	2,654,477	-	2,654,477
<b>Total pension expenses</b>	<b>\$ 6,876,360</b>	<b>\$ 687,283</b>	<b>\$ 7,563,643</b>

**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, 2017 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.

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 9 – City Employees Retirement Plan (Continued)**

**A. General Information about the Pension Plan (Continued)**

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 PEPRA Safety member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 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 PEPRA 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 PEPRA 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 PEPRA 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, 2019**

**Note 9 – City Employees Retirement Plan (Continued)**

**A. General Information about the Pension Plan (Continued)**

Employees Covered by Benefit Terms

At June 30, 2017, the valuation date, the following employees were covered by the benefit terms:

	Plans	
	Miscellaneous	Safety
Active employees	173	120
Transferred and terminated employees	101	64
Retired Employees and Beneficiaries	284	178
Total	558	362

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, 2018, the active employee contribution rates were 8.000% and 9.000% of annual pay, and the employer’s contribution rates were 29.820% and 53.767% 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, 2017 valuation was rolled forward to determine the June 30, 2018 total net pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% 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 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

<sup>1</sup>The mortality table used was developed based on CalPERS’ specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 9 – City Employees Retirement Plan (Continued)**

**B. Net Pension Liability (Continued)**

Change of Assumptions

There is no change during this year.

Discount Rate

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

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both the short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class <sup>1</sup>	New Strategic Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

<sup>1</sup> In the CalPERS's CAFR, Fixed Income is included in Global Debt Securities;  
Liquidity is included in the Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

<sup>2</sup> An expected inflation of 2.00% used

<sup>3</sup> An expected inflation of 2.92% used

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 9 – City Employees Retirement Plan (Continued)**

**C. Changes in the Net Pension Liability**

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

	<b>Miscellaneous Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (c) = (a) - (b)</b>
Balance at June 30, 2017 (Valuation Date)	\$ 119,590,880	\$ 82,945,129	\$ 36,645,751
Changes Recognized for the Measurement Period:			
Service cost	1,857,379	-	1,857,379
Interest on the total pension liability	8,241,843	-	8,241,843
Changes of benefit terms	-	-	-
Changes of assumptions	(585,850)	-	(585,850)
Differences between expected and actual experience	(1,731,724)	-	(1,731,724)
Net plan to plan resource movement	-	(204)	204
Contributions from the employer	-	3,136,888	(3,136,888)
Contributions from employees	-	745,420	(745,420)
Net investment income	-	6,966,209	(6,966,209)
Benefit payments, including refunds of employee contributions	(5,862,944)	(5,862,944)	-
Administrative expenses	-	(129,251)	129,251
Other miscellaneous income/(expense)	-	(245,451)	245,451
Net Changes during July 1, 2017 to June 30, 2018	<u>1,918,704</u>	<u>4,610,667</u>	<u>(2,691,963)</u>
Balance at June 30, 2018 (Measurement Date)	<u>\$ 121,509,584</u>	<u>\$ 87,555,796</u>	<u>\$ 33,953,788</u>

	<b>Safety Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (c) = (a) - (b)</b>
Balance at June 30, 2017 (Valuation Date)	\$ 167,315,811	\$ 106,958,218	\$ 60,357,593
Changes Recognized for the Measurement Period:			
Service cost	3,255,817	-	3,255,817
Interest on the total pension liability	11,907,636	-	11,907,636
Changes of benefit terms	-	-	-
Changes of assumptions	(582,760)	-	(582,760)
Difference between expected and actual experience	2,318,140	-	2,318,140
Net plan to plan resource movement	-	(265)	265
Contributions from the employer	-	5,494,582	(5,494,582)
Contributions from employees	-	1,429,167	(1,429,167)
Net investment income	-	9,055,192	(9,055,192)
Benefit payments, including refunds of employee contributions	(8,277,450)	(8,277,450)	-
Administrative expenses	-	(166,670)	166,670
Other miscellaneous income/(expense)	-	(316,510)	316,510
Net Changes during July 1, 2017 to June 30, 2018	<u>8,621,383</u>	<u>7,218,046</u>	<u>1,403,337</u>
Balance at June 30, 2018 (Measurement Date)	<u>\$ 175,937,194</u>	<u>\$ 114,176,264</u>	<u>\$ 61,760,930</u>

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 9 – City Employees Retirement Plan (Continued)**

**C. Changes in the Net Pension Liability (Continued)**

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 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	\$ 50,303,168	\$ 33,953,788	\$ 20,504,672
Safety Plan	\$ 87,119,299	\$ 61,760,930	\$ 41,172,327

Pension plan fiduciary net position

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

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

For the measurement period ending June 30, 2018, the City incurred a pension expense of \$4,909,166 and \$2,654,477 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 the miscellaneous plan and the safety plan for the 2017-2018 measurement period are 2.8 years and 4.1, which were obtained by dividing the total service years of 1,745 and 1,530 (the sum of remaining service lifetimes of the active employees) by 630 and 374 (the total number of participants: active, inactive, and retired).

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan		Safety Plan	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 3,789,178	\$ -	\$ 6,604,854	\$ -
Changes of assumptions	1,373,394	(376,618)	4,757,260	(440,623)
Difference between expected and actual experience	-	(1,407,904)	2,159,687	(535,958)
Net difference between projected and actual earning on pension plan investments	137,110	-	118,346	-
Total	\$ 5,299,682	\$ (1,784,522)	\$ 13,640,147	\$ (976,581)

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 9 – City Employees Retirement Plan (Continued)**

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

Deferred outflows of resources related to pensions resulting from the City’s contributions made subsequent to the measurement date but before the end of the reporting period will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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	Deferred Outflows/(Inflows) of Resources	
	Miscellaneous Plan	Safety Plan
2019	\$ 1,284,368	\$ 4,477,422
2020	(450,033)	2,553,165
2021	(879,484)	(712,946)
2022	(228,869)	(258,929)
2023	-	-
Thereafter	-	-
	<u>\$ (274,018)</u>	<u>\$ 6,058,712</u>

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 7.00 percent the next three years. This will increase the City’s employer contribution costs beginning in fiscal year 2018-19.

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**

At June 30, 2018, total OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follow:

	Governmental Activities	Business-Type Activities	Total
<b>Net other postemployment benefit liability</b>	<u>\$ 42,158,175</u>	<u>\$ 6,862,959</u>	<u>\$ 49,021,134</u>
<b>Deferred outflows of resources:</b>			
Change in assumptions	\$ 2,002,270	\$ 325,951	\$ 2,328,221
<b>Total deferred outflows of resources</b>	<u>\$ 2,002,270</u>	<u>\$ 325,951</u>	<u>\$ 2,328,221</u>
<b>Deferred inflows of resources:</b>			
Expected and actual experience	\$ 134,586	\$ 21,910	\$ 156,496
Investment earnings	2,005	326	2,331
<b>Total deferred inflows of resources</b>	<u>\$ 136,591</u>	<u>\$ 22,236</u>	<u>\$ 158,827</u>
<b>OPEB expense</b>	<u>\$ 3,225,546</u>	<u>\$ 525,088</u>	<u>\$ 3,750,634</u>

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 10 – Other Postemployment Benefits (Continued)**

**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. Eligibility**

Employees of the city are eligible for retiree health benefits if they are between 50-55 years of age or disability retire directly from the City as of the last day of work prior to retirement and are a vested member of CalPERS. Membership in the plan consisted of the following at January 1, 2019, the date of the latest actuarial valuation:

<u>Employee Information</u>	
Active plan members	270
Inactive employees or beneficiaries currently receiving benefit payments	<u>236</u>
<b>Total</b>	<b><u><u>506</u></u></b>

**C. Contribution**

The obligation of the City to contribute to the plan is established and may be amended by the City Council. For the fiscal year ended June 30, 2019, the City's average contribution rate was not applicable. The initial contribution of \$750,000 was made November 2016. An annual \$200,000 trust contribution began in fiscal year 2018. The City pays benefit payments outside of the trust. Employees are not required to contribute to the plan.

**D. Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019.

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 10 – Other Postemployment Benefits (Continued)**

**D. Net OPEB Liability (Continued)**

**Actuarial Methods and Assumptions**

The total OPEB liability is the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Assumptions	
Actuarial Valuation Date	January 1, 2019
Discount Rate	6.25%
Expected Long-Term Investment Rate of Return	6.25%
Inflation	2.75%
Mortality Improvement	Mortality Improvement Scale MP-2018
Mortality, Termination, and Disability	CalPERS 1997-2015 Experience Study
Salary Increases	Aggregate - 3% annually Merit - CalPERS 1997-2015 Experience Study
Rate of Return on Assets	Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.30% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Dental/Vision trend	2.75%

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period 1997 through 2015.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

	<b>Target Allocation PARS -Balance</b>	<b>Expected Real Rate of Return</b>
Asset Class Component		
Global Equity	58%	4.82%
Fixed Income	35%	1.47%
REITs	2%	3.76%
Cash	5%	0.06%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.25%

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 10 – Other Postemployment Benefits (Continued)**

**D. Net OPEB Liability (Continued)**

**Change in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018	\$ 48,275,036	\$ 1,067,137	\$ 47,207,899
Changes Recognized for the Measurement Period:			
Service cost	359,700	-	359,700
Interest on the total OPEB liability	2,919,091	-	2,919,091
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(191,273)	-	(191,273)
Changes of assumptions	2,845,604	-	2,845,604
Contributions from the employer	-	4,112,794	(4,112,794)
Contributions from the employee	-	-	-
Net investment income	-	64,025	(64,025)
Benefit payments	(3,858,552)	(3,858,552)	-
Administrative expenses	-	(56,932)	56,932
Net Changes	2,074,570	261,335	1,813,235
Balance at June 30, 2019	\$ 50,349,606	\$ 1,328,472	\$ 49,021,134

**Sensitivity of the net OPEB Liability to Changes in the Discount Rate**

The following present the total OPEB liability of the city, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current discount rate:

Plan's Net OPEB Liability / (Asset)		
Discount Rate -1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate +1% (7.25%)
\$ 54,603,186	\$ 49,021,134	\$ 44,342,892

**Sensitivity of the Total OPEB Liability to Changes in the Health Care cost Trend Rates**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Plan's Net OPEB Liability / (Asset)		
1% Decrease	Current Trend	1% Increase
\$ 44,382,466	\$ 49,021,134	\$ 54,514,752

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 10 – Other Postemployment Benefits (Continued)**

**D. Net OPEB Liability (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the measurement period ended June 30, 2019, the City recognized expense of \$3,750,634. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ (156,496)
Changes of assumptions	2,328,221	-
Net difference between projected and actual earnings on plan investments	-	(2,331)
Total	\$ 2,328,221	\$ (158,827)

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 5.5 years, which was determined as of July 1, 2018, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

Other amount reported as deferred inflows of resources related to OPEB will be recognized in the future OPEB expense as follow:

<b>Ended June 30</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2020	\$ 481,648
2021	481,648
2022	481,647
2023	483,150
2024	241,301
Thereafter	-
Total	\$ 2,169,394

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 11 – Fund Balances**

The detail information of the fund balances at June 30, 2019 is as follows:

	General Fund	Sewer Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Inventory	\$ 300	\$ -	\$ -	\$ 300
Prepays	7,306	-	-	7,306
Library Endowment	-	-	1,000,000	1,000,000
<b>Total nonspendable</b>	<u>7,606</u>	<u>-</u>	<u>1,000,000</u>	<u>1,007,606</u>
<b>Restricted for:</b>				
Public Access Channel	1,124,865	-	-	1,124,865
Low/Mod Housing	-	-	3,961,403	3,961,403
Public Safety	-	-	667,903	667,903
Street Work	-	-	10,886,677	10,886,677
Lighting and Landscaping	-	-	4,593,594	4,593,594
Housing Grants	-	-	3,956,140	3,956,140
Sewer Maintenance	-	11,456,696	-	11,456,696
Indian Gaming Capital Projects	-	-	6,323	6,323
Development Impact Fees	-	-	14,728,429	14,728,429
Library Equipment	-	-	44,287	44,287
General Plan	-	-	72,642	72,642
Measure U	11,680,431	-	-	11,680,431
<b>Total restricted</b>	<u>12,805,296</u>	<u>11,456,696</u>	<u>38,917,398</u>	<u>63,179,390</u>
<b>Committed to:</b>				
Economic Stabilization Reserve	8,213,633	-	-	8,213,633
<b>Total committed</b>	<u>8,213,633</u>	<u>-</u>	<u>-</u>	<u>8,213,633</u>
<b>Assigned to:</b>				
Equipment Replacement	-	-	3,765,457	3,765,457
Capital Replacement	-	-	291,118	291,118
Continuing Appropriations	133,905	-	-	133,905
<b>Total assigned</b>	<u>133,905</u>	<u>-</u>	<u>4,056,575</u>	<u>4,190,480</u>
<b>Unassigned (deficit)</b>	<u>1,085,970</u>	<u>-</u>	<u>(191,141)</u>	<u>894,829</u>
<b>Total Fund Balances</b>	<u>\$ 22,246,410</u>	<u>\$ 11,456,696</u>	<u>\$ 43,782,832</u>	<u>\$ 77,485,938</u>

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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, 2019, net appreciation on investment of the principal balance amounted to \$44,287, 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 Governmental Activities had a deficit unrestricted net position of \$(99,715,021) of which, \$(90,961,188) was attributed to aggregate net pension liabilities and \$(42,158,175) was attributed to other postemployment benefits liabilities.

Funds with deficit net positions and fund balances at June 30, 2019 are as follows:

<b>Fiduciary Fund:</b>	
Successor Agency Private Purpose Trust Fund	\$ (6,782,858)
<b>Other Governmental Funds:</b>	
Special Revenue Funds:	
Public Safety CFD	\$ (96,913)
Local Law Enforcement Block Grant	(90,848)
Community Development Block Grant	(3,380)
Total Special Revenue Funds	<u>\$ (191,141)</u>
<b>Internal Service Fund:</b>	
Internal Service Funds:	
Administrative Services Fund	\$ (7,320,760)
Liability Insurance	(470,790)
Total Internal Service Funds	<u>\$ (7,791,550)</u>

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 the reimbursement request is completed, the funds received and paid back to the loaning fund.

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.

**City of Hemet**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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, 2019.

	Appropriation	Expenditures	Overage
<b>Other Governmental Funds:</b>			
Special Revenue Funds:			
General Plan	\$ 13,420	\$ 16,068	\$ (2,648)
CAL HOME Program	-	40,000	(40,000)
2001-2008 HOME Program	-	61,928	(61,928)
NSP Grant	-	12,112	(12,112)

**Note 14 – Commitments and Contingencies**

**A. Lawsuits**

As of June 30, 2019 the City was involved in a number of damage suits incurred in the ordinary course of City operations. Estimated costs of these claims have been accrued as claims and judgments payable.

**B. Federal and State Grant Programs**

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

**C. Construction Commitments**

The estimated amount of remaining construction contract obligations at year-end is \$1,767,844.

**Note 15 – Subsequent Events**

**Coronavirus Disease – 19 (COVID-19)**

The COVID-19 outbreak in the United States has caused disruptions through mandated and voluntary closings of businesses in the State of California. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and the related effect on tax revenues of the City. However, the related financial impact and duration cannot be reasonably estimated at this time.

**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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 43,800,700	\$ 43,975,700	45,581,454	\$ 1,605,754
Licenses and permits	1,738,237	1,738,328	1,967,805	229,477
Intergovernmental revenues	725,000	725,000	851,977	126,977
Charges for services	3,421,600	3,531,258	3,552,762	21,504
Fines and forfeitures	353,100	353,100	446,539	93,439
Investment income	686,500	1,105,624	1,199,767	94,143
Miscellaneous	105,600	358,691	302,202	(56,489)
<b>Total revenues</b>	<b>50,830,737</b>	<b>51,787,701</b>	<b>53,902,506</b>	<b>2,114,805</b>
<b>EXPENDITURES:</b>				
Current:				
General government	4,911,421	5,024,022	5,054,955	(30,933)
Public safety	35,674,955	38,250,767	35,121,131	3,129,636
Community development	4,187,900	4,555,898	4,331,074	224,824
Parks	1,226,835	1,265,835	1,071,821	194,014
Libraries	1,230,365	1,348,047	1,331,213	16,834
Capital outlay	-	797,195	477,184	320,011
<b>Total expenditures</b>	<b>47,231,476</b>	<b>51,241,764</b>	<b>47,387,378</b>	<b>3,854,386</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,599,261</b>	<b>545,937</b>	<b>6,515,128</b>	<b>5,969,191</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	395,000	629,080	162,678	(466,402)
Transfers out	-	(20,004)	(1,127,208)	(1,107,204)
<b>Total other financing sources (uses)</b>	<b>395,000</b>	<b>609,076</b>	<b>(964,530)</b>	<b>(1,573,606)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ 3,994,261</b>	<b>\$ 1,155,013</b>	<b>5,550,598</b>	<b>\$ 4,395,585</b>
<b>FUND BALANCES:</b>				
Beginning of year			16,695,812	
End of year			<u>\$ 22,246,410</u>	

**City of Hemet**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule - Sewer and Storm Drain Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 3,727,700	\$ 3,734,650	\$ 3,968,424	\$ 233,774
Investment income	32,000	175,836	299,508	123,672
<b>Total revenues</b>	<u>3,759,700</u>	<u>3,910,486</u>	<u>4,267,932</u>	<u>357,446</u>
<b>EXPENDITURES:</b>				
Current:				
Sanitation	2,724,263	3,183,933	2,104,429	1,079,504
Capital outlay	-	2,738,231	18,759	2,719,472
<b>Total expenditures</b>	<u>2,724,263</u>	<u>5,922,164</u>	<u>2,123,188</u>	<u>3,798,976</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,035,437</u>	<u>(2,011,678)</u>	<u>2,144,744</u>	<u>4,156,422</u>
<b>OTHER FINANCING (USES):</b>				
Transfers out	-	-	(37,322)	(37,322)
<b>Total other financing (uses)</b>	<u>-</u>	<u>-</u>	<u>(37,322)</u>	<u>(37,322)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 1,035,437</u>	<u>\$ (2,011,678)</u>	<u>2,107,422</u>	<u>\$ 4,119,100</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>9,349,274</u>	
End of year			<u>\$ 11,456,696</u>	

**City of Hemet**  
**Required Supplementary Information (Unaudited)**  
**Notes to the Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2019**

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**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.

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, except for the 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, 2019**

Last Ten Fiscal Years

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

Measurement period	2017-18	2016-17	2015-16	2014-15	2013-14 <sup>1</sup>
<b>Total pension liability</b>					
Service cost	\$ 1,857,379	\$ 1,931,287	\$ 1,729,490	\$ 1,871,677	\$ 1,873,983
Interest	8,241,843	8,110,383	7,937,191	7,613,775	7,253,346
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	(585,850)	6,866,966	-	(1,903,393)	-
Recognized differences between expected and actual experience	(1,731,724)	(1,473,269)	(192,030)	353,826	-
Benefit payments, including refunds of employee contributions	(5,862,944)	(5,834,147)	(5,132,797)	(4,856,565)	(4,666,256)
<b>Net change in total pension liability</b>	<b>1,918,704</b>	<b>9,601,220</b>	<b>4,341,854</b>	<b>3,079,320</b>	<b>4,461,073</b>
<b>Total pension liability - beginning</b>	<b>119,590,880</b>	<b>109,989,660</b>	<b>105,647,806</b>	<b>102,568,486</b>	<b>98,107,413</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 121,509,584</b>	<b>\$ 119,590,880</b>	<b>\$ 109,989,660</b>	<b>\$ 105,647,806</b>	<b>\$ 102,568,486</b>
<b>Pension fiduciary net position</b>					
Contributions - employer	\$ 3,136,888	\$ 2,990,210	\$ 2,647,176	\$ 2,503,520	\$ 2,191,066
Contributions - employee	745,420	743,649	743,644	780,189	871,668
Net investment income	6,966,209	8,615,176	396,714	1,739,990	11,594,247
Benefit payments, including refunds of employee contributions	(5,862,944)	(5,834,147)	(5,132,797)	(4,856,565)	(4,666,256)
Plan to plan resource movement	(204)	(38,502)	(382)	(887)	-
Administrative expense	(129,251)	(113,068)	(47,522)	(87,854)	-
Other miscellaneous income (expense)	(245,451)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>4,610,667</b>	<b>6,363,318</b>	<b>(1,393,167)</b>	<b>78,393</b>	<b>9,990,725</b>
<b>Plan fiduciary net position - beginning</b>	<b>82,945,129</b>	<b>76,581,811</b>	<b>77,974,978</b>	<b>77,896,585</b>	<b>67,905,860</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 87,555,796</b>	<b>\$ 82,945,129</b>	<b>\$ 76,581,811</b>	<b>\$ 77,974,978</b>	<b>\$ 77,896,585</b>
<b>Plan net pension liability - ending (a) - (b)</b>	<b>\$ 33,953,788</b>	<b>\$ 36,645,751</b>	<b>\$ 33,407,849</b>	<b>\$ 27,672,828</b>	<b>\$ 24,671,901</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>72.06%</b>	<b>69.36%</b>	<b>69.63%</b>	<b>73.81%</b>	<b>75.95%</b>
<b>Covered payroll</b>	<b>\$ 9,531,865</b>	<b>\$ 9,581,222</b>	<b>\$ 9,353,143</b>	<b>\$ 9,860,790</b>	<b>\$ 9,398,580</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>356.21%</b>	<b>382.47%</b>	<b>357.18%</b>	<b>280.63%</b>	<b>262.51%</b>

<sup>1</sup> 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: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent.

**City of Hemet**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2019**

Last Ten Fiscal Years

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

Measurement period	2017-18	2016-17	2015-16	2014-15	2013-14 <sup>1</sup>
<b>Total pension liability</b>					
Service cost	\$ 3,255,817	\$ 2,874,210	\$ 2,471,569	\$ 2,394,505	\$ 2,495,555
Interest	11,907,636	11,326,420	10,976,376	10,402,942	9,879,182
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	(582,760)	10,043,106	-	(2,726,343)	-
Differences between expected and actual experience	2,318,140	(1,131,468)	1,932,999	1,323,162	-
Benefit payments, including refunds of employee contributions	(8,277,450)	(7,718,359)	(7,544,599)	(7,001,597)	(6,313,012)
<b>Net change in total pension liability</b>	<b>8,621,383</b>	<b>15,393,909</b>	<b>7,836,345</b>	<b>4,392,669</b>	<b>6,061,725</b>
<b>Total pension liability - beginning</b>	<b>167,315,811</b>	<b>151,921,902</b>	<b>144,085,557</b>	<b>139,692,888</b>	<b>133,631,163</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 175,937,194</b>	<b>\$ 167,315,811</b>	<b>\$ 151,921,902</b>	<b>\$ 144,085,557</b>	<b>\$ 139,692,888</b>
<b>Pension fiduciary net position</b>					
Contributions - employer	\$ 5,494,582	\$ 4,880,193	\$ 4,516,245	\$ 4,085,934	\$ 3,816,628
Contributions - employee	1,429,167	1,142,393	1,032,806	885,734	896,539
Net investment income	9,055,192	11,060,588	516,112	2,205,144	14,795,183
Benefit payments, including refunds of employee contributions	(8,277,450)	(7,718,359)	(7,544,599)	(7,001,597)	(6,313,012)
Plan to plan resource movement	(265)	38,502	382	887	-
Administrative expense	(166,670)	(144,246)	(60,481)	(111,835)	-
Other miscellaneous income/(expense)	(316,510)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>7,218,046</b>	<b>9,259,071</b>	<b>(1,539,535)</b>	<b>64,267</b>	<b>13,195,338</b>
<b>Plan fiduciary net position - beginning</b>	<b>106,958,218</b>	<b>97,699,147</b>	<b>99,238,682</b>	<b>99,174,415</b>	<b>85,979,077</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 114,176,264</b>	<b>\$ 106,958,218</b>	<b>\$ 97,699,147</b>	<b>\$ 99,238,682</b>	<b>\$ 99,174,415</b>
<b>Plan net pension liability - ending (a) - (b)</b>	<b>\$ 61,760,930</b>	<b>\$ 60,357,593</b>	<b>\$ 54,222,755</b>	<b>\$ 44,846,875</b>	<b>\$ 40,518,473</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>64.90%</b>	<b>63.93%</b>	<b>64.31%</b>	<b>68.87%</b>	<b>70.99%</b>
<b>Covered payroll</b>	<b>\$ 10,732,874</b>	<b>\$ 9,450,596</b>	<b>\$ 9,039,459</b>	<b>\$ 8,826,041</b>	<b>\$ 8,870,562</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>575.44%</b>	<b>638.66%</b>	<b>599.85%</b>	<b>508.12%</b>	<b>456.77%</b>

<sup>1</sup> 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: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent.

**City of Hemet**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2019**

**Last Ten Fiscal Years**

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

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 <sup>1</sup>
Actuarially determined contribution <sup>2</sup>	\$ 3,789,178	\$ 3,136,888	\$ 2,990,210	\$ 2,647,176	\$ 2,503,520	\$ 2,191,066
Contributions in relation to the Actuarially determined contribution <sup>2</sup>	(3,789,178)	(3,136,888)	(2,990,210)	(2,647,176)	(2,503,520)	(2,191,066)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll <sup>3</sup>	\$ 9,793,991	\$ 9,531,865	\$ 9,581,222	\$ 9,353,143	\$ 9,860,790	\$ 9,398,580
Contributions as a percentage of covered payroll <sup>3</sup>	38.69%	32.91%	31.21%	28.30%	25.39%	23.31%

<sup>1</sup> 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.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2019; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-18.

Notes to Schedule:

Valuation date: June 30, 2017

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 2014 CalPERS Experience study for the period from
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**City of Hemet**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions (Continued)**  
**For the Year Ended June 30, 2019**

**Last Ten Fiscal Years**

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

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 <sup>1</sup>
Actuarially determined contribution <sup>2</sup>	\$ 6,604,854	\$ 5,494,582	\$ 4,880,193	\$ 4,516,245	\$ 4,085,934	\$ 3,816,628
Contributions in relation to the Actuarially determined contribution <sup>2</sup>	(6,604,854)	(5,494,582)	(4,880,193)	(4,516,245)	(4,085,934)	(3,816,628)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-payroll <sup>3</sup>	\$ 11,028,028	\$ 10,732,874	\$ 9,450,596	\$ 9,039,459	\$ 8,826,041	\$ 8,870,562
Contributions as a percentage of covered-payroll	59.89%	51.19%	51.64%	49.96%	46.29%	43.03%

<sup>1</sup> 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.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2019; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-18.

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 2014 CalPERS Experience study for the period from
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**City of Hemet**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios**  
**For the Year Ended June 30, 2019**

Last Ten Fiscal Years

**Other Postemployment Benefits ("OPEB")**

Measurement period	June 30, 2019 <sup>1</sup>	June 30, 2018 <sup>1</sup>
<b>Total OPEB liability</b>		
Service cost	\$ 359,700	\$ 349,223
Interest	2,919,091	2,936,563
Changes of benefit terms	-	-
Changes of assumptions	2,845,604	-
Differences between expected and actual experience	(191,273)	-
Benefit payments, including refunds of employee contributions	(3,858,552)	(3,293,090)
<b>Net change in total OPEB liability</b>	2,074,570	(7,304)
<b>Total OPEB liability - beginning</b>	48,275,036	48,282,340
<b>Total OPEB liability - ending (a)</b>	\$ 50,349,606	\$ 48,275,036
<b>OPEB fiduciary net position</b>		
Contributions - employer <sup>2</sup>	\$ 4,112,794	\$ 3,540,596
Contributions - employee	-	-
Net investment income	64,025	61,075
Benefit payments, including refunds of employee contributions	(3,858,552)	(3,293,090)
Plan to plan resource movement	-	-
Administrative expense	(56,932)	(49,749)
<b>Net change in plan fiduciary net position</b>	261,335	258,832
<b>Plan fiduciary net position - beginning</b>	1,067,137	808,305
<b>Plan fiduciary net position - ending (b)</b>	\$ 1,328,472	\$ 1,067,137
<b>Plan net OPEB liability - ending (a) - (b)</b>	\$ 49,021,134	\$ 47,207,899
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	2.64%	2.21%
<b>Covered payroll</b>	\$ 23,892,668	\$ 23,441,109
<b>Plan net OPEB liability as a percentage of covered payroll</b>	205.17%	201.39%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable.

<sup>2</sup> Contribution to trust of \$200,000 plus \$3,858,552 cash benefits, (\$51,778) implied subsidy benefits, and \$54,242 administrative expenses paid by the City

**City of Hemet**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - OPEB**  
**For the Year Ended June 30, 2019**

**Last Ten Fiscal Years**

**Other Postemployment Benefits ("OPEB")**

	2018-19 <sup>1</sup>	2017-18 <sup>1</sup>
Actuarially determined contribution ("ADC") <sup>3</sup>	\$ 3,744,000	N/A <sup>3</sup>
Contributions in relation to the Actuarially determined contribution <sup>1</sup>	(4,112,794)	(3,540,596)
Contribution deficiency (excess)	\$ (368,794)	\$ (3,540,596)
Covered-payroll <sup>2</sup>	\$ 23,892,668	\$ 23,441,109
Contributions as a percentage of covered-payroll	17.21%	15.10%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable. Additional years of information will be presented as it becomes available.

<sup>2</sup> For the 12-month period ended on June 30, 2019 (fiscal year end) as reported by the City.

<sup>3</sup> The GASB 75 valuation report rolled data forward on the funding status. As such there is no ADC for fiscal year 2017-18

Notes to Schedule:

Valuation date: January 1, 2019

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 are from January 1, 2019 actuarial valuation report.

Methods and assumptions used to determine contribution rates:

Contribution Policy	Initial \$750,000 contribution made November 2016. Annual \$200,000 trust contribution beginning 2017/18. City pays benefit payments outside of the trust.
Discount rate	6.25% at June 30, 2019 and 2018
Inflation	2.75% annually
Mortality, retirement, disability, termination	CalPERS 1997-2015 Experience Study
Mortality improvement	Mortality Improvement Scale MP-2018
Salary increases	Aggregate 3% annually, Merit - CalPERS 1997-2015 Experience Study
Medical trend	Non-medicare - 7.25% for 2021, decreasing to 4.00% in 2076 Medicare - 6.30% for 2021, decreasing to 4.00% in 2076
Dental/Vision trend	2.75% annually
Cap increases	Medical portion: non-Medicare medical trend. Dental/Vision portion: 2.75%
Participation at retirement	Full premium or % of premium - 100% Retiree paid - 0% EE only, 60% otherwise GAP plan - 100%
GAP plan costs	\$23/month in 2019 based on historical claims Increased by non-Medicare medical trend after 2019

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**SUPPLEMENTARY INFORMATION**

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## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds:

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

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

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

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

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

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

**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 General Capital Projects Fund.

**City of Hemet**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			
	Public Safety/ Towing	Gas Tax	Measure A	Article 3
<b>ASSETS</b>				
Cash and investments	\$ 81,456	\$ 1,995,753	\$ 7,177,636	\$ -
Accounts receivable	-	34,394	-	-
Interest receivables	-	-	-	-
Due from other governments	-	296,354	471,133	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
<b>Total assets</b>	<b>\$ 81,456</b>	<b>\$ 2,326,501</b>	<b>\$ 7,648,769</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 225	\$ 28,666	\$ 27,624	\$ -
Accrued salaries and benefits	1,813	17,828	1,192	-
Deposits	-	-	-	-
Due to other funds	-	37,322	-	-
Advance from other funds	-	-	-	-
<b>Total liabilities</b>	<b>2,038</b>	<b>83,816</b>	<b>28,816</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	79,418	2,242,685	7,619,953	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>79,418</b>	<b>2,242,685</b>	<b>7,619,953</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 81,456</b>	<b>\$ 2,326,501</b>	<b>\$ 7,648,769</b>	<b>\$ -</b>

(Continued)

**City of Hemet**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			
	Air Pollution Reduction	Lighting/Landscape Maintenance District	Post Prop. 218 Lighting District	Post Prop. 218 Landscape District
<b>ASSETS</b>				
Cash and investments	\$ 996,073	\$ 1,832,147	\$ 1,092,270	\$ 2,018,379
Accounts receivable	27,966	-	200	3,038
Interest receivables	-	-	-	-
Due from other governments	-	78,558	7,080	24,442
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
<b>Total assets</b>	<b>\$ 1,024,039</b>	<b>\$ 1,910,705</b>	<b>\$ 1,099,550</b>	<b>\$ 2,045,859</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 213,859	\$ 5,923	\$ 101,596
Accrued salaries and benefits	-	4,793	1,291	9,759
Deposits	-	-	-	87,975
Due to other funds	-	12,441	-	24,881
Advance from other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>231,093</b>	<b>7,214</b>	<b>224,211</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	1,024,039	1,679,612	1,092,336	1,821,648
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>1,024,039</b>	<b>1,679,612</b>	<b>1,092,336</b>	<b>1,821,648</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,024,039</b>	<b>\$ 1,910,705</b>	<b>\$ 1,099,550</b>	<b>\$ 2,045,859</b>

(Continued)

**City of Hemet**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			
	Asset Seizure	Public Safety Grants	Public Safety CFD	Citizen Option for Public Safety Programs (COPS)
<b>ASSETS</b>				
Cash and investments	\$ 93,040	\$ 89,736	\$ -	\$ 330,677
Accounts receivable	-	91,101	2,225	-
Interest receivables	-	-	-	-
Due from other governments	-	32,968	10,089	-
Due from other funds	-	-	88,203	90,848
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
<b>Total assets</b>	<b>\$ 93,040</b>	<b>\$ 213,805</b>	<b>\$ 100,517</b>	<b>\$ 421,525</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 2,047	\$ -	\$ -
Accrued salaries and benefits	-	-	8,583	-
Deposits	49,634	-	-	-
Due to other funds	-	-	188,847	88,203
Advance from other funds	-	-	-	-
<b>Total liabilities</b>	<b>49,634</b>	<b>2,047</b>	<b>197,430</b>	<b>88,203</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	43,406	211,758	-	333,322
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(96,913)	-
<b>Total fund balances</b>	<b>43,406</b>	<b>211,758</b>	<b>(96,913)</b>	<b>333,322</b>
<b>Total liabilities and fund balances</b>	<b>\$ 93,040</b>	<b>\$ 213,805</b>	<b>\$ 100,517</b>	<b>\$ 421,525</b>

(Continued)

**City of Hemet**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			
	Law Enforcement Block Grant (LLEBG)	Community Development Block Grant	General Plan	HOME Program
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 72,642	\$ 742,793
Accounts receivable	-	262,852	-	83
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	208,617	-	-
Notes receivable, net	-	-	-	525,616
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 471,469</b>	<b>\$ 72,642</b>	<b>\$ 1,268,492</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 41,740	\$ -	\$ -
Accrued salaries and benefits	-	3,434	-	-
Deposits	-	-	-	-
Due to other funds	90,848	429,675	-	208,617
Advance from other funds	-	-	-	-
<b>Total liabilities</b>	<b>90,848</b>	<b>474,849</b>	<b>-</b>	<b>208,617</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	-	-	72,642	1,059,875
Assigned	-	-	-	-
Unassigned (deficit)	(90,848)	(3,380)	-	-
<b>Total fund balances</b>	<b>(90,848)</b>	<b>(3,380)</b>	<b>72,642</b>	<b>1,059,875</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 471,469</b>	<b>\$ 72,642</b>	<b>\$ 1,268,492</b>

(Continued)

**City of Hemet**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			
	CAL HOME Program	2001-2008 HOME Program	Neighborhood Stabilization Program Grant	Housing Authority
<b>ASSETS</b>				
Cash and investments	\$ 127,182	\$ 816,688	\$ 8,563	\$ 151,103
Accounts receivable	-	-	-	3,500
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable, net	522,988	648,051	178,874	2,330,033
Advance to other funds	-	-	-	-
Land held for resale	-	-	593,919	1,482,500
<b>Total assets</b>	<b>\$ 650,170</b>	<b>\$ 1,464,739</b>	<b>\$ 781,356</b>	<b>\$ 3,967,136</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	5,734
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,734</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	650,170	1,464,739	781,356	3,961,402
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>650,170</b>	<b>1,464,739</b>	<b>781,356</b>	<b>3,961,402</b>
<b>Total liabilities and fund balances</b>	<b>\$ 650,170</b>	<b>\$ 1,464,739</b>	<b>\$ 781,356</b>	<b>\$ 3,967,136</b>

(Continued)

**City of Hemet**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds		Capital Projects Funds	
	Indian Gaming Grants	Public Meeting Facilities	General Facilities	Flood Control
<b>ASSETS</b>				
Cash and investments	\$ 6,323	\$ 240,908	\$ 700,516	\$ 3,355,359
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	-	-	-	-
<b>Total assets</b>	<b>\$ 6,323</b>	<b>\$ 240,908</b>	<b>\$ 700,516</b>	<b>\$ 3,709,496</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 16,215	\$ 76,968	\$ -
Accrued salaries and benefits	-	-	-	738
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>16,215</b>	<b>76,968</b>	<b>738</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	6,323	224,693	623,548	3,708,758
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>6,323</b>	<b>224,693</b>	<b>623,548</b>	<b>3,708,758</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,323</b>	<b>\$ 240,908</b>	<b>\$ 700,516</b>	<b>\$ 3,709,496</b>

(Continued)

**City of Hemet**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Capital Projects Funds			
	Law Enforcement Facilities	Park Development	Valley Wide DVL Park	Library Facilities
<b>ASSETS</b>				
Cash and investments	\$ 189,898	\$ 1,699,005	\$ 165,299	\$ 659,312
Accounts receivable	-	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
<b>Total assets</b>	<b>\$ 189,898</b>	<b>\$ 1,699,005</b>	<b>\$ 165,299</b>	<b>\$ 659,312</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 157,749	\$ 5,944	\$ 59,961	\$ 10,635
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
<b>Total liabilities</b>	<b>157,749</b>	<b>5,944</b>	<b>59,961</b>	<b>10,635</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	32,149	1,693,061	105,338	648,677
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>32,149</b>	<b>1,693,061</b>	<b>105,338</b>	<b>648,677</b>
<b>Total liabilities and fund balances</b>	<b>\$ 189,898</b>	<b>\$ 1,699,005</b>	<b>\$ 165,299</b>	<b>\$ 659,312</b>

(Continued)

**City of Hemet**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Capital Projects Funds			
	Capital Projects	Equipment Replacement	General Capital	Fire Facilities
<b>ASSETS</b>				
Cash and investments	\$ 299,390	\$ 3,765,457	\$ 8,564	\$ 3,716,069
Accounts receivable	-	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
<b>Total assets</b>	<b>\$ 299,390</b>	<b>\$ 3,765,457</b>	<b>\$ 8,564</b>	<b>\$ 3,716,069</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 8,272	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	354,137
<b>Total liabilities</b>	<b>8,272</b>	<b>-</b>	<b>-</b>	<b>354,137</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	-	-	8,564	3,361,932
Assigned	291,118	3,765,457	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>291,118</b>	<b>3,765,457</b>	<b>8,564</b>	<b>3,361,932</b>
<b>Total liabilities and fund balances</b>	<b>\$ 299,390</b>	<b>\$ 3,765,457</b>	<b>\$ 8,564</b>	<b>\$ 3,716,069</b>

(Continued)

**City of Hemet**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Capital Projects Fund	Permanent Fund	
	Bridges/Streets/ Traffic Facilities	LaSalle Library Endowment	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 4,468,296	\$ 1,046,225	\$ 37,946,759
Accounts receivable	15,032	-	440,391
Interest receivables	-	2,563	2,563
Due from other governments	696,121	-	1,616,745
Due from other funds	-	-	387,668
Notes receivable, net	-	-	4,205,562
Advance to other funds	-	-	354,137
Land held for resale	-	-	2,076,419
<b>Total assets</b>	<b>\$ 5,179,449</b>	<b>\$ 1,048,788</b>	<b>\$ 47,030,244</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 36,721	\$ 4,501	\$ 798,646
Accrued salaries and benefits	1,665	-	51,096
Deposits	819,356	-	962,699
Due to other funds	-	-	1,080,834
Advance from other funds	-	-	354,137
<b>Total liabilities</b>	<b>857,742</b>	<b>4,501</b>	<b>3,247,412</b>
<b>Fund Balances:</b>			
Nonspendable	-	1,000,000	1,000,000
Restricted	4,321,707	44,287	38,917,398
Assigned	-	-	4,056,575
Unassigned (deficit)	-	-	(191,141)
<b>Total fund balances</b>	<b>4,321,707</b>	<b>1,044,287</b>	<b>43,782,832</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,179,449</b>	<b>\$ 1,048,788</b>	<b>\$ 47,030,244</b>

(Concluded)

**City of Hemet**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds			
	Public Safety/ Towing	Gas Tax	Measure A	Article 3
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 1,927,145	\$ -
Intergovernmental revenue	-	1,606,517	-	75,000
Charges for services	56,727	-	-	-
Investment income	799	44,144	183,636	-
Miscellaneous	-	1,612,547	-	-
<b>Total revenues</b>	<u>57,526</u>	<u>3,263,208</u>	<u>2,110,781</u>	<u>75,000</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	32,502	-	-	-
Community development	-	-	-	-
Public works	-	2,212,394	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	38,800	288,558	-
<b>Total expenditures</b>	<u>32,502</u>	<u>2,251,194</u>	<u>288,558</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>25,024</u>	<u>1,012,014</u>	<u>1,822,223</u>	<u>75,000</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	20,004	-	-
Transfers out	-	(37,322)	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(17,318)</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN FUND BALANCES</b>	25,024	994,696	1,822,223	75,000
<b>FUND BALANCES:</b>				
Beginning of year	54,394	1,247,989	5,797,730	(75,000)
End of year	<u>\$ 79,418</u>	<u>\$ 2,242,685</u>	<u>\$ 7,619,953</u>	<u>\$ -</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, 2019**

	Special Revenue Funds			
	Air Pollution Reduction	Lighting/ Landscape Maintenance District	Post Prop. 218 Lighting District	Post Prop. 218 Landscape District
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 7,282	\$ 9,919
Intergovernmental revenue	107,871	1,925,474	-	-
Charges for services	-	3,469	382,698	1,697,596
Investment income	13,272	51,986	13,926	41,206
Miscellaneous	-	251	-	143,263
<b>Total revenues</b>	<u>121,143</u>	<u>1,981,180</u>	<u>403,906</u>	<u>1,891,984</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	5,000	1,771,335	189,024	1,666,927
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	626,617	94,225	-
<b>Total expenditures</b>	<u>5,000</u>	<u>2,397,952</u>	<u>283,249</u>	<u>1,666,927</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>116,143</u>	<u>(416,772)</u>	<u>120,657</u>	<u>225,057</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	(12,441)	-	(24,881)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(12,441)</u>	<u>-</u>	<u>(24,881)</u>
<b>CHANGES IN FUND BALANCES</b>	116,143	(429,213)	120,657	200,176
<b>FUND BALANCES:</b>				
Beginning of year	907,896	2,108,825	971,679	1,621,472
End of year	<u>\$ 1,024,039</u>	<u>\$ 1,679,612</u>	<u>\$ 1,092,336</u>	<u>\$ 1,821,648</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, 2019**

	Special Revenue Funds			
	Asset Seizure	Public Safety Grants	Public Safety CFD	Citizen Option for Public Safety Programs (COPS)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	16,582	144,847	-	187,457
Charges for services	-	-	538,029	-
Investment income	945	1,383	-	4,006
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>17,527</u>	<u>146,230</u>	<u>538,029</u>	<u>191,463</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	13,903	93,033	608,277	38,778
Community development	-	-	-	-
Public works	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	6,085	15,152	-	111,124
<b>Total expenditures</b>	<u>19,988</u>	<u>108,185</u>	<u>608,277</u>	<u>149,902</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,461)</u>	<u>38,045</u>	<u>(70,248)</u>	<u>41,561</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(12,441)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(12,441)</u>	<u>-</u>
<b>CHANGES IN FUND BALANCES</b>	(2,461)	38,045	(82,689)	41,561
<b>FUND BALANCES:</b>				
Beginning of year	45,867	173,713	(14,224)	291,761
End of year	<u>\$ 43,406</u>	<u>\$ 211,758</u>	<u>\$ (96,913)</u>	<u>\$ 333,322</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, 2019**

	Special Revenue Funds			
	Law Enforcement Block Grant (LLEBG)	Community Development Block Grant	General Plan	HOME Program
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	778,996	-	-
Charges for services	-	-	15,600	-
Investment income	-	-	1,064	7,388
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>778,996</u>	<u>16,664</u>	<u>7,388</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	77,156	16,068	-
Public safety	-	-	-	-
Community development	-	606,184	-	-
Public works	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	95,656	-	-
<b>Total expenditures</b>	<u>-</u>	<u>778,996</u>	<u>16,068</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>596</u>	<u>7,388</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	(12,441)	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(12,441)</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN FUND BALANCES</b>	-	(12,441)	596	7,388
<b>FUND BALANCES:</b>				
Beginning of year	(90,848)	9,061	72,046	1,052,487
End of year	<u>\$ (90,848)</u>	<u>\$ (3,380)</u>	<u>\$ 72,642</u>	<u>\$ 1,059,875</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, 2019**

	Special Revenue Funds			
	CAL HOME Program	2001-2008 HOME Program	Neighborhood Stabilization Program Grant	Housing Authority
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	-	-	-	-
Investment income	1,236	11,346	41	2,121
Miscellaneous	-	-	-	67
<b>Total revenues</b>	<u>1,236</u>	<u>11,346</u>	<u>41</u>	<u>2,188</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	40,000	61,928	12,112	-
Public works	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>40,000</u>	<u>61,928</u>	<u>12,112</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(38,764)</u>	<u>(50,582)</u>	<u>(12,071)</u>	<u>2,188</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN FUND BALANCES</b>	(38,764)	(50,582)	(12,071)	2,188
<b>FUND BALANCES:</b>				
Beginning of year	688,934	1,515,321	793,427	3,959,214
End of year	<u>\$ 650,170</u>	<u>\$ 1,464,739</u>	<u>\$ 781,356</u>	<u>\$ 3,961,402</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, 2019**

	Special Revenue Funds		Capital Projects Funds	
	Indian Gaming Grants	Public Meeting Facilities	General Facilities	Flood Control
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	-	-	44,899	129,982
Investment income	89	5,857	37,890	93,310
Miscellaneous	-	-	-	30,804
<b>Total revenues</b>	<b>89</b>	<b>5,857</b>	<b>82,789</b>	<b>254,096</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	164,423	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	345,010	1,102,659	18,012
<b>Total expenditures</b>	<b>-</b>	<b>345,010</b>	<b>1,267,082</b>	<b>18,012</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>89</b>	<b>(339,153)</b>	<b>(1,184,293)</b>	<b>236,084</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGES IN FUND BALANCES</b>	<b>89</b>	<b>(339,153)</b>	<b>(1,184,293)</b>	<b>236,084</b>
<b>FUND BALANCES:</b>				
Beginning of year	6,234	563,846	1,807,841	3,472,674
End of year	<u>\$ 6,323</u>	<u>\$ 224,693</u>	<u>\$ 623,548</u>	<u>\$ 3,708,758</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, 2019**

	Capital Projects Funds			
	Law Enforcement Facilities	Park Development	Valley Wide DVL Park	Library Facilities
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	29,827	75,556	14,716	38,220
Investment income	1,645	47,090	2,214	9,771
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>31,472</u>	<u>122,646</u>	<u>16,930</u>	<u>47,991</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Parks	-	21,248	59,961	-
Library	-	-	-	129,696
Capital outlay	83,837	-	-	-
<b>Total expenditures</b>	<u>83,837</u>	<u>21,248</u>	<u>59,961</u>	<u>129,696</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(52,365)</u>	<u>101,398</u>	<u>(43,031)</u>	<u>(81,705)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN FUND BALANCES</b>	(52,365)	101,398	(43,031)	(81,705)
<b>FUND BALANCES:</b>				
Beginning of year	84,514	1,591,663	148,369	730,382
End of year	<u>\$ 32,149</u>	<u>\$ 1,693,061</u>	<u>\$ 105,338</u>	<u>\$ 648,677</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, 2019**

	Capital Projects Funds			
	Capital Projects	Equipment Replacement	General Capital	Fire Facilities
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	-	363,396	-	35,463
Investment income	4,759	109,507	-	104,571
Miscellaneous	47,305	-	-	-
<b>Total revenues</b>	<u>52,064</u>	<u>472,903</u>	<u>-</u>	<u>140,034</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	5,790	-	-	-
Public works	6,371	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	136,598	400,133	-	-
<b>Total expenditures</b>	<u>148,759</u>	<u>400,133</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(96,695)</u>	<u>72,770</u>	<u>-</u>	<u>140,034</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN FUND BALANCES</b>	(96,695)	72,770	-	140,034
<b>FUND BALANCES:</b>				
Beginning of year	387,813	3,692,687	8,564	3,221,898
End of year	<u>\$ 291,118</u>	<u>\$ 3,765,457</u>	<u>\$ 8,564</u>	<u>\$ 3,361,932</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, 2019**

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Bridges/Streets/ Traffic Facilities	LaSalle Library Endowment	
<b>REVENUES:</b>			
Taxes	\$ -	\$ -	\$ 1,944,346
Intergovernmental revenue	159,209	-	5,001,953
Charges for services	204,626	-	3,630,804
Investment income	116,368	14,646	926,216
Miscellaneous	67,353	-	1,901,590
<b>Total revenues</b>	<b>547,556</b>	<b>14,646</b>	<b>13,404,909</b>
<b>EXPENDITURES:</b>			
Current:			
General government	-	-	93,224
Public safety	-	-	786,493
Community development	-	-	726,014
Public works	60,045	-	6,075,519
Parks	-	-	81,209
Library	-	24,860	154,556
Capital outlay	144,027	-	3,506,493
<b>Total expenditures</b>	<b>204,072</b>	<b>24,860</b>	<b>11,423,508</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>343,484</b>	<b>(10,214)</b>	<b>1,981,401</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	20,004
Transfers out	-	-	(99,526)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(79,522)</b>
<b>CHANGES IN FUND BALANCES</b>	<b>343,484</b>	<b>(10,214)</b>	<b>1,901,879</b>
<b>FUND BALANCES:</b>			
Beginning of year	3,978,223	1,054,501	41,880,953
End of year	<u>\$ 4,321,707</u>	<u>\$ 1,044,287</u>	<u>\$ 43,782,832</u>

(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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 50,000	\$ 56,727	\$ 6,727
Investment Income	600	799	199
<b>Total revenues</b>	<u>50,600</u>	<u>57,526</u>	<u>6,926</u>
<b>EXPENDITURES:</b>			
Current:			
Public safety	52,100	32,502	19,598
<b>Total expenditures</b>	<u>52,100</u>	<u>32,502</u>	<u>19,598</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,500)</u>	25,024	<u>\$ 26,524</u>
<b>FUND BALANCE:</b>			
Beginning of year		54,394	
End of year		<u>\$ 79,418</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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 1,662,500	\$ 1,606,517	\$ (55,983)
Investment income	31,200	44,144	12,944
Miscellaneous	1,566,914	1,612,547	45,633
<b>Total revenues</b>	<b>3,260,614</b>	<b>3,263,208</b>	<b>2,594</b>
<b>EXPENDITURES:</b>			
Current:			
Public works	2,701,493	2,212,394	489,099
Capital outlay	1,508,544	38,800	1,469,744
<b>Total expenditures</b>	<b>4,210,037</b>	<b>2,251,194</b>	<b>1,958,843</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(949,423)</b>	<b>1,012,014</b>	<b>1,961,437</b>
<b>OTHER FINANCING SOURCES (uses):</b>			
Transfers in	20,004	20,004	-
Transfers out	-	(37,322)	(37,322)
<b>Total other financing sources (uses)</b>	<b>20,004</b>	<b>(17,318)</b>	<b>(37,322)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (929,419)</b>	<b>994,696</b>	<b>\$ 1,924,115</b>
<b>FUND BALANCE:</b>			
Beginning of year		1,247,989	
End of year		<b>\$ 2,242,685</b>	

**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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes	\$ 1,775,000	\$ 1,927,145	\$ 152,145
Intergovernmental revenues	2,438,000	-	(2,438,000)
Investment income	113,190	183,636	70,446
<b>Total revenues</b>	<b>4,326,190</b>	<b>2,110,781</b>	<b>(2,215,409)</b>
<b>EXPENDITURES:</b>			
Current:			
Public works	838,838	-	838,838
Capital outlay	7,784,007	288,558	7,495,449
<b>Total expenditures</b>	<b>8,622,845</b>	<b>288,558</b>	<b>8,334,287</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (4,296,655)</b>	<b>1,822,223</b>	<b>\$ 6,118,878</b>
<b>FUND BALANCE:</b>			
Beginning of year		5,797,730	
End of year		<b>\$ 7,619,953</b>	

**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, 2019**

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	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 75,000	\$ 75,000	\$ -
<b>Total revenues</b>	<b>75,000</b>	<b>75,000</b>	<b>-</b>
<b>EXPENDITURES:</b>			
Capital outlay	75,000	-	75,000
<b>Total expenditures</b>	<b>75,000</b>	<b>-</b>	<b>75,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>75,000</b>	<b>\$ 75,000</b>
<b>FUND BALANCE:</b>			
Beginning of year		(75,000)	
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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 125,000	\$ 107,871	\$ (17,129)
Investment income	2,000	13,272	11,272
<b>Total revenues</b>	<u>127,000</u>	<u>121,143</u>	<u>(5,857)</u>
<b>EXPENDITURES:</b>			
Current:			
Public works	5,000	5,000	-
Capital outlay	459,026	-	459,026
<b>Total expenditures</b>	<u>464,026</u>	<u>5,000</u>	<u>459,026</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (337,026)</u>	116,143	<u>\$ 453,169</u>
<b>FUND BALANCE:</b>			
Beginning of year		907,896	
End of year		<u>\$ 1,024,039</u>	

**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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental revenue	\$ 1,900,561	\$ 1,925,474	\$ 24,913
Charges for services	3,469	3,469	-
Investment income	50,413	51,986	1,573
Miscellaneous	169,604	251	(169,353)
<b>Total revenues</b>	<u>2,124,047</u>	<u>1,981,180</u>	<u>(142,867)</u>
<b>EXPENDITURES:</b>			
Current:			
Public works	2,039,275	1,771,335	267,940
Capital outlay	1,308,928	626,617	682,311
<b>Total expenditures</b>	<u>3,348,203</u>	<u>2,397,952</u>	<u>950,251</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,224,156)</u>	<u>(416,772)</u>	<u>807,384</u>
<b>OTHER FINANCING (USES):</b>			
Transfers out	-	(12,441)	(12,441)
<b>Total other financing (uses)</b>	<u>-</u>	<u>(12,441)</u>	<u>(12,441)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,224,156)</u>	<u>(429,213)</u>	<u>\$ 794,943</u>
<b>FUND BALANCE:</b>			
Beginning of year		2,108,825	
End of year		<u>\$ 1,679,612</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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes	\$ 7,284	\$ 7,282	\$ (2)
Charges for services	393,281	382,698	(10,583)
Investment income	13,926	13,926	-
<b>Total revenues</b>	<b>414,491</b>	<b>403,906</b>	<b>(10,585)</b>
<b>EXPENDITURES:</b>			
Current:			
Public works	328,852	189,024	139,828
Capital outlay	347,769	94,225	253,544
<b>Total expenditures</b>	<b>676,621</b>	<b>283,249</b>	<b>393,372</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (262,130)</b>	<b>120,657</b>	<b>\$ 382,787</b>
<b>FUND BALANCE:</b>			
Beginning of year		971,679	
End of year		<b>\$ 1,092,336</b>	

**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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes	\$ 9,919	\$ 9,919	\$ -
Charges for services	1,745,435	1,697,596	(47,839)
Investment income	39,959	41,206	1,247
Miscellaneous	236,296	143,263	(93,033)
<b>Total revenues</b>	<u>2,031,609</u>	<u>1,891,984</u>	<u>(139,625)</u>
<b>EXPENDITURES:</b>			
Current:			
Public works	2,084,230	1,666,927	417,303
<b>Total expenditures</b>	<u>2,084,230</u>	<u>1,666,927</u>	<u>417,303</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(52,621)</u>	<u>225,057</u>	<u>277,678</u>
<b>OTHER FINANCING (USES):</b>			
Transfers out	-	(24,881)	(24,881)
<b>Total other financing (uses)</b>	<u>-</u>	<u>(24,881)</u>	<u>(24,881)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (52,621)</u>	<u>200,176</u>	<u>\$ 252,797</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>1,621,472</u>	
End of year		<u>\$ 1,821,648</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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 15,000	\$ 16,582	\$ 1,582
Investment income	1,000	945	(55)
<b>Total revenues</b>	<b>16,000</b>	<b>17,527</b>	<b>1,527</b>
<b>EXPENDITURES:</b>			
Current:			
Public safety	23,600	13,903	9,697
Capital outlay	10,554	6,085	4,469
<b>Total expenditures</b>	<b>34,154</b>	<b>19,988</b>	<b>14,166</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (18,154)</b>	<b>(2,461)</b>	<b>\$ 15,693</b>
<b>FUND BALANCE:</b>			
Beginning of year		45,867	
End of year		<b>\$ 43,406</b>	

**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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 809,614	\$ 144,847	\$ (664,767)
Investment income	1,383	1,383	-
<b>Total revenues</b>	<b>810,997</b>	<b>146,230</b>	<b>(664,767)</b>
<b>EXPENDITURES:</b>			
Current:			
Public safety	354,725	93,033	261,692
Capital outlay	456,934	15,152	441,782
<b>Total expenditures</b>	<b>811,659</b>	<b>108,185</b>	<b>703,474</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (662)</b>	<b>38,045</b>	<b>\$ 38,707</b>
<b>FUND BALANCE:</b>			
Beginning of year		173,713	
End of year		<b>\$ 211,758</b>	

**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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 555,000	\$ 538,029	\$ (16,971)
<b>Total revenues</b>	<u>555,000</u>	<u>538,029</u>	<u>(16,971)</u>
<b>EXPENDITURES:</b>			
Current:			
Public Safety	608,330	608,277	53
<b>Total expenditures</b>	<u>608,330</u>	<u>608,277</u>	<u>53</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(53,330)</u>	<u>(70,248)</u>	<u>(16,918)</u>
<b>OTHER FINANCING (USES):</b>			
Transfers out	(48,300)	(12,441)	35,859
<b>Total other financing (uses)</b>	<u>(48,300)</u>	<u>(12,441)</u>	<u>35,859</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (101,630)</u>	<u>(82,689)</u>	<u>\$ 18,941</u>
<b>FUND BALANCE:</b>			
Beginning of year		(14,224)	
End of year		<u>\$ (96,913)</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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 319,820	\$ 187,457	\$ (132,363)
Investment income	2,000	4,006	2,006
<b>Total revenues</b>	<u>321,820</u>	<u>191,463</u>	<u>(130,357)</u>
<b>EXPENDITURES:</b>			
Current:			
Public safety	154,922	38,778	116,144
Capital outlay	121,378	111,124	10,254
<b>Total expenditures</b>	<u>276,300</u>	<u>149,902</u>	<u>126,398</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 45,520</u>	41,561	<u>\$ (3,959)</u>
<b>FUND BALANCE:</b>			
Beginning of year		291,761	
End of year		<u>\$ 333,322</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, 2019**

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 91,100	\$ -	\$ (91,100)
<b>Total revenues</b>	<u>91,100</u>	<u>-</u>	<u>(91,100)</u>
 <b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 91,100</u>	<u>-</u>	<u>\$ (91,100)</u>
 <b>FUND BALANCE:</b>			
Beginning of year		(90,848)	
End of year		\$ (90,848)	

**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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 1,014,264	\$ 778,996	\$ (235,268)
<b>Total revenues</b>	<u>1,014,264</u>	<u>778,996</u>	<u>(235,268)</u>
<b>EXPENDITURES:</b>			
Current:			
General government	116,000	77,156	38,844
Community development	662,900	606,184	56,716
Capital outlay	388,392	95,656	292,736
<b>Total expenditures</b>	<u>1,167,292</u>	<u>778,996</u>	<u>388,296</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(153,028)</u>	<u>-</u>	<u>153,028</u>
<b>OTHER FINANCING (USES):</b>			
Transfers out	-	(12,441)	(12,441)
<b>Total other financing (uses)</b>	<u>-</u>	<u>(12,441)</u>	<u>(12,441)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (153,028)</u>	<u>(12,441)</u>	<u>\$ 140,587</u>
<b>FUND BALANCE:</b>			
Beginning of year		9,061	
End of year		<u>\$ (3,380)</u>	

**City of Hemet**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**General Plan Special Revenue Fund**  
**For the Year Ended June 30, 2019**

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Charges for services	\$ 20,000	\$ 15,600	\$ (4,400)
Investment income	500	1,064	564
<b>Total revenues</b>	<b>20,500</b>	<b>16,664</b>	<b>(3,836)</b>
<b>EXPENDITURES:</b>			
Current:			
General government	13,420	16,068	(2,648)
<b>Total expenditures</b>	<b>13,420</b>	<b>16,068</b>	<b>(2,648)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 7,080</b>	<b>596</b>	<b>\$ (6,484)</b>
<b>FUND BALANCE:</b>			
Beginning of year		72,046	
End of year		<b>\$ 72,642</b>	

**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, 2019**

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	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Investment income	\$ 7,388	\$ 7,388	\$ -
<b>Total revenues</b>	7,388	7,388	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ 7,388	7,388	\$ -
<b>FUND BALANCE:</b>			
Beginning of year		1,052,487	
End of year		\$ 1,059,875	

**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, 2019**

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Investment income	\$ 1,236	\$ 1,236	\$ -
<b>Total revenues</b>	<u>1,236</u>	<u>1,236</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Current:			
Community development	-	40,000	(40,000)
<b>Total expenditures</b>	<u>-</u>	<u>40,000</u>	<u>(40,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,236</u>	<u>(38,764)</u>	<u>\$ (40,000)</u>
<b>FUND BALANCE:</b>			
Beginning of year		688,934	
End of year		<u>\$ 650,170</u>	

**City of Hemet**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**2001-2008 HOME Program Special Revenue Fund**  
**For the Year Ended June 30, 2019**

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Investment income	\$ 3,500	\$ 11,346	\$ 7,846
<b>Total revenues</b>	<u>3,500</u>	<u>11,346</u>	<u>7,846</u>
<b>EXPENDITURES:</b>			
Current:			
Community development	-	61,928	(61,928)
<b>Total expenditures</b>	<u>-</u>	<u>61,928</u>	<u>(61,928)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 3,500</u>	<u>(50,582)</u>	<u>\$ (54,082)</u>
<b>FUND BALANCE:</b>			
Beginning of year		1,515,321	
End of year		<u>\$ 1,464,739</u>	

**City of Hemet**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Neighborhood Stabilization Program (NSP) Grant Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Investment income	\$ 41	\$ 41	\$ -
<b>Total revenues</b>	<u>41</u>	<u>41</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Current:			
Community development	-	12,112	(12,112)
<b>Total expenditures</b>	<u>-</u>	<u>12,112</u>	<u>(12,112)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 41</u>	(12,071)	<u>\$ (12,112)</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>793,427</u>	
End of year		<u>\$ 781,356</u>	

**City of Hemet**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Housing Authority Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Investment income	\$ 367	\$ 2,121	\$ 1,754
Miscellaneous	-	67	67
<b>Total revenues</b>	<u>367</u>	<u>2,188</u>	<u>1,821</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 367</u>	<u>2,188</u>	<u>\$ 1,821</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>3,959,214</u>	
End of year		<u>\$ 3,961,402</u>	

**City of Hemet**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Indian Gaming Grants Special Revenue Funds**  
**For the Year Ended June 30, 2019**

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	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Investment income	\$ 89	\$ 89	\$ -
<b>Total revenues</b>	89	89	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ 89	89	\$ -
<b>FUND BALANCE:</b>			
Beginning of year		6,234	
End of year		\$ 6,323	

**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, 2019**

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	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Investment income	\$ 2,000	\$ 5,857	\$ 3,857
<b>Total revenues</b>	2,000	5,857	3,857
<b>EXPENDITURES</b>			
Capital Outlay	551,010	345,010	206,000
<b>Total expenditures</b>	551,010	345,010	206,000
<b>NET CHANGE IN FUND BALANCE</b>	\$ (549,010)	(339,153)	\$ 209,857
<b>FUND BALANCE:</b>			
Beginning of year		563,846	
End of year		\$ 224,693	

**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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 50,000	\$ 44,899	\$ (5,101)
Investment income	28,196	37,890	9,694
<b>Total revenues</b>	<u>78,196</u>	<u>82,789</u>	<u>4,593</u>
<b>EXPENDITURES:</b>			
Current:			
Public works	367,945	164,423	203,522
Capital outlay	2,195,602	1,102,659	1,092,943
<b>Total expenditures</b>	<u>2,563,547</u>	<u>1,267,082</u>	<u>1,296,465</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,485,351)</u>	(1,184,293)	<u>\$ 1,301,058</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>1,807,841</u>	
End of year		<u>\$ 623,548</u>	

**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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 120,001	\$ 129,982	\$ 9,981
Investment income	69,812	93,310	23,498
Miscellaneous	30,804	30,804	-
<b>Total revenues</b>	<b>220,617</b>	<b>254,096</b>	<b>33,479</b>
<b>EXPENDITURES:</b>			
Current:			
Public works	1,023,340	-	1,023,340
Capital outlay	2,232,250	18,012	2,214,238
<b>Total expenditures</b>	<b>3,255,590</b>	<b>18,012</b>	<b>3,237,578</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (3,034,973)</b>	<b>236,084</b>	<b>\$ 3,271,057</b>
<b>FUND BALANCE:</b>			
Beginning of year		3,472,674	
End of year		<b>\$ 3,708,758</b>	

**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, 2019**

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Charges for services	\$ 32,000	\$ 29,827	\$ (2,173)
Investment income	1,645	1,645	-
<b>Total revenues</b>	<u>33,645</u>	<u>31,472</u>	<u>(2,173)</u>
<b>EXPENDITURES:</b>			
Capital outlay	132,437	83,837	48,600
<b>Total expenditures</b>	<u>132,437</u>	<u>83,837</u>	<u>48,600</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (98,792)</u>	<u>(52,365)</u>	<u>\$ 46,427</u>
<b>FUND BALANCE:</b>			
Beginning of year		84,514	
End of year		<u>\$ 32,149</u>	

**City of Hemet**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Park Development Capital Projects Fund**  
**For the Year Ended June 30, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 83,000	\$ 75,556	\$ (7,444)
Investment income	34,615	47,090	12,475
<b>Total revenues</b>	<u>117,615</u>	<u>122,646</u>	<u>5,031</u>
<b>EXPENDITURES:</b>			
Current:			
Parks	300,000	21,248	278,752
Capital outlay	130,000	-	130,000
<b>Total expenditures</b>	<u>430,000</u>	<u>21,248</u>	<u>408,752</u>
<b>NET CHANGE OF FUND BALANCE</b>	<u>\$ (312,385)</u>	101,398	<u>\$ 413,783</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>1,591,663</u>	
End of year		<u>\$ 1,693,061</u>	

**City of Hemet**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Valley Wide DVL Park Capital Projects Fund**  
**For the Year Ended June 30, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 15,000	\$ 14,716	\$ (284)
Investment income	1,000	2,214	1,214
<b>Total revenues</b>	<u>16,000</u>	<u>16,930</u>	<u>930</u>
<b>EXPENDITURES:</b>			
Current:			
Parks	59,961	59,961	-
<b>Total expenditures</b>	<u>59,961</u>	<u>59,961</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (43,961)</u>	(43,031)	<u>\$ 930</u>
<b>FUND BALANCE:</b>			
Beginning of year		148,369	
End of year		<u>\$ 105,338</u>	

**City of Hemet**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Library Facilities Capital Projects Fund**  
**For the Year Ended June 30, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 45,000	\$ 38,220	\$ (6,780)
Investment income	6,000	9,771	3,771
<b>Total revenues</b>	<u>51,000</u>	<u>47,991</u>	<u>(3,009)</u>
<b>EXPENDITURES:</b>			
Current:			
Libraries	164,500	129,696	34,804
Capital outlay	179,009	-	179,009
<b>Total expenditures</b>	<u>343,509</u>	<u>129,696</u>	<u>213,813</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (292,509)</u>	<u>(81,705)</u>	<u>\$ 210,804</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>730,382</u>	
End of year		<u>\$ 648,677</u>	

**City of Hemet**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Investment income	\$ 4,759	\$ 4,759	\$ -
Miscellaneous	47,305	47,305	-
<b>Total revenues</b>	<u>52,064</u>	<u>52,064</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Current:			
Public safety	1,576	-	1,576
Community development	6,789	5,790	999
Public works	52,144	6,371	45,773
Capital outlay	136,217	136,598	(381)
<b>Total expenditures</b>	<u>196,726</u>	<u>148,759</u>	<u>47,967</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (144,662)</u>	<u>(96,695)</u>	<u>\$ 47,967</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>387,813</u>	
End of year		<u>\$ 291,118</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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 363,400	\$ 363,396	\$ (4)
Investment income	72,589	109,507	36,918
<b>Total revenues</b>	<u>435,989</u>	<u>472,903</u>	<u>36,914</u>
<b>EXPENDITURES:</b>			
Capital outlay	1,235,096	400,133	834,963
<b>Total expenditures</b>	<u>1,235,096</u>	<u>400,133</u>	<u>834,963</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (799,107)</u>	72,770	<u>\$ 871,877</u>
<b>FUND BALANCE:</b>			
Beginning of year		3,692,687	
End of year		<u>\$ 3,765,457</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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 38,000	\$ 35,463	\$ (2,537)
Investment income	75,220	104,571	29,351
<b>Total revenues</b>	<b>113,220</b>	<b>140,034</b>	<b>26,814</b>
<b>EXPENDITURES:</b>			
Current:			
Public safety	44,115	-	44,115
Capital outlay	27,673	-	27,673
<b>Total expenditures</b>	<b>71,788</b>	<b>-</b>	<b>71,788</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 41,432</b>	140,034	<b>\$ 98,602</b>
<b>FUND BALANCE:</b>			
Beginning of year		3,221,898	
End of year		<b>\$ 3,361,932</b>	

**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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental revenue	\$ 985,899	\$ 159,209	\$ (826,690)
Charges for services	200,000	204,626	4,626
Investment income	80,885	116,368	35,483
Miscellaneous Income	67,353	67,353	-
<b>Total revenues</b>	<u>1,334,137</u>	<u>547,556</u>	<u>(786,581)</u>
<b>EXPENDITURES:</b>			
Current:			
Public works	357,928	60,045	297,883
Capital outlay	3,968,282	144,027	3,824,255
<b>Total expenditures</b>	<u>4,326,210</u>	<u>204,072</u>	<u>4,122,138</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,992,073)</u>	343,484	<u>\$ 3,335,557</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>3,978,223</u>	
End of year		<u>\$ 4,321,707</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, 2019**

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	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Investment income	\$ 14,646	\$ 14,646	\$ -
<b>Total revenues</b>	14,646	14,646	-
<b>EXPENDITURES:</b>			
Current:			
Library	30,000	24,860	5,140
<b>Total expenditures</b>	30,000	24,860	5,140
<b>NET CHANGE IN FUND BALANCE</b>	\$ (15,354)	(10,214)	\$ 5,140
<b>FUND BALANCE:</b>			
Beginning of year		1,054,501	
End of year		\$ 1,044,287	

## 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, 2019**

	Administrative Services	Workers' Compensation Admin	Medical Insurance Admin
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 2,917,780	\$ 1,858,761	\$ 81,381
Accounts receivable	270,413	-	-
Due from other funds	1,244,052	-	-
Inventories	124,366	-	-
<b>Total current assets</b>	<b>4,556,611</b>	<b>1,858,761</b>	<b>81,381</b>
Capital assets:			
Depreciable, net	952,758	-	-
<b>Total capital assets</b>	<b>952,758</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>5,509,369</b>	<b>1,858,761</b>	<b>81,381</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows of resources	847,949	-	-
Other postemployment benefits related deferred outflows of resources	372,515	-	-
<b>Total deferred outflows of resources</b>	<b>1,220,464</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	486,232	265,310	-
Accrued salaries and benefits	37,697	2,081	-
Claims payable, due within one year	-	378,146	24,187
<b>Total current liabilities</b>	<b>523,929</b>	<b>645,537</b>	<b>24,187</b>
Long-term liabilities:			
Claims payable, due in more than one year	-	90,262	5,773
Net pension liabilities	5,432,606	-	-
Net other postemployment benefits liabilities	7,843,381	-	-
<b>Total long-term liabilities</b>	<b>13,275,987</b>	<b>90,262</b>	<b>5,773</b>
<b>Total liabilities</b>	<b>13,799,916</b>	<b>735,799</b>	<b>29,960</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows of resources	225,265	-	-
Other postemployment benefits related deferred inflows of resources	25,412	-	-
<b>Total deferred inflows of resources</b>	<b>250,677</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>			
Investment in capital assets	952,758	-	-
Unrestricted (deficit)	(8,273,518)	1,122,962	51,421
<b>Total net position</b>	<b>\$ (7,320,760)</b>	<b>\$ 1,122,962</b>	<b>\$ 51,421</b>

(Continued)

**City of Hemet**  
**Combining Statement of Net Position (Continued)**  
**All Internal Service Funds**  
**June 30, 2019**

	Liability Insurance	OPEB	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 1,585,701	\$ 856,899	\$ 7,300,522
Accounts receivable	-	582	270,995
Due from other funds	-	-	1,244,052
Inventories	-	-	124,366
<b>Total current assets</b>	<b>1,585,701</b>	<b>857,481</b>	<b>8,939,935</b>
Capital assets:			
Depreciable, net	-	-	952,758
<b>Total capital assets</b>	<b>-</b>	<b>-</b>	<b>952,758</b>
<b>Total assets</b>	<b>1,585,701</b>	<b>857,481</b>	<b>9,892,693</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows of resources	-	-	847,949
Other postemployment benefits related deferred outflows of resources	-	-	372,515
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>1,220,464</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	196,427	3,587	951,556
Accrued salaries and benefits	1,549	-	41,327
Claims payable, due within one year	1,500,327	17,531	1,920,191
<b>Total current liabilities</b>	<b>1,698,303</b>	<b>21,118</b>	<b>2,913,074</b>
Long-term liabilities:			
Claims payable, due in more than one year	358,188	4,185	458,408
Net pension liabilities	-	-	5,432,606
Net other postemployment benefits liabilities	-	-	7,843,381
<b>Total long-term liabilities</b>	<b>358,188</b>	<b>4,185</b>	<b>13,734,395</b>
<b>Total liabilities</b>	<b>2,056,491</b>	<b>25,303</b>	<b>16,647,469</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows of resources	-	-	225,265
Other postemployment benefits related deferred inflows of resources	-	-	25,412
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>250,677</b>
<b>NET POSITION</b>			
Investment in capital assets	-	-	952,758
Unrestricted (deficit)	(470,790)	832,178	(6,737,747)
<b>Total net position</b>	<b>\$ (470,790)</b>	<b>\$ 832,178</b>	<b>\$ (5,784,989)</b>

(Concluded)

**City of Hemet**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Administrative Services	Workers' Compensation Admin	Medical Insurance Admin
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 7,544,323	\$ 2,423,700	\$ 304,921
Miscellaneous	221,974	-	-
<b>Total operating revenues</b>	<u>7,766,297</u>	<u>2,423,700</u>	<u>304,921</u>
<b>OPERATING EXPENSES:</b>			
Personal services	5,412,247	156,091	25,725
Parts and supplies	1,229,587	-	-
Maintenance	1,173,827	-	-
Utilities	694,584	-	-
Contracts, rents, and leases	258,772	-	-
Insurance	94,400	2,275,288	304,310
Claims and judgments	-	95,350	-
Depreciation	146,932	-	-
<b>Total operating expenses</b>	<u>9,010,349</u>	<u>2,526,729</u>	<u>330,035</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(1,244,052)	(103,029)	(25,114)
<b>TRANSFERS:</b>			
Transfers in	1,244,052	-	-
<b>Total transfers</b>	<u>1,244,052</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN NET POSITION</b>	-	(103,029)	(25,114)
<b>NET POSITION:</b>			
Beginning of the year	(7,320,760)	1,225,991	76,535
End of the year	<u>\$ (7,320,760)</u>	<u>\$ 1,122,962</u>	<u>\$ 51,421</u>

(Continued)

**City of Hemet**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Liability Insurance	OPEB	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 462,795	\$ 3,552,100	\$ 14,287,839
Miscellaneous	1,964	-	223,938
<b>Total operating revenues</b>	<u>464,759</u>	<u>3,552,100</u>	<u>14,511,777</u>
<b>OPERATING EXPENSES:</b>			
Personal services	111,887	-	5,705,950
Parts and supplies	8	-	1,229,595
Maintenance	-	-	1,173,827
Utilities	-	-	694,584
Contracts, rents, and leases	37,469	-	296,241
Insurance	505,451	-	3,179,449
Claims and judgments	1,261,517	3,963,681	5,320,548
Depreciation	-	-	146,932
<b>Total operating expenses</b>	<u>1,916,332</u>	<u>3,963,681</u>	<u>17,747,126</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(1,451,573)	(411,581)	(3,235,349)
<b>TRANSFERS:</b>			
Transfers in	-	-	1,244,052
<b>Total transfers</b>	<u>-</u>	<u>-</u>	<u>1,244,052</u>
<b>CHANGES IN NET POSITION</b>	(1,451,573)	(411,581)	(1,991,297)
<b>NET POSITION:</b>			
Beginning of the year	980,783	1,243,759	(3,793,692)
End of the year	<u>\$ (470,790)</u>	<u>\$ 832,178</u>	<u>\$ (5,784,989)</u>

(Concluded)

**City of Hemet**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Administrative Services	Workers' Compensation Admin	Medical Insurance Admin
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received for services from other funds	\$ 6,256,997	\$ 2,423,700	\$ 307,801
Cash payments to suppliers of goods and services	(3,144,866)	(95,350)	-
Cash payments to employees for services	(4,586,655)	(155,443)	(25,725)
Cash payment for insurance premiums and settlements	(94,400)	(1,915,888)	(302,703)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,568,924)</b>	<b>257,019</b>	<b>(20,627)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(324,872)</b>	<b>257,019</b>	<b>(20,627)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	3,242,652	1,601,742	102,008
End of year	<u>\$ 2,917,780</u>	<u>\$ 1,858,761</u>	<u>\$ 81,381</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (1,244,052)	\$ (103,029)	\$ (25,114)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	146,932	-	-
(Increase) Decrease in:			
Accounts receivables	(265,248)	-	2,880
Inventories	33,874	-	-
Due from other funds	(1,244,052)	-	-
Deferred outflows of resources related to pension	389,658	-	-
Deferred outflows of resources related to other postemployment benefits	(372,515)	-	-
Increase (Decrease) in:			
Accounts payable	178,030	264,050	-
Accrued wages and benefits payable	(912)	648	-
Claims payable	-	95,350	1,607
Net pension liabilities	(64,257)	-	-
Net other postemployment benefits liabilities	762,196	-	-
Deferred inflows of resources related to pension	86,910	-	-
Deferred inflows of resources related to other postemployment benefits	24,512	-	-
<b>Total adjustments</b>	<b>(324,872)</b>	<b>360,048</b>	<b>4,487</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (1,568,924)</b>	<b>\$ 257,019</b>	<b>\$ (20,627)</b>

(Continued)

**City of Hemet**  
**Combining Statement of Cash Flows (Continued)**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Liability Insurance	OPEB	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received for services from other funds	\$ 464,759	\$ 3,552,100	\$ 13,005,357
Cash payments to suppliers of goods and services	(37,477)	-	(3,277,693)
Cash payments to employees for services	(111,875)	-	(4,879,698)
Cash payment for insurance premiums and settlements	(602,993)	(3,962,245)	(6,878,229)
<b>Net cash (used in) operating activities</b>	<b>(287,586)</b>	<b>(410,145)</b>	<b>(2,030,263)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(287,586)</b>	<b>(410,145)</b>	<b>(786,211)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	1,873,287	1,267,044	8,086,733
End of year	\$ 1,585,701	\$ 856,899	\$ 7,300,522
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (1,451,573)	\$ (411,581)	\$ (3,235,349)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	146,932
(Increase) Decrease in:			
Accounts receivables	-	-	(262,368)
Inventories	-	-	33,874
Due from other funds	-	-	(1,244,052)
Deferred outflows of resources related to pension	-	-	389,658
Deferred outflows of resources related to other postemployment benefits	-	-	(372,515)
Increase (Decrease) in:			
Accounts payable	192,556	2,921	637,557
Accrued wages and benefits payable	12	-	(252)
Claims payable	971,419	(1,485)	1,066,891
Net pension liabilities	-	-	(64,257)
Net other postemployment benefits liabilities	-	-	762,196
Deferred inflows of resources related to pension	-	-	86,910
Deferred inflows of resources related to other postemployment benefits	-	-	24,512
<b>Total adjustments</b>	<b>1,163,987</b>	<b>1,436</b>	<b>1,205,086</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (287,586)</b>	<b>\$ (410,145)</b>	<b>\$ (2,030,263)</b>

(Concluded)

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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, 2019**

	Pass Thru Fees	Payroll Deposits	Heartland CFD 2006	Total Agency Funds
<b>ASSETS</b>				
Cash and investments	\$ 13,718	\$ 380,516	\$ -	\$ 394,234
Accounts receivable	-	2,078	17,778	19,856
Due from other agency funds	-	659,204	-	659,204
Investments with fiscal agent	-	-	1,236,879	1,236,879
<b>Total assets</b>	<b>\$ 13,718</b>	<b>\$ 1,041,798</b>	<b>\$ 1,254,657</b>	<b>\$ 2,310,173</b>
<b>LIABILITIES</b>				
Accounts payable	13,718	1,041,798	\$ -	\$ 1,055,516
Due to other agency funds	-	-	659,204	659,204
Deposits	-	-	595,453	595,453
<b>Total liabilities</b>	<b>\$ 13,718</b>	<b>\$ 1,041,798</b>	<b>\$ 1,254,657</b>	<b>\$ 2,310,173</b>

**City of Hemet**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Pass Thru Fees Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 456,866	\$ 1,870,158	\$ (2,313,306)	\$ 13,718
<b>Total assets</b>	<b>\$ 456,866</b>	<b>\$ 1,870,158</b>	<b>\$ (2,313,306)</b>	<b>\$ 13,718</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 84,118	\$ 3,076,378	\$ (3,146,778)	\$ 13,718
Deposits	372,748	480,822	(853,570)	-
<b>Total liabilities</b>	<b>\$ 456,866</b>	<b>\$ 3,557,200</b>	<b>\$ (4,000,348)</b>	<b>\$ 13,718</b>
<b>Payroll Deposits Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 374,058	\$ 63,567,887	\$ (63,561,429)	\$ 380,516
Accounts receivable	2,079	-	(1)	2,078
Due from other agency funds	638,069	659,204	(638,069)	659,204
<b>Total assets</b>	<b>\$ 1,014,206</b>	<b>\$ 64,227,091</b>	<b>\$ (64,199,499)</b>	<b>\$ 1,041,798</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,014,206	\$ 85,601,485	\$ (85,573,893)	\$ 1,041,798
<b>Total liabilities</b>	<b>\$ 1,014,206</b>	<b>\$ 85,601,485</b>	<b>\$ (85,573,893)</b>	<b>\$ 1,041,798</b>
<b>Heartland CFD 2006 Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 2,535,253	\$ (2,535,253)	\$ -
Accounts receivable	12,602	17,778	(12,602)	17,778
Cash and Investments with fiscal agent	1,186,761	947,910	(897,792)	1,236,879
<b>Total assets</b>	<b>\$ 1,199,363</b>	<b>\$ 3,500,941</b>	<b>\$ (3,445,647)</b>	<b>\$ 1,254,657</b>
<b>LIABILITIES</b>				
Due to other agency funds	\$ 638,069	\$ 659,204	\$ (638,069)	\$ 659,204
Deposits	561,294	(2,807,578)	2,841,737	595,453
<b>Total liabilities</b>	<b>\$ 1,199,363</b>	<b>\$ (2,148,374)</b>	<b>\$ 2,203,668</b>	<b>\$ 1,254,657</b>

(Continued)

**City of Hemet**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**All Agency Funds**  
**For the Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Total Agency Funds</b>				
<b>ASSETS</b>				
Cash	\$ 830,924	\$ 67,973,298	\$ (68,409,988)	\$ 394,234
Accounts receivable	14,681	17,778	(12,603)	19,856
Due from other agency funds	638,069	659,204	(638,069)	659,204
Cash and investments with fiscal agent	1,186,761	947,910	(897,792)	1,236,879
<b>Total assets</b>	<b>\$ 2,670,435</b>	<b>\$ 69,598,190</b>	<b>\$ (69,958,452)</b>	<b>\$ 2,310,173</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,098,324	\$ 88,677,863	\$ (88,720,671)	\$ 1,055,516
Due to other agency funds	638,069	659,204	(638,069)	659,204
Deposits	934,042	(2,326,756)	1,988,167	595,453
<b>Total liabilities</b>	<b>\$ 2,670,435</b>	<b>\$ 87,010,311</b>	<b>\$ (87,370,573)</b>	<b>\$ 2,310,173</b>

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**STATISTICAL SECTION**  
**(Unaudited)**

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**City of Hemet**  
**Statistical Section**  
**(Unaudited)**

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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.

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<b>Financial Trends</b>	
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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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities					
Net Investment in Capital Assets	\$ 323,329	\$ 320,323	\$ 332,523	\$ 326,964	\$ 325,096
Restricted	32,078	58,734	42,003	33,450	36,986
Unrestricted	<u>24,332</u>	<u>327</u>	<u>14,792</u>	<u>24,524</u>	<u>20,224</u>
Total governmental activities net position	<u><u>\$ 379,739</u></u>	<u><u>\$ 379,384</u></u>	<u><u>\$ 389,318</u></u>	<u><u>\$ 384,938</u></u>	<u><u>\$ 382,307</u></u>
Business-type activities					
Net Investment in Capital Assets	\$ 5,281	\$ 4,624	\$ 3,694	\$ 4,114	\$ 4,171
Restricted	-	-	-	-	-
Unrestricted	<u>10,292</u>	<u>10,985</u>	<u>14,171</u>	<u>7,559</u>	<u>7,828</u>
Total business-type activities net position	<u><u>\$ 15,573</u></u>	<u><u>\$ 15,609</u></u>	<u><u>\$ 17,865</u></u>	<u><u>\$ 11,673</u></u>	<u><u>\$ 12,000</u></u>
Primary government					
Net Investment in Capital Assets	\$ 328,610	\$ 324,947	\$ 336,217	\$ 331,078	\$ 329,267
Restricted	32,078	58,734	42,003	33,450	36,986
Unrestricted	<u>34,624</u>	<u>11,312</u>	<u>28,963</u>	<u>32,082</u>	<u>28,053</u>
Total primary government net position	<u><u>\$ 395,312</u></u>	<u><u>\$ 394,994</u></u>	<u><u>\$ 407,183</u></u>	<u><u>\$ 396,611</u></u>	<u><u>\$ 394,307</u></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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities					
Net Investment in Capital Assets	\$ 324,343	\$ 321,098	\$ 315,946	\$ 312,748	\$ 309,342
Restricted	39,006	43,671	48,220	55,279	64,083
Unrestricted	<u>(53,711)</u>	<u>(45,551)</u>	<u>(58,471)</u>	<u>(95,864)</u>	<u>(99,591)</u>
Total governmental activities net position	<u>\$ 309,638</u>	<u>\$ 319,218</u>	<u>\$ 305,695</u>	<u>\$ 272,163</u>	<u>\$ 273,834</u>
Business-type activities					
Net Investment in Capital Assets	\$ 3,740	\$ 3,522	\$ 3,898	\$ 4,174	\$ 3,893
Restricted	-	-	-	-	-
Unrestricted	<u>3,606</u>	<u>6,550</u>	<u>7,068</u>	<u>(845)</u>	<u>1,868</u>
Total business-type activities net position	<u>\$ 7,346</u>	<u>\$ 10,072</u>	<u>\$ 10,966</u>	<u>\$ 3,329</u>	<u>\$ 5,761</u>
Primary government					
Net Investment in Capital Assets	\$ 328,083	\$ 324,620	\$ 319,844	\$ 316,922	\$ 313,235
Restricted	39,006	43,671	48,220	55,279	64,083
Unrestricted	<u>(50,105)</u>	<u>(39,001)</u>	<u>(51,403)</u>	<u>(96,709)</u>	<u>(97,723)</u>
Total primary government net position	<u>\$ 316,984</u>	<u>\$ 329,290</u>	<u>\$ 316,661</u>	<u>\$ 275,492</u>	<u>\$ 279,595</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 1,471	\$ 929	\$ 1,870	\$ 2,047	\$ 3,082
Public Safety	27,482	27,348	26,114	25,449	28,308
Community development	7,100	7,287	4,367	5,064	6,627
Public Works	13,343	12,379	11,700	15,807	11,804
Sanitation	1,858	2,381	1,596	1,754	1,921
Parks	849	763	617	790	906
Libraries	2,046	1,787	1,689	1,600	1,751
Interest and related charges on long-term debt	934	760	363	-	-
Total governmental activities expenses	<u>55,083</u>	<u>53,633</u>	<u>48,317</u>	<u>52,510</u>	<u>54,397</u>
Business-type activities:					
Refuse	10,018	10,516	5,059	276	-
Water	6,716	7,132	8,881	8,918	7,478
Total business-type activities expenses	<u>16,735</u>	<u>17,647</u>	<u>13,940</u>	<u>9,194</u>	<u>7,478</u>
Total primary government expenses	<u>\$ 71,818</u>	<u>\$ 71,280</u>	<u>\$ 62,257</u>	<u>\$ 61,704</u>	<u>\$ 61,875</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 3,754	\$ 2,797	\$ 1,031	\$ 1,494	\$ 1,606
Public safety	573	964	1,185	902	1,069
Community development	2,047	1,118	795	602	718
Public Works	3,271	5,878	4,743	4,314	4,810
Sanitation	2,555	2,794	2,788	2,758	2,883
Other activities	82	53	50	36	35
Operating grants and contributions	6,645	3,503	3,219	1,981	2,454
Capital grants and contributions	6,275	8,718	6,445	5,321	5,850
Total government activities program revenues	<u>25,201</u>	<u>25,825</u>	<u>20,255</u>	<u>17,409</u>	<u>19,425</u>
Business-type activities					
Charges for services:					
Refuse	10,697	9,978	4,160	117	-
Water	7,539	7,403	7,768	7,549	7,371
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>18,236</u>	<u>17,381</u>	<u>11,928</u>	<u>7,666</u>	<u>7,371</u>
Total primary government program revenues	<u>\$ 43,437</u>	<u>\$ 43,206</u>	<u>\$ 32,183</u>	<u>\$ 25,076</u>	<u>\$ 26,796</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,053	\$ 1,142	\$ 2,777	\$ 3,511	\$ 6,181
Public Safety	28,947	21,566	34,746	43,067	40,916
Community development	5,325	3,952	4,874	5,729	5,535
Public Works	12,139	11,652	11,696	13,766	11,962
Sanitation	2,201	2,070	2,048	2,248	2,167
Parks	843	1,015	1,176	1,407	1,205
Libraries	1,855	1,788	2,085	2,125	2,026
Interest and related charges on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>54,363</u>	<u>43,186</u>	<u>59,402</u>	<u>71,853</u>	<u>69,992</u>
Business-type activities:					
Refuse	-	-	-	-	-
Water	7,919	7,643	9,966	12,052	9,261
Total business-type activities expenses	<u>7,919</u>	<u>7,643</u>	<u>9,966</u>	<u>12,052</u>	<u>9,261</u>
Total primary government expenses	<u>\$ 62,282</u>	<u>\$ 50,829</u>	<u>\$ 69,368</u>	<u>\$ 83,905</u>	<u>\$ 79,253</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 600	\$ 586	\$ 602	\$ 759	\$ 793
Public safety	681	760	1,207	1,289	1,049
Community development	3,197	2,674	2,261	2,824	2,824
Public Works	2,577	2,724	3,542	3,912	3,944
Sanitation	2,876	3,412	3,918	4,003	3,969
Other activities	44	2,764	58	159	141
Operating grants and contributions	2,742	3,349	2,559	2,719	2,455
Capital grants and contributions	7,211	7,658	6,220	6,503	7,962
Total government activities program revenues	<u>19,928</u>	<u>23,928</u>	<u>20,367</u>	<u>22,168</u>	<u>23,137</u>
Business-type activities					
Charges for services:					
Refuse	-	-	-	-	-
Water	7,090	10,306	11,460	10,602	11,446
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>7,090</u>	<u>10,306</u>	<u>11,460</u>	<u>10,602</u>	<u>11,446</u>
Total primary government program revenues	<u>\$ 27,018</u>	<u>\$ 34,234</u>	<u>\$ 31,827</u>	<u>\$ 32,770</u>	<u>\$ 34,583</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net (expense)/revenue					
Governmental activities	\$ (29,882)	\$ (27,808)	\$ (28,061)	\$ (35,101)	\$ (34,972)
Business-type activities	1,501	(266)	(2,012)	(1,527)	(107)
Total primary government net expense	<u>\$ (28,381)</u>	<u>\$ (28,074)</u>	<u>\$ (30,073)</u>	<u>\$ (36,628)</u>	<u>\$ (35,079)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	12,061	10,648	7,813	7,343	6,207
Transient occupancy taxes	621	603	586	626	643
Sales taxes	7,320	9,436	9,426	10,118	11,043
Motor vehicle in lieu taxes	5,373	5,179	4,783	4,829	4,996
Franchise and other taxes	1,077	1,422	3,354	4,730	4,875
Investment income	510	493	572	132	565
Miscellaneous	7	149	448	264	184
Gain (loss) on sale/disposal of assets	-	-	-	-	-
Capital contributions	-	-	-	-	-
Transfers	571	-	(2,185)	2,527	(187)
Total governmental activities	<u>27,540</u>	<u>27,929</u>	<u>24,797</u>	<u>30,568</u>	<u>28,327</u>
Business-type activities					
Investment income	85	56	183	12	71
Gain (loss) on sale/disposal of assets	-	-	1,830	-	-
Capital contributions	-	-	-	-	-
Miscellaneous	-	91	70	59	176
Transfers	(571)	-	2,185	(4,736)	187
Total business-type activities	<u>(486)</u>	<u>146</u>	<u>4,268</u>	<u>(4,665)</u>	<u>434</u>
Total primary government	<u>\$ 27,054</u>	<u>\$ 28,075</u>	<u>\$ 29,065</u>	<u>\$ 25,903</u>	<u>\$ 28,760</u>
<b>Change in Net Position</b>					
Governmental activities	\$ (2,342)	\$ 121	\$ 7,190	\$ (4,532)	\$ (6,646)
Business-type activities	1,015	(120)	2,256	(6,192)	327
Total primary government	<u>\$ (1,326)</u>	<u>\$ 1</u>	<u>\$ 9,446</u>	<u>\$ (10,725)</u>	<u>\$ (6,319)</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net (expense)/revenue					
Governmental activities	\$ (34,972)	\$ (30,431)	\$ (39,034)	\$ (49,685)	\$ (46,855)
Business-type activities	<u>(107)</u>	<u>2,410</u>	<u>1,495</u>	<u>(1,450)</u>	<u>2,185</u>
Total primary government net expense	<u>\$ (35,079)</u>	<u>\$ (28,021)</u>	<u>\$ (37,539)</u>	<u>\$ (51,135)</u>	<u>\$ (44,670)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	6,207	6,208	6,485	7,123	7,718
Transient occupancy taxes	643	854	963	1,026	975
Sales taxes	11,043	12,275	14,175	23,446	24,986
Motor vehicle in lieu taxes	4,996	5,715	6,061	6,393	6,786
Franchise and other taxes	4,875	5,053	4,964	5,048	5,117
Investment income	565	1,415	194	403	2,425
Miscellaneous	184	765	439	648	357
Gain (loss) on sale/disposal of assets		-	-	-	-
Capital contributions		-	-	-	-
Transfers	<u>(187)</u>	<u>205</u>	<u>350</u>	<u>139</u>	<u>163</u>
Total governmental activities	<u>28,327</u>	<u>32,490</u>	<u>33,631</u>	<u>44,226</u>	<u>48,527</u>
Business-type activities					
Investment income	71	166	(25)	21	350
Gain (loss) on sale/disposal of assets	-	-	-	-	-
Capital contributions	-	-	-	-	-
Miscellaneous	176	84	45	81	60
Transfers	<u>187</u>	<u>(205)</u>	<u>(350)</u>	<u>(138)</u>	<u>(163)</u>
Total business-type activities	<u>434</u>	<u>45</u>	<u>(330)</u>	<u>(36)</u>	<u>247</u>
Total primary government	<u>\$ 28,760</u>	<u>\$ 32,535</u>	<u>\$ 33,301</u>	<u>\$ 44,190</u>	<u>\$ 48,774</u>
<b>Change in Net Position</b>					
Governmental activities	\$ (6,646)	\$ 2,059	\$ (5,403)	\$ (5,459)	\$ 1,672
Business-type activities	<u>327</u>	<u>2,455</u>	<u>1,165</u>	<u>(1,486)</u>	<u>2,432</u>
Total primary government	<u>\$ (6,319)</u>	<u>\$ 4,514</u>	<u>\$ (4,238)</u>	<u>\$ (6,945)</u>	<u>\$ 4,104</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund					
Reserved	\$ 2,364	\$ -	\$ -	\$ -	\$ -
Unreserved	209	-	-	-	-
Nonspendable**	-	1,019	3,221	1,020	12
Restricted**	-	-	-	698	873
Committed**	-	-	7,439	7,888	7,270
Assigned**	-	-	316	4,269	6,362
Unassigned**	-	1,679	6,724	8,163	4,397
Total general fund	<u>\$ 2,573</u>	<u>\$ 2,697</u>	<u>\$ 17,699</u>	<u>\$ 22,038</u>	<u>\$ 18,913</u>
All other governmental funds					
Reserved	\$ 20,189	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	13,654	-	-	-	-
Capital projects funds	22,971	-	-	-	-
Nonspendable**	-	1,354	1,354	1,354	1,354
Restricted**	-	51,960	34,784	32,831	33,741
Committed**	-	-	-	-	-
Assigned**	-	6,309	4,181	4,452	4,554
Unassigned, reported in:**					
Special revenue funds	-	(2,468)	(2,029)	(1,225)	(174)
Total all other governmental funds	<u>\$ 56,814</u>	<u>\$ 57,155</u>	<u>\$ 38,289</u>	<u>\$ 37,412</u>	<u>\$ 39,476</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable**	13	7	7	4	8
Restricted**	1,075	1,253	2,469	1,253	12,805
Committed**	7,288	7,727	8,295	9,303	8,214
Assigned**	314	215	215	215	134
Unassigned**	8,226	6,084	1,882	5,920	1,086
Total general fund	<u>\$ 16,916</u>	<u>\$ 15,287</u>	<u>\$ 12,868</u>	<u>\$ 16,695</u>	<u>\$ 22,247</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable**	1,000	1,000	1,000	1,000	1,000
Restricted**	36,931	41,418	43,536	46,330	50,374
Committed**	-	-	-	-	-
Assigned**	4,759	6,586	6,350	4,081	4,057
Unassigned, reported in:**					
Special revenue funds	(276)	(297)	(81)	(180)	(191)
Total all other governmental funds	<u>\$ 42,414</u>	<u>\$ 48,707</u>	<u>\$ 50,805</u>	<u>\$ 51,231</u>	<u>\$ 55,240</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Revenues</b>					
Taxes	\$ 23,068	\$ 23,362	\$ 22,502	\$ 24,265	\$ 24,275
Licenses and permits	1,363	2,175	1,536	1,598	1,996
Intergovernmental revenues	11,787	14,710	11,113	9,322	10,033
Charges for services	12,464	11,812	9,924	9,509	10,107
Fines and forfeitures	218	600	511	404	400
Investment income	877	493	572	132	565
Other contributions	-	-	-	-	-
Miscellaneous	2,210	159	468	337	184
Total revenues	<u>51,987</u>	<u>53,311</u>	<u>46,625</u>	<u>45,566</u>	<u>47,561</u>
<b>Expenditures</b>					
General government	1,027	1,601	1,983	1,949	2,412
Public safety	25,883	24,807	24,610	23,967	26,915
Community development	2,630	7,196	4,617	5,064	6,627
Public works	6,138	5,651	5,501	4,919	5,692
Sanitation	1,802	1,957	1,785	1,754	1,921
Parks	823	763	647	790	906
Libraries	1,669	1,420	1,441	1,248	1,399
Capital outlay	3,495	6,410	3,900	6,035	2,422
Debt service					
Principal	375	390	405	-	-
Interest	937	697	342	-	-
SERAF Obligation	4,425	911	-	-	-
Fiscal-administrative charges	3	3	3	-	-
Total expenditures	<u>49,208</u>	<u>51,807</u>	<u>45,234</u>	<u>45,725</u>	<u>48,294</u>
Excess (deficiency) of revenues over expenditures	<u>2,780</u>	<u>1,504</u>	<u>1,392</u>	<u>(159)</u>	<u>(733)</u>
<b>Other financing sources (uses)</b>					
Transfers in	3,569	5,038	6,696	6,933	1,985
Transfers out	(2,953)	(4,010)	(8,977)	(3,313)	(2,313)
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	<u>616</u>	<u>1,028</u>	<u>(2,281)</u>	<u>3,620</u>	<u>(328)</u>
Net change in fund balances	<u>\$ 3,396</u>	<u>\$ 2,532</u>	<u>\$ (889)</u>	<u>\$ 3,461</u>	<u>\$ (1,061)</u>
Debt service as a percentage of noncapital expenditures	12.56%	4.41%	1.82%	0.00%	0.00%

(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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Revenues</b>					
Taxes	\$ 30,083	\$ 31,725	\$ 34,284	\$ 44,799	\$ 47,526
Licenses and permits	2,119	1,974	1,679	1,784	1,968
Intergovernmental revenues	6,638	6,712	5,677	5,792	5,854
Charges for services	8,966	9,988	10,393	11,307	11,152
Fines and forfeitures	379	412	443	491	446
Investment income	558	1,430	197	402	2,425
Other contributions	-	-	-	-	-
Miscellaneous	646	3,823	679	1,261	2,204
Total revenues	<u>49,389</u>	<u>56,064</u>	<u>53,352</u>	<u>65,836</u>	<u>71,575</u>
<b>Expenditures</b>					
General government	2,812	2,307	2,103	2,195	5,148
Public safety	28,017	30,339	32,497	38,450	35,908
Community development	5,248	4,793	4,844	4,856	5,057
Public works	5,562	5,738	5,488	8,804	6,076
Sanitation	2,162	2,035	1,999	2,193	2,104
Parks	850	1,120	1,205	1,248	1,153
Libraries	1,419	1,506	1,642	1,600	1,486
Capital outlay	4,776	3,772	2,457	2,193	4,002
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
SERAF Obligation	-	-	-	-	-
Fiscal-administrative charges	-	-	-	-	-
Total expenditures	<u>50,846</u>	<u>51,611</u>	<u>52,235</u>	<u>61,539</u>	<u>60,934</u>
Excess (deficiency) of revenues over expenditures	<u>(1,457)</u>	<u>4,453</u>	<u>1,117</u>	<u>4,297</u>	<u>10,641</u>
<b>Other financing sources (uses)</b>					
Transfers in	1,231	713	325	467	183
Transfers out	(1,231)	(490)	(1,086)	(513)	(1,264)
Issuance of debt	8	11	-	-	-
Total other financing sources (uses)	<u>8</u>	<u>234</u>	<u>(761)</u>	<u>(46)</u>	<u>(1,081)</u>
Net change in fund balances	<u>\$ (1,449)</u>	<u>\$ 4,687</u>	<u>\$ 356</u>	<u>\$ 4,251</u>	<u>\$ 9,560</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)**

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Fiscal Year	Property Tax
2010	4,850
2011	4,437
2012	4,611
2013	7,127
2014	5,946
2015	5,381
2016	5,916
2017	6,136
2018	7,123
2019	7,392

\*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	
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
2018	5,738,442,456	173,750,554	(152,501,372)	\$ 5,759,691,638
2019	5,891,505,336	190,128,633	(164,926,297)	\$ 5,916,707,672

**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		
2010	\$ 1,347,521,671	\$ 82,733,031	\$ (29,470,067)	\$ 1,400,784,635	0.24552
2011	1,260,302,405	76,584,053	(45,093,185)	1,291,793,273	0.24552
2012	1,226,300,702	77,049,549	N/A**	1,303,350,251	0.24552
2013	1,238,584,940	78,868,067	N/A**	N/A**	0.24552
2014	1,311,683,769	72,346,441	N/A**	N/A**	0.24552
2015	1,402,028,714	66,989,353	N/A**	N/A**	0.24552
2016	1,472,420,756	64,336,968	N/A**	N/A**	0.24552
2017	1,554,120,090	66,302,157	N/A**	N/A**	0.24552
2018	1,632,333,531	67,103,391	N/A**	N/A**	0.24552
2019	1,709,804,561	78,020,649	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**

	2010	2011	2012	2013	2014
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 Cemetery	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	0.09476 *	0.11177	0.12536	0.12525	0.12502
Metropolitan Water District Debt Sv	0.0043 *	0.0037	0.0037	0.0035	0.0035
<b>Total Rate</b>	<b>1.09906</b>	<b>1.11547</b>	<b>1.12906</b>	<b>1.12875</b>	<b>1.12852</b>

**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**

	2015	2016	2017	2018	2019
City Direct Rates:					
City of Hemet Basic Area	0.24552	0.2455	0.2455	0.2455	0.2455
Overlapping Rates:					
Hemet Unified School	0.30653	0.30653	0.30653	0.30653	0.30653
County General	0.25433	0.25431	0.25433	0.25433	0.25433
Eastern Municipal Water District	0.04435	0.04440	0.04435	0.04435	0.04435
Flood control Zone 4	0.03923	0.03920	0.03923	0.03923	0.03923
Riv. Co. Office of Education	0.03641	0.03640	0.03641	0.03641	0.03641
Mt. San Jacinto Junior College	0.03527	0.03530	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 Cemetery	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	0.00022	0.00020	0.00020
Proposition 13 Rate	1.00000	1.00000	1.00000	1.0000	1.0000
Bond issues:					
Hemet Unified School District Debt Sv	0.11991	0.13729	0.12409	0.11019	0.10173
Metropolitan Water District Debt Sv	0.0035	0.0035	0.0035	0.0035	0.0035
<b>Total Rate</b>	<b>1.12341</b>	<b>1.14079</b>	<b>1.12759</b>	<b>1.11369</b>	<b>1.10523</b>

**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**  
**6/30/2019**

Taxpayer	2019			2010		
	Assessed Value	Rank	Total City Taxable Assessed Value	Assessed Value	Rank	Total City Taxable Assessed Value
PHH Real Estate	\$ 47,637,597	1	0.81%	-		-
Freedom Properties Hemet	43,719,788	2	0.74%	-		-
Walmart Real Estate Business Trust	41,160,653	3	0.70%	-		-
Granite Village West LP	38,049,576	4	0.64%	-		-
CBYW Hemet ILF PROPCO LP	37,204,500	5	0.63%	-		-
MCS Hemet Valley Center	34,263,243	6	0.58%	-		-
FFLP CC	31,939,631	7	0.54%	-		-
James J. Femino	31,861,221	8	0.54%	-		-
Providence Vista Gardens Hemet Apts.	27,901,000	9	0.47%	-		-
Time Warner Cable	22,692,470	10	0.38%	-		-
Freedom Properties Hemet	-		-	\$ 38,517,773	1	0.86%
Granite Village West LP	-		-	37,766,519	2	0.84%
Western Center Community Foundation	-		-	32,132,435	3	0.72%
MCS Hemet Valley Center	-		-	32,051,453	4	0.71%
Merrill Gardens LLC	-		-	25,787,832	5	0.57%
James Femino	-		-	25,745,468	6	0.57%
Walmart Real Estate Business Trust	-		-	24,928,377	7	0.56%
Jianna Properties	-		-	23,868,000	8	0.53%
PCG Peppertree	-		-	23,031,929	9	0.51%
CAC Exchange I	-		-	19,671,343	10	0.44%
	<u>356,429,679</u>		<u>6.02%</u>	<u>283,501,129</u>		<u>6.32%</u>

**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
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%
2018	5,514	-	10,683	5,552	-	100.68%
2019	5,809	-	10,667	5,896	-	101.50%

**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)**

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Fiscal Year	Collection of Delinquent taxes	Total Collections to Date	
		Amount	Percentage of Levy
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%
2018	255	5,806	105.30%
2019	193	6,088	104.81%

**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
2010	\$ -	\$ 7,740	\$ 6,740	\$ -	\$ -	\$ 1,972	\$ -
2011	-	7,475	6,615	-	-	1,503	-
2012	-	*	*	-	-	286	-
2013	-	*	*	-	-	153	-
2014	-	*	*	-	-	-	-
2015	-	*	*	-	-	-	-
2016	-	*	*	-	-	-	-
2017	-	*	*	-	-	-	-
2018	-	*	*	-	-	-	-
2019	-	*	*	-	-	-	-

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)**

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Fiscal Year	Total Primary Government	Percentage of Personal Income	Per Capita
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%	-
2018	-	0.00%	-
2019	-	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
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%	-
2018	83,166	-	**	-	0.00%	-
2019	84,754	-	**	-	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, 2019**

2018-2019 Assessed Valuation:	\$ 5,944,312,276		
	Total Debt		City's Share of
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>	6/30/2019	% Applicable (1)	Debt 6/30/19
Metropolitan Water District	\$ 48,050,000	0.201%	\$ 96,581
Eastern Municipal Water District, I.D. No. 24	281,000	53.117%	149,259
Eastern Municipal Water District, I.D. No. U12	287,000	1.881%	5,398
Eastern Municipal Water District, I.D. No. U18	641,000	100.000%	641,000
Eastern Municipal Water District, I.D. No. U21	142,000	13.593%	19,302
Mt. San Jacinto Community College District	172,650,000	6.520%	11,256,780
Hemet Unified School District	186,050,000	51.992%	96,731,116
San Jacinto Unified School District	64,212,349	5.649%	3,627,356
Hemet Unified School District Community Facilities District No. 2004-1	2,800,000	100.000%	2,800,000
Hemet Unified School District Community Facilities District No. 2005-2, 3 & 4	18,670,000	100.000%	18,670,000
San Jacinto Unified School District Community Facilities District No. 2005-4	1,990,000	29.185%	580,782
Eastern Municipal Water District Community Facilities District No. 2001-02	3,315,000	100.000%	3,315,000
Eastern Municipal Water District Community Facilities District No. 2004-27	6,381,000	100.000%	6,381,000
Eastern Municipal Water District Community Facilities District No. 2005-38	2,270,000	100.000%	2,270,000
Eastern Municipal Water District Community Facilities District No. 2006-56	4,445,000	100.000%	4,445,000
City of Hemet Community Facilities District No. 1999-1	7,110,000	100.000%	7,110,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 158,098,573</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Riverside County General Fund Obligations	\$ 760,133,611	2.120%	\$ 16,114,833
Riverside County Pension Obligations	243,850,000	2.120%	5,169,620
Riverside County board of Education Certificates of Participation	-	0.000%	-
Riverside County Flood Control District, Zone No. 4	14,690,000	11.535%	1,694,492
Mt San Jacinto Community College District General Fund Obligations	-	0.000%	-
Hemet Unified School District Certificates of Participation	50,580,000	51.992%	26,297,554
San Jacinto Unified School District Certificates of Participation	41,505,000	5.649%	2,344,617
<b>City of Hemet</b>	<b>0</b>	<b>100.000%</b>	<b>0</b>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 51,621,115</b>
Less: Riverside County Administrative Center Authority (100% self-supporting from tax increment revenues)			36,827
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 51,584,288</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>			
Hemet Redevelopment Agency Tax Allocation Bonds	9,070,000	100.000%	9,070,000
Riverside County Project Areas Tax Allocation Bonds	298,223,028	0.466-3.511%	3,080,491
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>			<b>12,150,491</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ -</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>221,870,180</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>221,833,353</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$ 221,870,180 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$ 221,833,353</b>

(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	2.66%
<b>Total Direct Debt</b>	<b>0.00%</b>
Gross Combined Total Debt	3.73%
Net Combined Total Debt	3.73%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,584,187,552):

Total Overlapping Tax Increment Debt	0.77%
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Source: California Municipal Statistics, Inc.

**City of Hemet**  
**Legal Debt Margin Information**  
**Last Ten Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 168,329,960	\$ 157,681,797	\$ 155,923,565	\$ 156,603,119	\$ 163,587,451
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 168,329,960</u>	<u>\$ 157,681,797</u>	<u>\$ 155,923,565</u>	<u>\$ 156,603,119</u>	<u>\$ 163,587,451</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2018:

Assessed Value	\$5,726,579,039
Debt limit (3.75% of assessed value)	<u>214,746,714</u>
Debt applicable to limit:	
General obligation bonds	<u>0</u>
Legal debt margin	<u>\$ 214,746,714</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**

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	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Limit	\$ 171,057,453	\$ 181,336,069	\$ 192,577,682	\$ 203,270,441	\$ 214,746,714
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 171,057,453</u>	<u>\$ 181,336,069</u>	<u>\$ 192,577,682</u>	<u>\$ 203,270,441</u>	<u>\$ 214,746,714</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		
		Principal	Interest					Principal	Interest	Coverage
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						
2018	935	485	394	1.06						
2019	905	505	375	1.03						

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)
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% (3)
2017	81,868	1,855,529 (4)	22,665	7.80% (3)
2018	83,166	- *	- *	5.60% (3)
2019	84,754	- *	- *	5.10% (3)

\*2018 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  
2019**

Employer	Number of Employees	Percent of Total Employment
Hemet Unified School District	4,046	15.50%
Physicians For Healthy Hospitals	987	3.78%
County of Riverside (Various service centers)	692	2.65%
Gosch Ford, Toyota, Hyundai & Inland Chevrolet	614	2.35%
Walmart Supercenter	372	1.43%
Horizon Solar	302	1.16%
City of Hemet	288	1.10%
Manorcare Health Services	250	0.96%
Forest River, Inc.	241	0.92%
TE Connectivity	240 *	0.92%
Village Healthcare Retirement	230 *	0.88%
Target	201	0.77%
American Medical Response	192	0.74%
Home Depot	175	0.67%
McCrometer, Inc.	170 *	0.65%
Winco Foods	156	0.60%
Lowe's	148	0.57%
Stater Bros	100	0.38%

\* 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	<u>As of June 30:</u>				
	2010	2011	2012	2013	2014
General Government	35	32	30	30	29
Community Development (Building, Planning, Engineering)	39	38	38	35	35
Library	16	15	13	13	12
Police					
Sworn	68	58	54	61	61
Non-sworn	31	31	27	28	28
Fire					
Firefighters and Officers	48	49	48	44	44
Civilians	1	3	1	3	3
Public Works					
Water	16	17	16	19	18
Sewer/Storm Drain/Street Sweeping	4	1	4	4	4
Refuse	24	24	2	1	1
Streets, Parks, LLMD	31	31	33	32	33
Facility & Equipment Maintenance	15	14	11	11	11
Clean City Youth	4	6	5	4	4
Administration	3	4	7	5	8
<b>TOTAL</b>	<b>335</b>	<b>323</b>	<b>289</b>	<b>290</b>	<b>291</b>

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

Function	<u>As of June 30:</u>				
	2015	2016	2017	2018	2019
General Government	31	33	30	30	24
Community Development (Building, Planning, Engineering)	28	27	28	30	22
Library	12	12	13	12	12
Police					
Sworn	70	63	75	90	70
Non-sworn	29	29	35	41	35
Fire					
Firefighters and Officers	39	39	42	58	49
Civilians	2	2	3	3	3
Public Works					
Water	18	21	20	19	14
Sewer/Storm Drain/Street Sweeping	4	4	8	9	6
Refuse	0	0	0	0	0
Streets, Parks, LLMD	31	31	31	29	28
Facility & Equipment Maintenance	11	10	11	12	10
Clean City Youth	0	0	0	0	0
Administration	5	5	4	6	6
<b>TOTAL</b>	<b>280</b>	<b>276</b>	<b>300</b>	<b>339</b>	<b>279</b>

**City of Hemet**  
**Operating Indicators**  
**by Function**  
**Last Ten Fiscal Years**

Function:	2010	2011	2012	2013	2014
<b>Police</b>					
Calls for Service (1)	57,432	42,616	44,508	45,507	70,599
Arrests (1)	3,553	4,205	3,860	2,468	3,222
Sworn Officer's per 1000 population	1	1	1	1	1
<b>Fire</b>					
Calls for Service (1)	12,155	12,620	12,850	11,922	13,613
Fire/Explosion (included in total above)	288	240	228	224	254
Medical Aid (included in total above)	10,167	10,704	10,802	10,064	11,383
<b>Community Development</b>					
Permits: Single Family + Mobile set up	149	106	21	93	127
Conditional Use Permits applied/approved	9/3	12/11	7/4	8/4	9/2
Site Development Reviews applied/approved	1/2	4/1	3/1	9/7	5/4
<b>Library</b>					
Number of items checked out	412,718	428,459	428,601	381,047	360,792
Number of Cardholders	112,192	116,012	112,000	128,209	133,366
Total items in collection	101,752	102,902	106,211	92,680	104,977
<b>Simpson Senior Center</b>					
Citizens served through:					
Simpson Center	57,000	N/A	N/A	N/A	N/A
Lunch Program	28,000	N/A	N/A	N/A	N/A
Prime of Life	23,000	N/A	N/A	N/A	N/A
<b>Public Works</b>					
Trees trimmed	1,781	1,537	2,117	2,400	1,300
Poured Sidewalk (sq ft)	134,450	151,280	164,920	178,742	70,190
Asphalt remove and replace (sq ft)	306,000	52,426	66,234	73,266	1,358,833
Striping painted (linear ft)	218,000	1,044,862	1,056,000	N/A	1,000,000
Equipment CHP 90 day inspections/maint	224	N/A	N/A	N/A	116
Equipment light duty preventative maint	861	N/A	N/A	N/A	858
Buildings maintained (sq ft)	285,907	285,907	285,907	285,907	285,907
Miscellaneous service requests	3,520	4,760	4,753	4,800	1,500
<b>Refuse collected:</b>					
Commercial tons	17,846	18,038	7,052	-	-
Residential tons	23,056	23,545	12,915	-	-
Roll-off tons	7,375	8,112	3,541	-	-
Green Waste tons	7,725	7,808	2,988	-	-
Commingled Recyclable tons	4,024	2,118	912	-	-
Cardboard tons	1,170	1,890	619	-	-
<b>Water</b>					
Number of active accounts	9,325	9,145	9,112	9,214	9,075
Water introduced into the System (acre ft)	4,206	4,293	4,484	3,953	4,597
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:	2015	2016	2017	2018	2019
<b>Police</b>					
Calls for Service (1)	25,000	52,346 *	79,101 *	81,566	82,298
Arrests (1)	2,109	3,433 *	2,593 *	3,339	4,357
Sworn Officer's per 1000 population	1	1 *	1 *	1	1
<b>Fire</b>					
Calls for Service (1)	15,693	12,672 *	17,946 *	16,918	17,976
Fire/Explosion (included in total above)	286	255 *	761 *	333	557
Medical Aid (included in total above)	15,407	10,816 *	13,867 *	13,958	14,659
<b>Community Development</b>					
Permits: Single Family + Mobile set up	120	80	2	62	55
Conditional Use Permits applied/approved	9/11	13/6 *	6/6 *	6/5	13/11
Site Development Reviews applied/approved	5/4	7/4 *	3/3 *	7/10	6/3
<b>Library</b>					
Number of items checked out	451,956	430,614 *	680,326 *	447,775	532,834
Number of Cardholders	138,244	110,629 *	149,965 *	152,164	153,527
Total items in collection	94,434	98,114 *	101,451 *	90,082	105,498
<b>Simpson Senior Center</b>					
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
<b>Public Works</b>					
Trees trimmed	1,000	1,800	1,750	1,750	1,600
Poured Sidewalk (sq ft)	100,000	12,000	38,050	55,000	26,283
Asphalt remove and replace (sq ft)	1,000,000	158,000	N/A	N/A	80,882
Striping painted (linear ft)	N/A	850,000	N/A	N/A	-
Equipment CHP 90 day inspections/maint	112	124	124	128	112
Equipment light duty preventative maint	864	766	811	897	774
Buildings maintained (sq ft)	285,907	285,907	285,907	285,907	285,907
Miscellaneous service requests	2,789	3,893 *	1,290 *	1,318	1,459
<b>Refuse collected:</b>					
Commercial tons	-	-	-	-	-
Residential tons	-	-	-	-	-
Roll-off tons	-	-	-	-	-
Green Waste tons	-	-	-	-	-
Commingled Recyclable tons	-	-	-	-	-
Cardboard tons	-	-	-	-	-
<b>Water</b>					
Number of active accounts	7,761	9,304	9,317	9,226	9,171
Water introduced into the System (acre ft)	5,262	3,539	3,784	3,847	3,512
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**

	2010	2011	2012	2013	2014
Police Stations	1	1	1	1	1
Fire Stations	4	4	4	4	4
Recreation and Culture:					
Number of parks	10	10	10	10	10
Number of libraries	1	1	1	1	1
Number of volumes	101,752	102,902	106,211	92,680	104,977
Public Works:					
Area of City (square miles)	26	26	26	26	26
Miles of Streets	360	360	360	360	360
Number of Street lights	3,600	3,600	3,600	3,600	3,600
Number of water accounts	9,423	9,145	9,112	9,214	9,075
Miles of water mains	120	120	120	120	120
Number of refuse accounts	23,548	23,548	-	-	-
Number of vehicles (city wide)	300	300	257	238	227

N/A = not available  
Source: Various City Departments

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police Stations	1	1	1	1	1
Fire Stations	5	5	5	5	5
Recreation and Culture:					
Number of parks	12	12	12	12	12
Number of libraries	1	1	1	1	1
Number of volumes	111,149	88,756	80,115	80,115	80,115
Public Works:					
Area of City (square miles)	28	28	28	28	28
Miles of Streets	360	360	360	360	360
Number of Street lights	3,600	3,600	5,479	5,479	5,479
Number of water accounts	7,760	9,304	9,317	9,226	9,171
Miles of water mains	120	120	130	130	130
Number of refuse accounts	-	-	-	-	-
Number of vehicles (city wide)	314	320	314	337	351

N/A = not available  
Source: Various City Departments

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

Effective	<u>7/1/2010</u> Bimonthly	<u>7/1/2011</u> Bimonthly	<u>7/1/2012</u> Bimonthly	<u>7/1/2013</u> Bimonthly	<u>7/1/2014</u> Bimonthly
<b>Water</b>					
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	54.58	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
<b>Refuse</b>					
Standard cart (60 gallon)	30.70	30.70	30.70	-	-
Large cart (90 gallon)	36.50	36.50	36.50	-	-
<b>Sewer</b>					
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	7/1/2015 <u>Bimonthly</u>	7/1/2016 <u>Bimonthly</u>	7/1/2017 <u>Monthly</u>	7/1/2018 <u>Monthly</u>	7/1/2019 <u>Monthly</u>
<b>Water</b>					
Low Water Usage Rates					
0-1000 CF	\$ 56.00	N/A	N/A	N/A	N/A
Normal Water Usage Rates					
Base Water Rates					
5/8" Meter	42.28	24.95	26.25	27.55	30.15
3/4" Meter	45.58	27.26	28.87	30.49	33.81
1" Meter	54.58	32.83	34.86	36.93	41.16
2" Meter	141.50	81.02	85.25	89.47	97.91
Consumption Water Rates per 100 CF					
0-600 CF	2.30	6.25	4.41	4.54	4.79
'601-1200 CF	2.50	6.25	4.41	4.54	4.79
'1201-over CF	2.88	6.25	4.41	4.54	4.79
<b>Refuse</b>					
Standard cart (60 gallon)	-	-	-	-	-
Large cart (90 gallon)	-	-	-	-	-
<b>Sewer</b>					
City sewer and storm drain	15.04	10.30	10.80	11.30	11.30

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

Source: City of Hemet Water Department

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

Type of Customer	Calendar Year				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Single Family Residential	656,432	\$ 712,947	\$ 807,603	\$ 787,091	\$ 636,811
Multi-Family Residential	429,042	513,087	551,677	522,196	491,472
Commercial/Institutional	341,292	403,410	475,449	328,247	454,675
Landscape Irrigation	76,907	109,569	230,049	264,334	131,711
Total	1,503,673	1,739,013	2,064,778	1,901,868	1,714,669

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Single Family Residential	\$ 639,159	\$ 734,462	\$ 619,717	\$ 631,454	\$ 617,295
Multi-Family Residential	436,877	428,529	458,262	467,488	450,826
Commercial/Institutional	351,109	375,643	529,217	397,603	342,816
Landscape Irrigation	114,399	109,508	82,723	116,710	118,988
Total	<u>1,541,545</u>	<u>1,648,142</u>	<u>1,689,919</u>	<u>1,613,255</u>	<u>1,529,925</u>

Source: City of Hemet Water Department

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