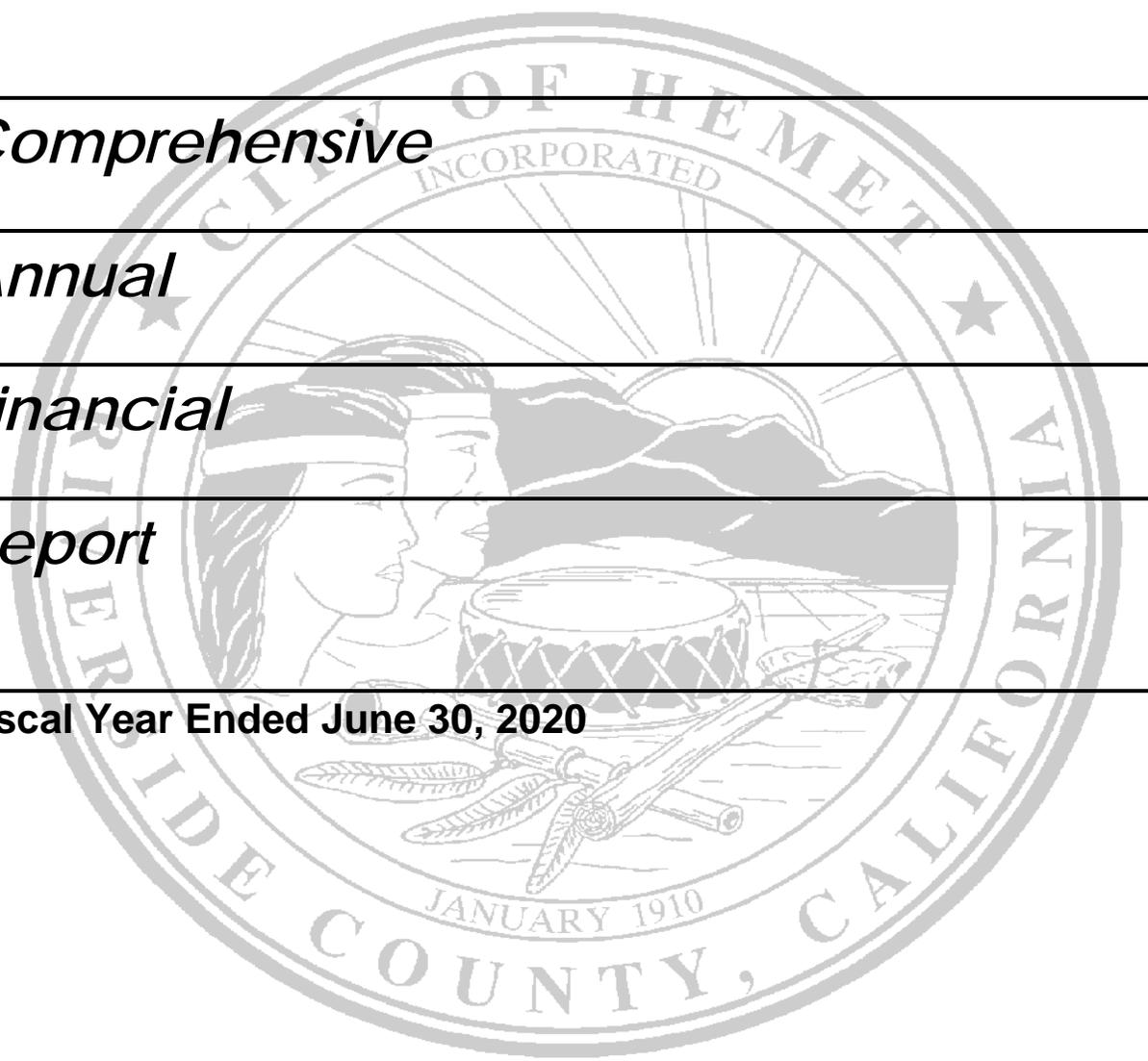

Comprehensive

Annual

Financial

Report

Fiscal Year Ended June 30, 2020



H *City of*
emet
California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
June 30, 2020**

**CITY OF HEMET
CALIFORNIA**



Russ Brown – Mayor

Linda Krupa – Vice Mayor

Michael Perciful – Council Member

Karlee Meyer – Council Member

Bonnie Wright – Council Member

Prepared by the City of Hemet Finance Department

City of Hemet
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION (UNAUDITED)</u>	
Letter of Transmittal	v
Organizational Chart.....	x
Principal Officials of the City of Hemet.....	xi
<u>FINANCIAL SECTION</u>	
Independent Auditors’ Report	1
Management’s Discussion and Analysis (Required Supplementary Information) (Unaudited).....	5
Basic Financial Statements:	
Government–Wide Financial Statements:	
Statement of Net Position.....	18
Statement of Activities	20
Fund Financial Statements:	
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet.....	29
Reconciliation of the Governmental Funds Balance Sheet to the Government–Wide Statement of Net Position	30
Statement of Revenues, Expenditures, and Changes in Fund Balances	31
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government–Wide Statement of Activities	32
<i>Proprietary Fund Financial Statements:</i>	
Statement of Net Position	37
Statement of Revenues, Expenses, and Changes in Net Position	38
Statement of Cash Flows	39
<i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Position.....	45
Statement of Changes in Fiduciary Net Position	46
Notes to the Basic Financial Statements	51
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule – General Fund	91
Budgetary Comparison Schedule – Sewer and Storm Drain Special Revenue Fund.....	92
Notes to the Budgetary Comparison Schedule	93
Schedule of Changes in Net Pension Liability and Related Ratios	94
Schedule of Contributions	98
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios	102
Schedule of Contributions – OPEB.....	103

City of Hemet
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION (Continued)</u>	
Supplementary Information:	
<i>Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual:</i>	
Bridges, Streets and Traffic Facilities Capital Projects Fund.....	107
<i>Nonmajor Governmental Funds:</i>	
Combining Balance Sheet	111
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	120
Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual	
<i>Special Revenue Funds:</i>	
Public Safety/Towing.....	129
Gas Tax	130
Measure A	131
Air Pollution Reduction	132
Lighting/Landscape Maintenance District	133
Post Proposition 218 Lighting District.....	134
Post Proposition 218 Landscape District.....	135
Asset Seizure.....	136
Public Safety Grants.....	137
Public Safety CFD.....	138
Citizen Option for Public Safety Programs (COPS)	139
Community Development Block Grant.....	140
General Plan	141
2001-2008 HOME Program	142
Neighborhood Stabilization Program (NSP) Grant.....	143
Housing Authority Special Revenue Fund.....	144
<i>Capital Projects Funds:</i>	
Public Meeting Facilities.....	145
General Facilities.....	146
Flood Control	147
Law Enforcement Facilities.....	148
Park Development	149
Valley Wide DVL Park	150
Library Facilities	151
Capital Projects Fund	152
Equipment Replacement	153
Fire Facilities.....	154
LaSalle Library Endowment Permanent Fund	155

City of Hemet
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION (Continued)</u>	
Supplementary Information (Continued):	
<i>Internal Service Funds:</i>	
Combining Statement of Net Position.....	158
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	160
Combining Statement of Cash Flows.....	162
<i>Fiduciary Fund Financial Statements:</i>	
Combining Statement of Fiduciary Assets and Liabilities	167
Combining Statement of Changes in Assets and Liabilities	168
<u>STATISTICAL SECTION (Unaudited)</u>	
Net Position by Component.....	174
Changes in Net Position.....	176
Fund Balances of Governmental Funds.....	180
Changes in Fund Balances of Governmental Funds	182
Own Source Revenue.....	184
Assessed Value and Estimated Actual Value of Taxable Property.....	185
Property Tax Rates – Direct and Overlapping Governments	186
Principal Property Taxpayers.....	188
Property Tax Levies and Collections	189
Ratios of Outstanding Debt by Type	190
Ratios of General Bonded Debt Outstanding.....	191
Direct and Overlapping Governmental Activities Debt.....	193
Legal Debt Margin Information.....	194
Pledged - Revenue Coverage.....	196
Demographic and Economic Statistics	197
Principal Employers.....	198
Full-Time and Part-Time City Employees.....	199
Operating Indicators by Functions.....	200
Capital Asset Statistics by Function	202
Water, Refuse, and Sewer Rates.....	203
Water Sold by Type of Customer	204

This page intentionally left blank.



City of Hemet

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

March 1, 2021

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, 2020.

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, 2020 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, 2020 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 85,175 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. Policy making 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.

Fiscal Year 2019-2020 started off well for the City of Hemet. Council approved a balanced budget and revenues were coming in at a steady pace. In March 2020, our City and the entire world were faced with the global COVID-19 pandemic. The Governor of California issued “Stay at Home Orders” in addition to various other executive orders. The bulk of the local economy was shut down by State and County action. Staff worked closely with revenue experts to determine the potential impacts to our fiscal position. With most businesses shut down completely or even partially, it was recommended that we reduce our projections for the year. The total reduction in general fund revenue projections for the year was approximately \$3.9M. On the expenditure side, non-emergency purchases and recruitments were put on hold in an attempt to lower expenses to withstand the COVID-19 budgetary impacts.

As time and the pandemic progressed some businesses were allowed to open with restrictions. Others quickly found a way to reach their customers through internet platforms. In conversations with some of the largest sales tax generating businesses, many of these businesses reduced expenditures, but also were quickly able to adapt to the restrictions put into place utilizing online platforms and virtual means to conduct business. Even automobile sales moved to online platforms. As a result, their ability to return to a modified reopening helped offset the initial hard closures put into place.

Other business leaders provided input about consumers who were forced to cancel vacations, but utilized that funding to make vehicle purchases, as well as other large equipment purchases from local businesses. In other instances, many residents headed to home improvement stores to purchase materials for improvements around the house. Office Supplies, technology, and home office furniture were in huge demand for students learning from home and adults telecommuting.

As a result, sales taxes from these types of businesses had a positive impact on our local economy. The increase in online retail shopping also helped significantly. Sales tax collected for online sales go into a County pool, and each City gets a proportionate share of the pool. However, any items shipped into Hemet are charged the additional one percent sales tax for Measure U. This does not go into the County pool and instead is remitted in whole to the City.

The City did experience a significant decrease in Transient Occupancy Tax (TOT). The Hotel industry was one of the hardest hit industries. However, since Hemet does not rely heavily on tourism, the impact was not as significant as that experienced by many of our beach cities or cities with large tourism programs.

An industry that did not see a big downturn from the Stay at Home Orders was construction. Hemet residents and developers have continued to work with the City on their projects. Community Development revenues generated approximately \$300,000 less than originally projected, but large project Developers continue to show interest by continued investment in Hemet.

Property values for Fiscal Year 2019-2020 were established in mid-2019. As a result, the city did not experience losses in property tax revenues. However, staff continues to monitor trends that may be developing with respect to the housing industry. Mortgage delinquencies are at a 7-year high, and unemployment is at 10% for the Riverside/San Bernardino area. The latest data from the State shows that Hemet's unemployment rate for the month of September was at 13.6%. As unemployment benefits begin to expire, we may experience declines in our local economy with respect to local spending habits.

The City and its local economy pushed forward and ended the fiscal year on a positive note. This was a combination of higher than expected revenues, expenditure savings generated by actions taken to reduce costs, and CARES Act funding received by the State to assist Cities affected by the pandemic. Since CARES Act funding was provided to the City, we were able to offset existing costs utilizing this funding, which resulted in savings for the general fund. As a result, this had a positive impact on the City's General Fund.

Interest rates were dramatically affected by the pandemic. Many of the City's investments were called and due to all time low rates, have not been re-invested in long term investments. Funds remain in Local Agency Investment Fund (LAIF) which is slower to decrease but generally has a lower rate of return.

CalPERS also reported lower than expected returns on investments. This lower rate of return will mean larger retirement unfunded liabilities for Hemet and other Agencies in California. This will play an important role in budgets moving forward.

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

In light of the pandemic, the City of Hemet continues to take steps to improve its financial stability and to eliminate the ongoing structural deficit. In Fiscal Year 2019/2020, Council approved a balanced budget. Substantial cuts to department budgets along with the use of one-time revenues were used to accomplish this goal. 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) awards a Certificate of Achievement for Excellence in Financial Reporting to agencies for its Comprehensive Annual Financial Report. 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 and will be submitted for review and consideration.

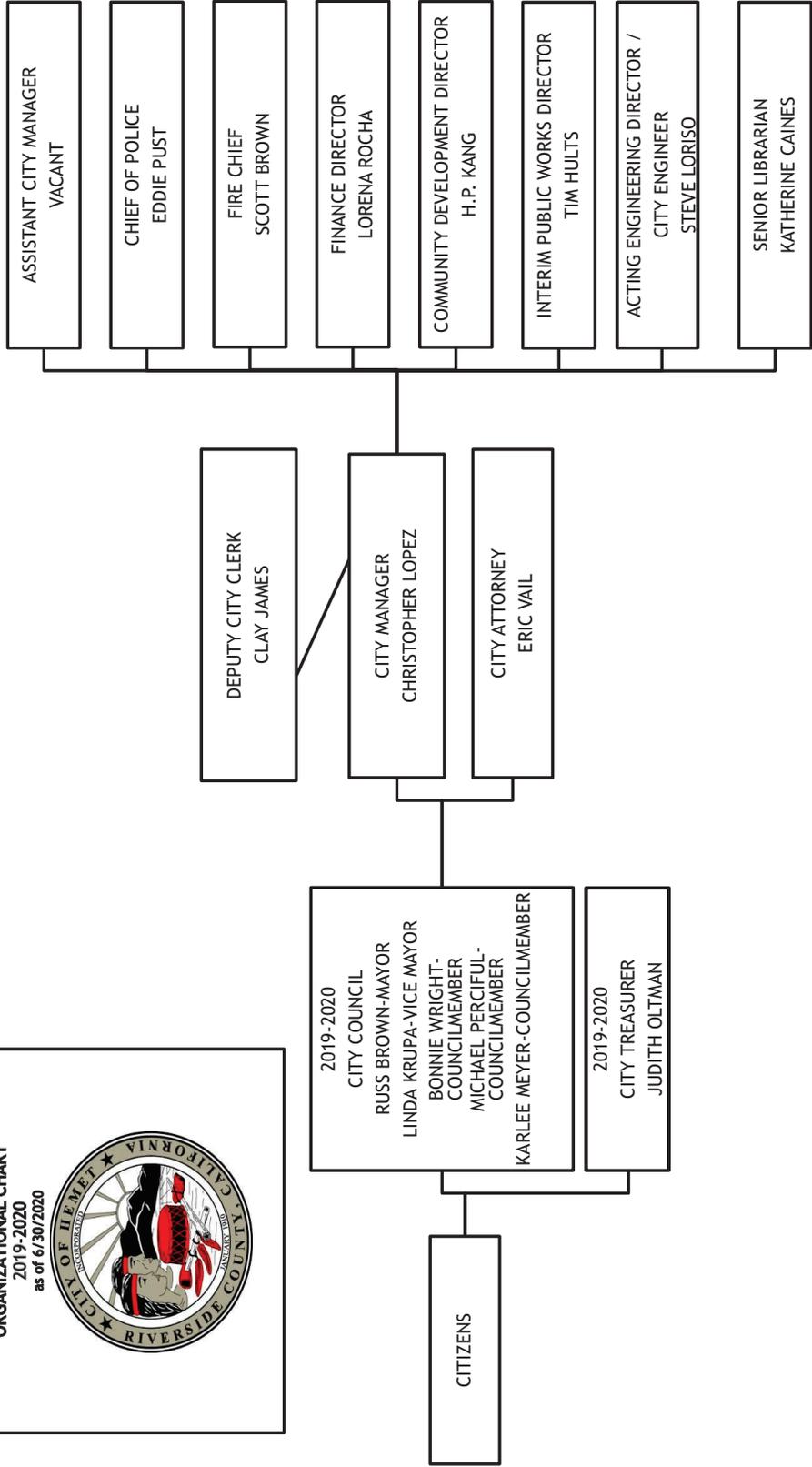
The preparation of the City's Comprehensive Annual Financial Report is an undertaking of the Finance Department. The report was made possible by the dedicated service of the entire staff and the City's independent auditor.

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 cursive script that reads "Lorena Rocha". The signature is written in black ink and is positioned above the printed name and title.

Lorena Rocha
Finance Director



PRINCIPAL OFFICIALS OF THE CITY OF HEMET, CALIFORNIA

June 30, 2020

Elected and Administrative Officials

City Council

Russ Brown
Linda Krupa
Karlee Meyer
Michael Perciful
Bonnie Wright

Mayor
Vice Mayor
Councilmember
Councilmember
Councilmember

Other Elected Officials

Judith Oltman

City Treasurer

Administrative Officials

Christopher Lopez
Eric Vail
Lorena Rocha
H.P. Kang
Eddie Pust
Scott Brown
Tim Hults
Katherine Caines

City Manager
City Attorney
Finance Director
Community Services Director
Police Chief
Fire Chief
Interim PW Director
Senior Librarian

This page intentionally left blank



INDEPENDENT AUDITORS' REPORT

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

Report on the 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, 2020, 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, 2020, 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, the Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions – Pensions, Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits on pages 5 to 14 and 91 to 103, 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, the 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 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and the 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 March 1, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
March 1, 2021

This page intentionally left blank.

City of Hemet
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

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, 2020. We encourage readers to consider the information presented here in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of five parts – 1) *management's discussion and analysis* (this section), 2) the *basic financial statements*, 3) *required supplementary information*, 4) a *supplementary section* that presents *combining statements* for non-major governmental funds and internal service funds, and 5) a *statistical section*. The basic financial statements include two kinds of statements that present different views of the City; the government-wide financial statements and the fund financial statements.

Government-wide Financial Statements

The governmental fund statements provide readers with a broad overview of the City's finances.

The *Statement of Net Position* presents financial information on all of the City's assets/deferred outflows of resources and liabilities/deferred inflows, with the difference reported as net position (Exhibit 2). Over time, increases or decreases in net position can serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information regarding changes to the City's net position during the most recent fiscal year (Exhibit 3). All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

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. The governmental activities of the City include general government, police, fire, public works, community development, housing, parks and library.
- *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. The business-type activities of the City include water.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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. All of the funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

City of Hemet
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City adopts an annual appropriation budget for its governmental funds. A budgetary comparison statement is provided for general and special revenue major funds to demonstrate compliance with budgets.

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.

Proprietary funds can be classified into two subcategories: enterprise funds and internal service funds.

- *Enterprise fund* is reported as business-type activities in the government-wide financial statements. In fact, the City's enterprise fund is 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.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The internal service funds account for the management of the City's liability insurance and for medical and dental coverage for its employees; as well as, unemployment and other postemployment benefits, administrative services, vehicle and facility maintenance, city attorney and emergency services. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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 Net Position. 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.

Notes to the Financial Statements

The notes to financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements.

Exhibit 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, 2020

Exhibit 1

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

	<u>Fund Statements</u>			
	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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, 2020

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Exhibit 2

Net Position
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2020</u>	<u>2019</u> (Reclassified)	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 103.4	\$ 87.7	\$ 26.0	\$ 15.0	\$ 129.4	\$ 102.7
Noncurrent assets	\$ 5.9	\$ 6.3	\$ -	\$ -	\$ 5.9	\$ 6.3
Capital assets	\$ 308.6	\$ 309.3	\$ 4.5	\$ 3.9	\$ 313.2	\$ 313.2
Total assets	\$ 418.0	\$ 403.3	\$ 30.5	\$ 18.9	\$ 448.5	\$ 422.2
Deferred outflows of resources:						
OPEB DOR	\$ 1.6	\$ 2.0	\$ 0.2	\$ 0.3	\$ 1.8	\$ 2.3
Pension DOR	\$ 17.1	\$ 18.2	\$ 0.5	\$ 0.7	\$ 17.7	\$ 18.9
Total deferred outflows of resources	\$ 18.7	\$ 20.2	\$ 0.7	\$ 1.0	\$ 19.5	\$ 21.2
Long-term debt outstanding	\$ 142.4	\$ 133.8	\$ 10.0	\$ 11.6	\$ 152.4	\$ 145.4
Other liabilities	\$ 20.9	\$ 13.3	\$ 1.8	\$ 2.3	\$ 22.7	\$ 15.6
Total liabilities	\$ 163.3	\$ 147.1	\$ 11.8	\$ 13.9	\$ 175.1	\$ 161.0
Deferred inflows of resources:						
OPEB DIR	\$ 0.1	\$ 0.1	\$ -	\$ -	\$ 0.1	\$ 0.1
Pension DIR	\$ 2.3	\$ 2.5	\$ 0.2	\$ 0.2	\$ 2.5	\$ 2.7
Total deferred inflows of resources	\$ 2.4	\$ 2.6	\$ 0.2	\$ 0.2	\$ 2.6	\$ 2.8
Net Position:						
Net Investment in Capital Assets	\$ 308.6	\$ 309.3	\$ 4.5	\$ 3.9	\$ 313.2	\$ 313.2
Restricted	\$ 53.9	\$ 52.5	\$ -	\$ -	\$ 53.9	\$ 52.5
Unrestricted	\$ (91.5)	\$ (88.0)	\$ 14.8	\$ 1.9	\$ (76.7)	\$ (86.1)
Total net position	\$ 271.0	\$ 273.8	\$ 19.4	\$ 5.8	\$ 290.4	\$ 279.6

City of Hemet
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

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

Exhibit 3

Changes in Net Position
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program revenues:						
Charges for services	\$ 13.3	\$ 12.7	\$ 12.0	\$ 11.4	\$ 25.3	\$ 24.1
Operating grants/contributions	2.4	2.5	10.4	-	12.8	2.5
Capital grants/contributions	8.4	8.0	-	-	8.4	8.0
General revenues:						
Property taxes	7.9	7.7	-	-	7.9	7.7
Transient occupancy taxes	0.8	1.0	-	-	0.8	1.0
Sales taxes	13.6	13.2	-	-	13.6	13.2
Measure U sales tax	11.7	11.7	-	-	11.7	11.7
Motor vehicle in-lieu taxes	7.1	6.8	-	-	7.1	6.8
Franchise and other taxes	5.2	5.1	-	-	5.2	5.1
Other	1.4	2.8	0.3	0.4	1.7	3.2
Transfers	0.2	0.2	(0.2)	(0.2)	-	-
Total revenues	<u>\$ 72.0</u>	<u>\$ 71.7</u>	<u>\$ 22.5</u>	<u>\$ 11.6</u>	<u>\$ 94.5</u>	<u>\$ 83.3</u>
Program expenses						
General government	\$ 4.1	\$ 6.2	\$ -	\$ -	\$ 4.1	\$ 6.2
Public safety	39.3	33.9	-	-	39.3	33.9
Public Safety Measure U	8.8	7.0	-	-	8.8	7.0
Community development	5.1	5.5	-	-	5.1	5.5
Public works	12.5	12.0	-	-	12.5	12.0
Sanitation	1.8	2.2	-	-	1.8	2.2
Parks and library	3.3	3.2	-	-	3.3	3.2
Water and refuse	-	-	9.8	9.3	9.8	9.3
Total expenses	<u>\$ 75.0</u>	<u>\$ 70.0</u>	<u>\$ 9.8</u>	<u>\$ 9.3</u>	<u>\$ 84.8</u>	<u>\$ 79.3</u>
Excess (deficiency) before special items and transfers	\$ (2.9)	\$ 1.7	\$ 12.7	\$ 2.4	\$ 9.7	\$ 4.1
Beginning 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>
Prior Period Adjustment *	\$ 0.2	\$ -	\$ 1.0	\$ -	\$ 1.2	\$ -
Ending Net Position	<u>\$ 271.0</u>	<u>\$ 273.8</u>	<u>\$ 19.4</u>	<u>\$ 5.8</u>	<u>\$ 290.4</u>	<u>\$ 279.6</u>

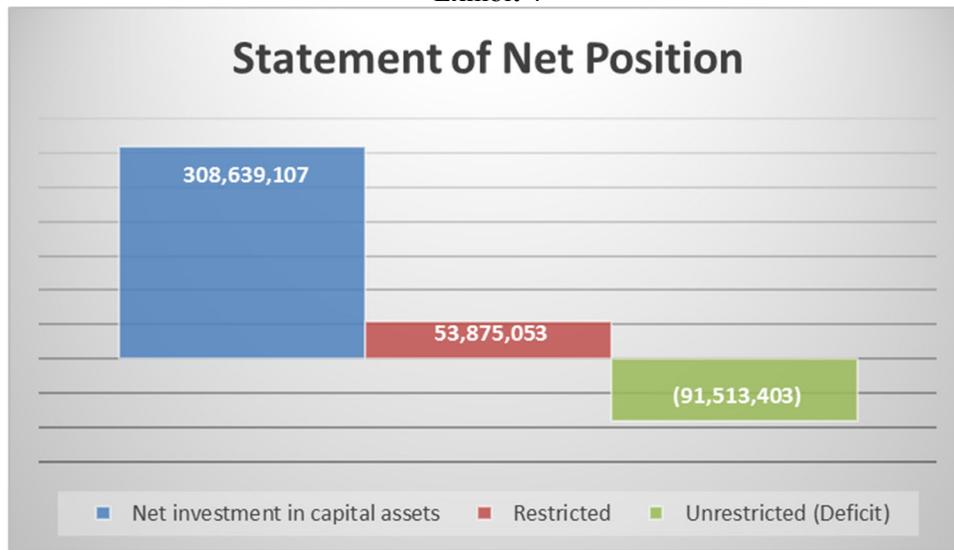
* Please see details in Note 15 of the Basic Financial Statement

City of Hemet
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. The Net Position of the City’s *governmental activities decreased by 1.0%* (from \$273.8 million to \$271.0 million, as restated) in 2020. Despite the impact of COVID-19 and the significant impact it had to citizens and businesses within the community, revenues remained strong; however, the City’s program costs increased primarily due to public safety’s future OPEB and pension obligations. The *unrestricted net position* – the part of net position that can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased from a deficit of \$88.0 million in 2019 to a deficit of \$91.5 million in 2020. This change continues to be a result of the recent implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 which requires government entities to report pension liabilities which are continuing to rapidly rise.

Total Net Position – Governmental Activities

Exhibit 4



The Net Position of the City’s *business-type activities increased by 232.8%* (from \$5.8 million to \$19.3 million, as restated) in 2020. This increase was due in part to a capital asset adjustment of a well that restated the ending balance in fiscal year 2019. More significantly, the City’s Water Fund received a large legal settlement in excess of \$10 million.

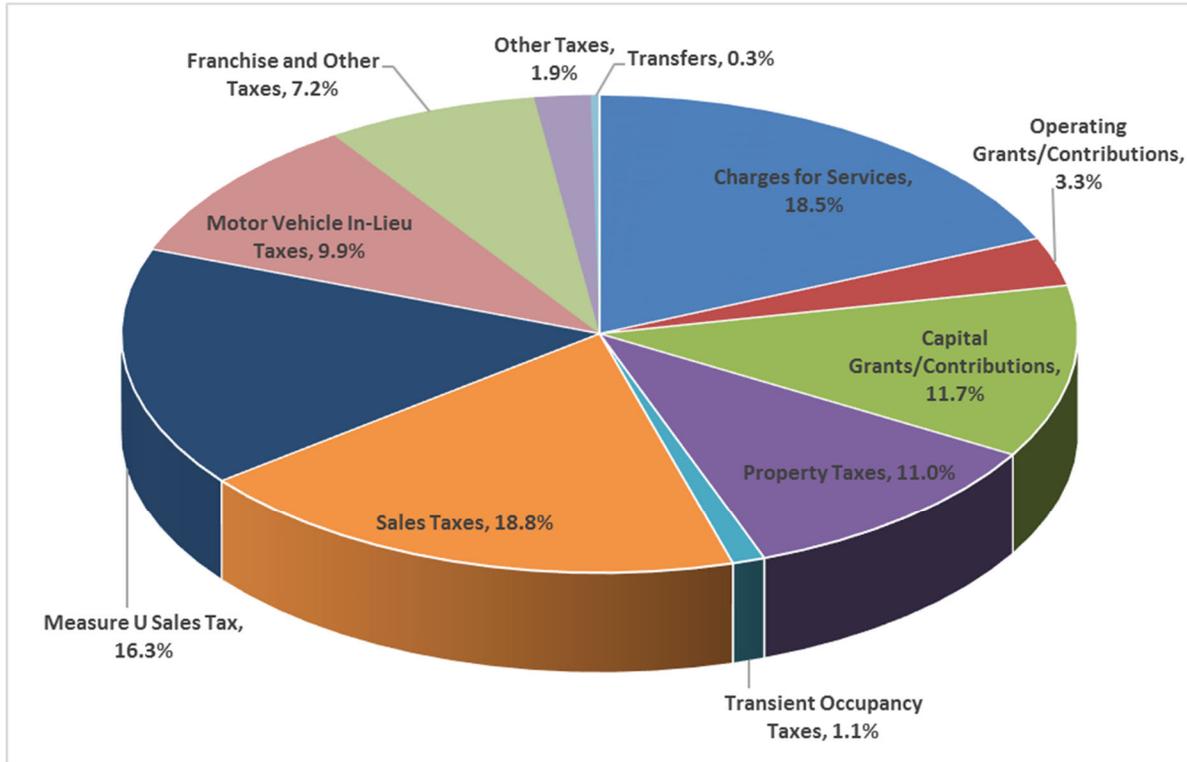
The net position (financial position) of the City changed as a result of the revenue and expense fluctuations described below for the governmental and business-type activities of the City.

Governmental Activities

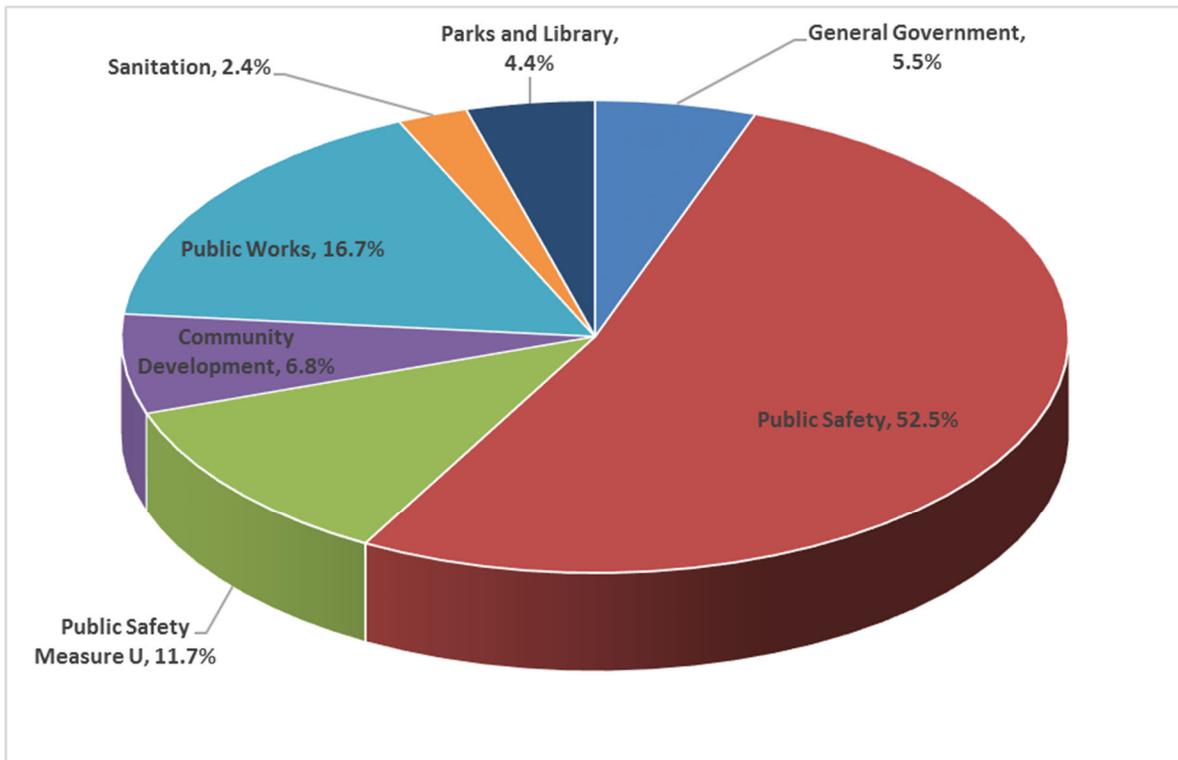
Revenues for the City’s governmental activities saw an overall increase of \$0.3 million in 2020.

City of Hemet
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



City of Hemet
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

Business-Type Activities

The City's business-type activities had an overall increase in revenues of \$10.9 million in 2020 compared to 2019. Revenues in the charges for services category increased slightly but the main impact in the revenue increase was due to a large legal settlement in excess of \$10 million.

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 \$26.9 million. The fund balance increased \$4.7 million. This increase was partly due to a \$1.7 million increase in restricted Measure U fund balance. While most cities in the nation were impacted by the Covid-19 pandemic and the Stay-At-Home order, the City of Hemet was fortunate to continue to see increases in property and sales tax. However, the impact Covid-19 has had on interest rates will hinder the City's potential growth in future fiscal years. This is mainly due to the impact on Retirement Unfunded Liabilities which can result in higher required annual contributions from the City.

Measure U sales tax collection remained consistent at \$11.7 million for 2020 while the fund balance increased from \$11.7 million in 2019 to \$13.4 million 2020. Of this fund balance, there is \$5.1 million reserved for ongoing projects, purchases and its portion of the 20% reserve requirement.

A summary of the Measure U activities follows:

Measure U Activity For the Year Ended June 30, 2020			
	Police	Fire	Total
Revenues:			
Police 2/3, Fire 1/3 overall allocation	\$ 7,820,752	\$ 3,910,376	\$ 11,731,128
Expenditures:			
Salary & Fringe Benefits	(4,648,115)	(2,125,918)	(6,774,033)
Operating Supplies & Services	(304,406)	(75,989)	(380,395)
Internal Service Charges	(377,088)	(74,796)	(451,884)
Capital Outlay	(638,537)	(566,060)	(1,204,597)
	<u>(5,968,146)</u>	<u>(2,842,763)</u>	<u>(8,810,909)</u>
Transfers to General Fund	(800,000)	(400,000)	(1,200,000)
Change in Fund Balance	1,052,606	667,613	1,720,219
Beginning Fund Balance	<u>6,896,491</u>	<u>4,783,940</u>	<u>11,680,431</u>
Restricted (Prepaid)	-	651,629	651,629
Committed	<u>7,949,096</u>	<u>4,799,925</u>	<u>12,749,021</u>
Ending Fund Balance	<u>\$ 7,949,096</u>	<u>\$ 5,451,554</u>	<u>\$ 13,400,650</u>

City of Hemet
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

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 due to a continued reduction in expenditures.

Major Capital Projects Fund. The Bridges/Streets/Traffic Facilities Fund accounts for the financial transactions for bridges, streets and traffic facilities in the development impact fees funded through developer contributions.

Major Enterprise Funds. Total net position of the **Water Fund** at the end of the year amounted to \$19.4 million, an increase of \$13.6 million from 2019. This increase was due in part to a capital asset adjustment of a well that restated the ending balance in fiscal year 2019 in the amount of \$969 thousand and a large legal settlement in excess of \$10 million.

CAPITAL ASSETS

(net of depreciation, in millions)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 12.3	\$ 12.3	\$ -	\$ -	\$ 12.3	\$ 12.3
Rights of way	190.5	190.5	-	-	190.5	190.5
Buildings and improvements	14.9	13.3	4.2	2.6	19.1	15.9
Machinery and equipment	6.8	6.0	0.1	0.8	6.9	6.8
Infrastructure	80.1	82.2	-	-	80.1	82.2
Construction in progress	4.0	5.1	0.2	0.5	4.2	5.6
Total	<u>\$ 308.6</u>	<u>\$ 309.3</u>	<u>\$ 4.5</u>	<u>\$ 3.9</u>	<u>\$ 313.1</u>	<u>\$ 313.3</u>

A total of five capital projects were completed in fiscal year 2020:

Project Description	Total Project Cost
CIP 5537; Stetson Bridge Replacement	\$1,335,179
CIP 5588; Gilbert Street Rehab	\$1,376,727
CIP 5641; SunEdison Takeover	\$597,683
CIP 5685; 2017-2018 Slurry Seal	\$777,898
CIP 5689; 2018-2019 Missing Link Sidewalks & ADA	\$181,612

Additional information on the City's capital assets can be found in Note 6 to the financial statements.

City of Hemet
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

LONG-TERM DEBT

Outstanding Debt
(in millions)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
OPEB	42.3	\$ 42.2	5.8	\$ 6.9	\$ 48.1	\$ 49.1
Compensated absences	3.1	3.0	0.1	0.1	3.2	3.1
Claims Payable	2.0	2.4	-	-	2.0	2.4
Aggregate Net Pension liabilities	97.5	91.0	4.2	4.8	101.7	95.8
Capital Leases	-	-	-	-	-	-
Total Long-Term Liabilities	<u>\$ 144.8</u>	<u>\$ 138.6</u>	<u>\$ 10.1</u>	<u>\$ 11.8</u>	<u>\$ 154.9</u>	<u>\$ 150.4</u>

The net adjustment to long-term liabilities is an increase of \$4.6 million mainly due to a continual increase in aggregate net pension liabilities that remain out of the City's control.

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.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Hemet
Statement of Net Position
June 30, 2020

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	\$ 83,673,428	\$ 13,496,266	\$ 97,169,694
Receivables:			
Accounts	11,669,330	12,465,201	24,134,531
Taxes	773,825	-	773,825
Interest	359,465	-	359,465
Due from other governments	6,173,084	78,646	6,251,730
Inventories	103,374	-	103,374
Prepaid items	659,882	5,399	665,281
Total current assets	103,412,388	26,045,512	129,457,900
Noncurrent assets:			
Notes receivable, net	3,839,941	-	3,839,941
Land held for resale	2,076,419	-	2,076,419
Capital assets:			
Nondepreciable	206,842,097	170,423	207,012,520
Depreciable, net	101,797,010	4,360,868	106,157,878
Total capital assets, net	308,639,107	4,531,291	313,170,398
Total noncurrent assets	314,555,467	4,531,291	319,086,758
Total assets	417,967,855	30,576,803	448,544,658
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits related items	1,606,235	219,032	1,825,267
Pension related deferred outflows of resources	17,136,030	517,257	17,653,287
Total deferred outflows of resources	18,742,265	736,289	19,478,554

City of Hemet
Statement of Net Position (Continued)
June 30, 2020

LIABILITIES	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	13,531,211	194,327	13,725,538
Accrued salaries and benefits	734,953	38,433	773,386
Accrued liabilities	111,747	5,399	117,146
Deposits	3,909,853	1,474,926	5,384,779
Unearned revenue	175,172	-	175,172
Compensated absences, due within one year	1,477,211	103,964	1,581,175
Claims payable, due within one year	927,725	-	927,725
Total current liabilities	<u>20,867,872</u>	<u>1,817,049</u>	<u>22,684,921</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	1,657,874	11,552	1,669,426
Claims payable - due in more than one year	1,022,838	-	1,022,838
Net other postemployment benefit liabilities	42,258,886	5,762,576	48,021,462
Net pension liability	97,452,513	4,201,837	101,654,350
Total noncurrent liabilities	<u>142,392,111</u>	<u>9,975,965</u>	<u>152,368,076</u>
Total liabilities	<u>163,259,983</u>	<u>11,793,014</u>	<u>175,052,997</u>
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits related deferred inflows of resources	107,113	14,606	121,719
Pension related deferred inflows of resources	2,342,267	145,657	2,487,924
Total deferred inflows of resources	<u>2,449,380</u>	<u>160,263</u>	<u>2,609,643</u>
NET POSITION			
Investment in capital assets	<u>308,639,107</u>	<u>4,531,291</u>	<u>313,170,398</u>
Restricted for:			
Public access channel	1,315,640	-	1,315,640
Community development	7,866,873	-	7,866,873
Public works	29,324,697	-	29,324,697
Public safety	657,549	-	657,549
Sanitation	13,673,849	-	13,673,849
Libraries:			
Expendable	36,445	-	36,445
Nonexpendable	1,000,000	-	1,000,000
Total restricted	<u>53,875,053</u>	<u>-</u>	<u>53,875,053</u>
Unrestricted:			
Measure U	13,400,650	-	13,400,650
Unrestricted (Deficit)	(104,914,053)	14,828,524	(90,085,529)
Total net position	<u>\$ 271,000,757</u>	<u>\$ 19,359,815</u>	<u>\$ 290,360,572</u>

City of Hemet
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 4,142,098	\$ 510,455	\$ -	\$ -	\$ 510,455
Public safety	48,120,250	1,152,884	1,717,476	572,323	3,442,683
Community development	5,056,685	2,490,305	628,845	63,798	3,182,948
Public works	12,526,419	4,659,144	-	7,711,644	12,370,788
Sanitation	1,838,549	4,434,771	-	-	4,434,771
Parks	1,433,498	-	-	77,297	77,297
Libraries	1,883,523	28,024	18,405	-	46,429
Total governmental activities	75,001,022	13,275,583	2,364,726	8,425,062	24,065,371
Business-type activities:					
Water	9,845,692	11,992,898	10,415,790	-	22,408,688
Total business-type activities	9,845,692	11,992,898	10,415,790	-	22,408,688
Total primary government	\$ 84,846,714	\$ 25,268,481	\$ 12,780,516	\$ 8,425,062	\$ 46,474,059

City of Hemet
Statement of Activities (Continued)
For the Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (3,631,643)	\$ -	\$ (3,631,643)
Public safety	(44,677,567)	-	(44,677,567)
Community development	(1,873,737)	-	(1,873,737)
Public works	(155,631)	-	(155,631)
Sanitation	2,596,222	-	2,596,222
Parks	(1,356,201)	-	(1,356,201)
Libraries	(1,837,094)	-	(1,837,094)
Total governmental activities	(50,935,651)	-	(50,935,651)
Business-type activities:			
Water	-	12,562,996	12,562,996
Total business-type activities	-	12,562,996	12,562,996
Total primary government	(50,935,651)	12,562,996	(38,372,655)
General Revenues:			
Taxes:			
Property taxes	7,919,190	-	7,919,190
Transient occupancy taxes	770,463	-	770,463
Sales taxes	25,351,458	-	25,351,458
Motor vehicle in-lieu taxes	7,072,601	-	7,072,601
Franchise and other taxes	5,173,452	-	5,173,452
Total taxes	46,287,164	-	46,287,164
Investment income	1,147,390	294,333	1,441,723
Miscellaneous	226,349	15,750	242,099
Transfers	243,372	(243,372)	-
Total general revenues	47,904,275	66,711	47,970,986
Change in net position	(3,031,376)	12,629,707	9,598,331
Net position - beginning of year, as restated (Note 15)	274,032,133	6,730,108	280,762,241
Net position - end of year	\$ 271,000,757	\$ 19,359,815	\$ 290,360,572

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

This page intentionally left blank.

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 Special Revenue Fund - 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.

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

This page intentionally left blank.

City of Hemet
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds				Total
	General Fund	Sewer and Storm Drain Special Revenue Fund	Bridges/Streets/ Traffic Facilities Capital Projects Fund	Nonmajor Governmental Funds	
ASSETS					
Cash and investments	\$ 24,884,114	\$ 13,510,785	\$ 4,731,746	\$ 33,084,530	\$ 76,211,175
Accounts receivable	326,485	2,409,545	15,032	308,956	3,060,018
Property taxes receivable	773,825	-	-	-	773,825
Interest receivable	354,482	-	-	4,983	359,465
Due from other governments	4,955,400	-	524,858	692,376	6,172,634
Due from other funds	-	-	-	1,400,196	1,400,196
Inventories	300	-	-	-	300
Prepaid items	659,882	-	-	-	659,882
Notes receivable, net	-	-	-	3,839,941	3,839,941
Advances to other funds	-	-	-	354,137	354,137
Land held for resale	-	-	-	2,076,419	2,076,419
Total assets	\$ 31,954,488	\$ 15,920,330	\$ 5,271,636	\$ 41,761,538	\$ 94,907,992
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 933,398	\$ 2,234,363	\$ 157,663	\$ 1,426,267	\$ 4,751,691
Accrued salaries and benefits	615,482	12,118	250	58,971	686,821
Accrued liabilities	111,747	-	-	-	111,747
Deposits	2,171,971	-	1,612,260	125,622	3,909,853
Due to other funds	1,043,219	-	-	356,977	1,400,196
Advances from other funds	-	-	-	354,137	354,137
Unearned revenue	175,172	-	-	-	175,172
Total liabilities	5,050,989	2,246,481	1,770,173	2,321,974	11,389,617
Deferred Inflows of Resources:					
Unavailable revenue	-	-	523,426	-	523,426
Total inflows of resources	-	-	523,426	-	523,426
Fund Balances:					
Nonspendable	660,182	-	-	1,000,000	1,660,182
Restricted	1,315,640	13,673,849	2,978,037	34,907,527	52,875,053
Committed	20,920,693	-	-	-	20,920,693
Assigned	890,749	-	-	3,796,151	4,686,900
Unassigned (deficit)	3,116,235	-	-	(264,114)	2,852,121
Total fund balances	26,903,499	13,673,849	2,978,037	39,439,564	82,994,949
Total liabilities and fund balances	\$ 31,954,488	\$ 15,920,330	\$ 5,271,636	\$ 41,761,538	\$ 94,384,566

City of Hemet
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds	\$	82,994,949
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	\$	206,842,097
Depreciable, net of \$808,468 reported in the Internal Service Funds		100,988,542
		307,830,639
Revenue reported as unavailable revenue in the governmental funds when it is not received soon enough after year-end to be considered available. The Availability criteria does not apply to the government-Wide Financial Statements and, therefore, the revenue is recognized when eligibility requirements are met and earned.		
		523,426
Compensated absences were not due and payable in the current period; therefore, they were not reported in the Governmental Funds Balance Sheet.		
		(3,135,085)
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 \$603,467 reported in Internal Service Fund.		16,532,563
Aggregate net pension liability, net of \$(4,902,143) reported in Internal Service Fund.		(92,550,370)
Pension related deferred inflows of resources, net of \$(169,935) reported in Internal Service Fund.		(2,172,332)
		(78,190,139)
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 \$255,537 reported in Internal Service Fund.		1,350,698
Net OPEB liability, net of \$(6,723,004) reported in Internal Service Fund.		(35,535,882)
OPEB related deferred inflows of resources, net of \$(17,041) reported in Internal Service Fund.		(90,072)
		(34,275,256)
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.		
		(4,747,777)
Net Position of Governmental Activities	\$	271,000,757

City of Hemet
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Fund			Nonmajor Governmental Funds	Total
	General Fund	Sewer and Storm Drain Special Revenue Fund	Bridges/Streets/ Traffic Facilities Capital Projects Fund		
REVENUES:					
Taxes	\$ 46,287,164	\$ -	\$ -	\$ 1,906,454	\$ 48,193,618
Licenses and permits	1,645,403	-	146,520	3,579,265	5,371,188
Intergovernmental revenues	551,718	-	-	5,302,904	5,854,622
Charges for services	3,093,044	4,155,973	-	-	7,249,017
Fines and forfeitures	336,231	-	-	-	336,231
Investment income	1,148,772	278,798	109,647	687,441	2,224,658
Miscellaneous	65,763	366	29,988	1,877,397	1,973,514
Total revenues	53,128,095	4,435,137	286,155	13,353,461	71,202,848
EXPENDITURES:					
Current:					
General government	2,232,717	-	-	2,100	2,234,817
Public safety	39,521,317	-	-	1,285,561	40,806,878
Community development	3,964,129	-	-	628,701	4,592,830
Public works	17,847	-	535,480	5,777,114	6,330,441
Sanitation	-	1,880,735	-	-	1,880,735
Parks	1,295,126	-	-	1,623	1,296,749
Libraries	1,401,998	-	-	137,726	1,539,724
Capital outlay	1,139,650	337,249	1,344,186	4,687,431	7,508,516
Total expenditures	49,572,784	2,217,984	1,879,666	12,520,256	66,190,690
REVENUES OVER (UNDER) EXPENDITURES	3,555,311	2,217,153	(1,593,511)	833,205	5,012,158
OTHER FINANCING SOURCES (USES):					
Transfers in	1,237,084	-	249,841	388,787	1,875,712
Transfers out	(135,306)	-	-	(1,243,553)	(1,378,859)
Total other financing sources (uses)	1,101,778	-	249,841	(854,766)	496,853
NET CHANGES IN FUND BALANCES	4,657,089	2,217,153	(1,343,670)	(21,561)	5,509,011
FUND BALANCES:					
Beginning of year	22,246,410	11,456,696	4,321,707	39,461,125	77,485,938
End of year	<u>\$ 26,903,499</u>	<u>\$ 13,673,849</u>	<u>\$ 2,978,037</u>	<u>\$ 39,439,564</u>	<u>\$ 82,994,949</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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 5,509,011

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	\$ 7,508,516	
Less: repair and maintenance expenditures	<u>(576,900)</u>	6,931,616

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 \$144,290 reported in the Internal Service Fund.	(7,281,658)
--	-------------

The net effect on disposal of capital assets.	(406,830)
---	-----------

Revenues in Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds.	523,426
--	---------

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.	(139,637)
--	-----------

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 net of pension contribution made after measurement date \$10,281,814 and \$(341,311) credit adjustment reported in the Internal Service Fund.	(7,725,477)
---	-------------

Changes in net other postemployment benefits liabilities 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 net of OPEB contributions made during the measurement period \$3,664,325 and \$(1,011,770) credit adjustment reported in the Internal Service Fund.	(1,479,039)
--	-------------

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities.	<u>1,037,212</u>
--	------------------

Change in Net Position of Governmental Activities	<u><u>\$ (3,031,376)</u></u>
--	------------------------------

PROPRIETARY FUND FINANCIAL STATEMENTS

This page intentionally left blank.

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.

This page intentionally left blank.

City of Hemet
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 13,496,266	\$ 7,462,253
Accounts receivable	12,465,201	8,609,312
Due from other governments	78,646	450
Due from other funds	-	70,245
Inventories	-	103,074
Prepaid items	5,399	-
Total current assets	<u>26,045,512</u>	<u>16,245,334</u>
Noncurrent assets:		
Nondepreciable capital assets	170,423	-
Depreciable capital assets, net of accumulated depreciation	4,360,868	808,468
Total noncurrent assets	<u>4,531,291</u>	<u>808,468</u>
Total assets	<u>30,576,803</u>	<u>17,053,802</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows of resources	517,257	603,467
Other postemployment benefits related deferred outflows of resources	219,032	255,537
Total deferred outflows of resources	<u>736,289</u>	<u>859,004</u>
LIABILITIES		
Current liabilities:		
Accounts payable	194,327	8,779,520
Accrued salaries and benefits	38,433	48,132
Accrued liabilities	5,399	-
Deposits	1,474,926	-
Due to other funds	-	70,245
Compensated absences, due within one year	103,964	-
Claims payable, due within one year	-	927,725
Total current liabilities	<u>1,817,049</u>	<u>9,825,622</u>
Long-term liabilities:		
Compensated absences, due in more than one year	11,552	-
Claims payable, due in more than one year	-	1,022,838
Net pension liabilities	4,201,837	4,902,143
Net other postemployment benefits liabilities	5,762,576	6,723,004
Total long-term liabilities	<u>9,975,965</u>	<u>12,647,985</u>
Total liabilities	<u>11,793,014</u>	<u>22,473,607</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows of resources	145,657	169,935
Other postemployment benefits related deferred inflows of resources	14,606	17,041
Total deferred inflows of resources	<u>160,263</u>	<u>186,976</u>
NET POSITION		
Investment in capital assets	4,531,291	808,468
Unrestricted (deficit)	14,828,524	(5,556,245)
Total net position	<u>\$ 19,359,815</u>	<u>\$ (4,747,777)</u>

City of Hemet
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 11,992,898	\$ 34,809,416
Miscellaneous	10,431,540	211,372
Total operating revenues	22,424,438	35,020,788
OPERATING EXPENSES:		
Personnel services	978,346	1,643,101
Parts and supplies	115,936	1,338,180
Maintenance	3,632,928	891,263
Utilities	273,718	708,558
Water purchases	593,075	-
Contracts, rents, and leases	76,910	306,992
Insurance	133,100	3,487,666
Claims and judgments	-	25,210,045
General office	413,904	-
Enterprise assessments	2,876,920	-
Depreciation	750,855	144,290
Total operating expenses	9,845,692	33,730,095
OPERATING INCOME (LOSS)	12,578,746	1,290,693
NONOPERATING REVENUES (EXPENSES):		
Investment income	294,333	-
Total nonoperating revenues (expenses)	294,333	-
INCOME (LOSS) BEFORE TRANSFERS	12,873,079	1,290,693
TRANSFERS:		
Transfers out	(243,372)	(253,481)
Total transfers	(243,372)	(253,481)
Changes in net position	12,629,707	1,037,212
NET POSITION:		
Beginning of the year, as restated (Note 15)	6,730,108	(5,784,989)
End of the year	\$ 19,359,815	\$ (4,747,777)

City of Hemet
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for services from customers or other funds	\$ 11,597,824	\$ 26,682,471
Cash payments to suppliers for goods and services	(8,410,217)	(3,198,665)
Cash payments to employees for services	(2,430,074)	(2,989,377)
Cash payments for insurance	(133,100)	(21,322,819)
Net cash provided by operating activities	624,433	(828,390)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(420,327)	-
Cash paid to other funds	-	(253,481)
Net cash (used in) capital and related financing activities	(420,327)	(253,481)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash paid to other funds	(243,372)	(70,245)
Cash received from other funds	-	1,313,847
Net cash provided by (used in) noncapital financing activities	(243,372)	1,243,602
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	294,333	-
Net cash provided by investing activities	294,333	-
Net change in cash and cash equivalents	255,067	161,731
CASH AND CASH EQUIVALENTS:		
Beginning of year	13,241,199	7,300,522
End of year	<u>\$ 13,496,266</u>	<u>\$ 7,462,253</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income	\$ 12,578,746	\$ 1,290,693
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	750,855	144,290
(Increase) decrease in accounts receivable	(10,831,881)	(8,338,317)
(Increase) decrease in due from other governments	1,200	-
(Increase) decrease in inventories	-	21,292
(Increase) decrease in deferred outflows of resources related to pensions	224,698	244,482
(Increase) decrease in deferred outflows of resources related to other postemployment benefits	106,919	116,978
Increase (decrease) in accounts payable	(426,826)	7,827,964
Increase (decrease) in accrued wages and benefits payable	4,475	6,805
Increase (decrease) in deposits	4,067	-
Increase (decrease) in claims payable	-	(428,036)
Increase (decrease) in compensated absences	(23,938)	-
Increase (decrease) in net pension liabilities	(551,693)	(530,463)
Increase (decrease) in net other postemployment benefits liabilities	(1,100,383)	(1,120,377)
Increase (decrease) in deferred inflows of resources related to pensions	(104,176)	(55,330)
Increase (decrease) in deferred inflows of resources related to other postemployment benefits	(7,630)	(8,371)
Total adjustments	(11,954,313)	(2,119,083)
Net cash provided by (used in) operating activities	\$ 624,433	\$ (828,390)

This page intentionally left blank.

FIDUCIARY FUND FINANCIAL STATEMENTS

This page intentionally left blank.

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.

This page intentionally left blank.

City of Hemet
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ 571,850	\$ 1,380,820
Accounts receivable	-	18,292
Due from other agency funds	-	343,206
Notes receivable	168,309	-
Land held for resale	2,208,773	-
Restricted Assets:		
Investments with fiscal agent	40,176	941,049
Total assets	2,989,108	\$ 2,683,367
LIABILITIES		
Current liabilities:		
Accounts payable	8,223	\$ 1,733,355
Deposits	-	606,806
Due to other agency funds	-	343,206
Interest payable	121,515	-
Bonds payable, due within one year	545,000	-
Total current liabilities	674,738	2,683,367
Noncurrent liabilities:		
Bonds payable, due in more than one year	8,513,541	-
Total noncurrent liabilities	8,513,541	-
Total liabilities	9,188,279	\$ 2,683,367
NET POSITION		
Net position (deficit) held in trust for Successor Agency	<u>\$ (6,199,171)</u>	

City of Hemet
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Successor Agency Private-purpose Trust Fund
ADDITIONS:	
Redevelopment property tax trust fund	\$ 1,023,344
Investment income	583
Total additions	1,023,927
DEDUCTIONS:	
Administrative costs	129,610
Interest and fiscal charges	310,630
Total deduction	440,240
CHANGE IN NET POSITION	583,687
NET POSITION:	
Beginning of year	(6,782,858)
End of year	\$ (6,199,171)

NOTES TO THE BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

City of Hemet
Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 – Reporting Entity 51

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation 51
B. Measurement Focus, Basis of Accounting and Financial Statements Presentation 52
C. Cash and Investments 55
D. Fair Value Measurement 55
E. Receivables..... 56
F. Inventories and Prepaid Items 56
G. Interfund Transactions..... 56
H. Forgivable Notes 56
I. Land Held for Resale..... 56
J. Capital Assets 57
K. Due to Other Governments..... 57
L. Compensated Absences 57
M. Claims and Judgments..... 58
N. Long-Term Debt..... 58
O. Pension 58
P. Other Postemployment Benefits (“OPEB”) 59
Q. Deferred Outflows/Inflows of Resources 59
R. Net Position 59
S. Fund Balances 60
T. Spending Policy..... 61
U. Property Tax Calendar..... 61
V. Use of Estimates 62
W. Implementation of New GASB Pronouncements..... 62

Note 3 – Cash and Investments

A. Demand Deposits..... 63
B. Investments Authorized by the California Government Code
and the City’s Investment Policy 63
C. Investments Authorized by Debt Agreements..... 64
D. Fair Value Measurement 64
E. Risk Disclosures 65
F. Investment in Local Agency Investment Fund (“LAIF”)..... 66

Note 4 – Interfund Transactions

A. Due From and To Other Funds..... 67
B. Advances To and From 67
C. Transfers In and Out..... 68

Note 5 – Notes Receivables 68

Note 6 – Capital Assets

A. Governmental Activities..... 69
B. Business-Type Activities..... 70

City of Hemet
Index to the Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Long-Term Liabilities

A. Governmental Activities.....	71
B. Business-Type Activities.....	71
C. Fiduciary Funds.....	72
D. Non-Commitment Debt.....	72

Note 8 – Risk Management and Self Insurance Programs.....	73
--	-----------

Note 9 – City Employees Retirement Plan

A. General Information about the Pension Plan.....	74
B. Net Pension Liability.....	76
C. Changes in the Net Pension Liability.....	78
D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions.....	79

Note 10 – Other Postemployment Benefits.....	80
---	-----------

A. Plan Description.....	81
B. Eligibility.....	81
C. Contribution.....	81
D. Net OPEB Liability.....	81

Note 11 – Fund Balances.....	85
-------------------------------------	-----------

Note 12 – Endowment.....	86
---------------------------------	-----------

Note 13 – Individual Fund Disclosure

A. Deficit Net Positions and Fund Balances.....	87
B. Expenditures in Excess of Appropriations.....	87

Note 14 – Commitments and Contingencies

A. Lawsuits.....	88
B. Federal and State Grant Programs.....	88
C. Construction Commitments.....	88
D. Coronavirus Disease – 19 (COVID-19).....	88

Note 15 – Prior Period Adjustments.....	88
--	-----------

City of Hemet
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (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, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Government Fund Financial Statements

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

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, 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.

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 Special Revenue Fund - 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.

Bridges, Streets and Traffic Facilities Capital Projects Fund – This fund accounts for the financial transactions for bridges, streets and traffic facilities in the development impact fee report and is funded through developer contributions.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements

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

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

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets, 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, 2020

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 Local Agency Investment Funds that are reported at amortized 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, 2020

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, 2020

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 and proprietary 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, 2020

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

The expenditures for claims are recognized when it is probable that the liability has been incurred at year-end and the amount of the loss can be reasonably estimated. Such claims are reported as liabilities in the Internal Service Funds and government-wide financial statements.

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. 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, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

P. Other Postemployment Benefits (“OPEB”)

For the purpose of measuring net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. Information about the fiduciary net position of the plan and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plan. 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 OPEB reporting:

Valuation Date	January 1, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB 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.

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:

Investment in Capital Assets - this category consists all capital assets, including infrastructure, into one component of net position net of accumulated depreciation.

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 investment in capital assets or restricted to use.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

R. Net Position (Continued)

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.

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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

S. Fund Balances (Continued)

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.

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 st Installment February 1, 2 nd Installment
Collection Date	December 1, 1 st Installment April 10, 2 nd Installment

The City receives from the County of Riverside a percentage of the basic 1% maximum tax rate allowed on assessments collected and allocated by the County. Property tax assessments are recognized as revenue when they become both measurable and available to finance the expenditures of the reported fiscal year. Material delinquent property taxes (net of estimated uncollectable) are also recorded as current year receivables.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

U. Property Tax Calendar (Continued)

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".

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. Implementation of New GASB Pronouncements

During fiscal year ended June 30, 2020, the City has implemented the following new GASB pronouncement:

GASB Statement No. 95 – in May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement is effective immediately and did not have a material effect on the City’s financial statements for the fiscal year ending June 30, 2020.

Note 3 – Cash and Investments

At June 30, 2020, Cash and investments are classified in the accompanying financial statements as follows:

	<u>Government-Wide Statement of Net Position</u>			<u>Statement of</u>	
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Fiduciary</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Net Position</u>	
Cash and Investments	\$ 83,673,428	\$ 13,496,266	\$ 97,169,694	\$ 1,952,670	\$ 99,122,364
Investments with Fiscal Agent	-	-	-	981,225	981,225
Total Cash and Investments	<u>\$ 83,673,428</u>	<u>\$ 13,496,266</u>	<u>\$ 97,169,694</u>	<u>\$ 2,933,895</u>	<u>\$ 100,103,589</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Cash and Investments (Continued)

At June 30, 2020, Cash and Investments consist of the following:

Cash on Hand	\$	11,271
Deposits with Financial Institutions		23,053,715
Investments		76,057,378
Investments with fiscal agent		981,225
Total Cash and Investments	\$	100,103,589

A. Demand Deposits

The carrying amount of the City's cash deposits were \$23,053,715 at June 30, 2020. Bank balances before reconciling items were \$34,900,822 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, 2020

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, 2020, 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, 2020:

Investment Type	Total	Measurement Input	
		Level 2	Not subject to measurement
U.S. Government Sponsored:			
Enterprise Securities	\$ 4,251,669	\$ 4,251,669	\$ -
LAIF	43,574,475	-	43,574,475
Municipal Obligations	10,606,086	10,606,086	-
Negotiable CD	9,030,601	9,030,601	-
Medium-Term Notes	8,594,547	8,594,547	-
Held by Fiscal Agent:			
Money Market Funds	981,225	-	981,225
Total	\$ 77,038,603	\$ 32,482,903	\$ 44,555,700

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, 2020

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	Total	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	\$ 4,251,669	\$ -	\$ -	\$ -	\$ -	\$ 4,251,669	\$ -
LAIF	43,574,475	43,574,475	-	-	-	-	-
Municipal Obligations	10,606,086	2,700,588	2,798,986	2,362,379	516,775	1,174,518	1,052,840
Negotiable CD	9,030,601	1,997,361	1,798,038	2,078,119	1,587,872	1,319,802	249,409
Medium-Term Notes	8,594,547	3,020,140	-	2,895,625	2,155,380	523,402	-
Held by Fiscal Agent:							
Money Market Mutual Funds	981,225	981,225	-	-	-	-	-
Total	\$ 77,038,603	\$ 52,273,789	\$ 4,597,024	\$ 7,336,123	\$ 4,260,027	\$ 7,269,391	\$ 1,302,249

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	\$ 4,251,669	N/A	\$ 4,251,669	\$ -	\$ -	\$ -
LAIF	43,574,475	N/A	-	-	-	43,574,475
Municipal Obligations	10,606,086	A	1,791,750	7,472,561	1,341,775	-
Negotiable CD	9,030,601	N/A	-	-	-	9,030,601
Medium-Term Notes	8,594,547	A	1,046,660	3,902,215	3,645,672	-
Held by Fiscal Agent:						
Money Market Mutual Funds	981,225	AAA	981,225	-	-	-
Total	\$ 77,038,603		\$ 8,071,304	\$ 11,374,776	\$ 4,987,447	\$ 52,605,076

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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.

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, 2020, 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, 2020 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, 2020

Note 3 – Cash and Investments (Continued)

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

As of June 30, 2020, the City had \$43,574,475 invested in LAIF, which had invested 3.37% 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 at amortized cost. The credit quality rating of LAIF is unrated as of June 30, 2020.

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, 2020:

Due to Other Funds	Due from Other Funds			
	Nonmajor Governmental Funds	Internal Service Funds	Agency Funds	Total
General Fund	\$ 1,043,219	\$ -	\$ -	\$ 1,043,219
Nonmajor Governmental Funds	356,977	-	-	356,977
Internal Service Funds	-	70,245	-	70,245
Agency Funds	-	-	343,206	343,206
Total	\$ 1,400,196	\$ 70,245	\$ 343,206	\$ 1,813,647

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

B. Advances To and From

Advances to Other Funds	Advances from Other Funds
	Nonmajor Governmental Funds
Nonmajor 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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 4 – Interfund Transactions (Continued)

C. Transfers In and Out

	Transfers Out				Total
	General Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Internal Service Fund	
Transfers In					
General Fund	\$ -	\$ 993,712	\$ 243,372	\$ -	\$ 1,237,084
Bridges/Streets/Traffic Facilities Fund	-	249,841	-	-	249,841
Nonmajor Governmental Funds	135,306	-	-	253,481	388,787
Total	<u>\$ 135,306</u>	<u>\$ 1,243,553</u>	<u>\$ 243,372</u>	<u>\$ 253,481</u>	<u>\$ 1,875,712</u>

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:

The Capital Projects Fund transferred \$128,000 to the General Fund as a one time transfer of unexpended fund balance. The Equipment Replacement Capital Projects Fund transferred its public safety related fund balance of \$865,712 to the General Fund. The Water Enterprise Fund transferred \$243,372 to General Fund to cover water use at the City parks.

A total of \$249,841 was transferred from the Air Pollution Reduction Special Revenue Fund to the Bridges, Streets and Traffic Facilities Capital Projects Fund related to capital projects expenditures in fiscal year 2020.

A total of \$20,004 was transferred from the General Fund to the Gas Tax Special Revenue Fund for the General Fund maintenance of effort for Measure A and \$115,302 to the Equipment Replacement Capital Projects Fund related to vehicle purchases. The Internal Service Fund transferred \$57,863 to the Fire Facilities Capital Projects Fund and \$195,618 to the Public Meeting Facilities Capital Projects fund for costs related to capital projects.

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, 2020 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	\$ 9,318,049
Less: Allowance for Forgivable Notes	(5,478,108)
Total	<u>\$ 3,839,941</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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, 2020 is as follows:

	Balance July 1, 2019	Prior Period Adjustment	Additions	Deletions	Transfers	Balance June 30, 2020
Capital Assets, Not Being Depreciated:						
Land and Improvements	\$ 12,348,575	\$ -	\$ -	\$ -	\$ -	\$ 12,348,575
Rights of Way	190,468,181	-	-	-	-	190,468,181
CIP - Infrastructure	5,149,672	289,616	5,538,205	(406,830)	(6,545,322)	4,025,341
Total Capital Assets, Not Being Depreciated	207,966,428	289,616	5,538,205	(406,830)	(6,545,322)	206,842,097
Capital Assets Being Depreciated:						
Buildings and Improvements	27,490,325	-	-	-	2,276,223	29,766,548
Buildings and Improvements - ISF	75,899	-	-	-	-	75,899
Machinery and Equipment	38,470,521	(85,344)	1,393,411	-	-	39,778,588
Machinery and Equipment - ISF	5,499,088	18,140	-	-	-	5,517,228
Infrastructure						
Pavement	152,174,764	-	-	(8,696,305)	2,265,617	145,744,076
Medians	163,384	-	-	-	-	163,384
Sidewalks	18,719,791	-	-	-	191,517	18,911,308
Curb and Gutter	16,583,301	-	-	-	226,944	16,810,245
Traffic Signal	6,925,933	-	-	-	47,954	6,973,887
Street Lights	3,862,335	-	-	-	201,888	4,064,223
Bridges	4,326,295	-	-	-	1,335,179	5,661,474
Storm Drain/Retention Basins	11,458,176	-	-	-	-	11,458,176
Total Capital Assets being Depreciated	285,749,812	(67,204)	1,393,411	(8,696,305)	6,545,322	284,925,036
Less Accumulated Depreciation:						
Buildings and Improvements	(14,172,770)	-	(709,214)	-	-	(14,881,984)
Buildings and Improvements - ISF	(71,789)	-	(857)	-	-	(72,646)
Machinery and Equipment	(32,408,602)	-	(1,410,257)	-	-	(33,818,859)
Machinery and Equipment - ISF	(4,544,111)	(24,468)	(143,433)	-	-	(4,712,012)
Infrastructure						
Pavement	(112,275,067)	-	(4,080,285)	8,696,305	-	(107,659,047)
Medians	(73,521)	-	(5,446)	-	-	(78,967)
Sidewalks	(4,967,337)	-	(250,874)	-	-	(5,218,211)
Curb and Gutter	(4,541,138)	-	(222,624)	-	-	(4,763,762)
Traffic Signal	(4,555,058)	-	(222,058)	-	-	(4,777,116)
Street Lights	(2,828,602)	-	(145,893)	-	-	(2,974,495)
Bridges	(1,186,707)	-	(66,585)	-	-	(1,253,292)
Storm Drain/Retention Basins	(2,749,213)	-	(168,422)	-	-	(2,917,635)
Total Accumulated Depreciation	(184,373,915)	(24,468)	(7,425,948)	8,696,305	-	(183,128,026)
Total Capital Assets Being Depreciated, Net	101,375,897	(91,672)	(6,032,537)	-	6,545,322	101,797,010
Capital Assets, Net	\$ 309,342,325	\$ 197,944	\$ (494,332)	\$ (406,830)	\$ -	\$ 308,639,107

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Capital Assets (Continued)

A. Governmental Activities (Continued)

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

Governmental Activities:	
General Government	\$ 611,739
Public Safety	1,201,755
Public works	5,162,188
Libraries	305,976
Internal Service	144,290
Total depreciation expense	\$ 7,425,948

B. Business-Type Activities

Summary of changes in capital assets for the business-type activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Prior Period Adjustment	Additions	Deletions	Transfers	Balance June 30, 2020
Capital Assets, Not Being Depreciated:						
Land	\$ 32,975	\$ -	\$ -	\$ -	\$ -	\$ 32,975
Construction in Progress	327,885	969,319	420,326	-	(1,580,082)	137,448
Total Capital Assets, Not Being Depreciated	360,860	969,319	420,326	-	(1,580,082)	170,423
Capital Assets Being Depreciated:						
Buildings and Improvements	27,870,005	-	-	-	1,580,082	29,450,087
Machinery and Equipment	6,210,644	105,266	-	-	-	6,315,910
Total Capital Assets being Depreciated	34,080,649	105,266	-	-	1,580,082	35,765,997
Less Accumulated Depreciation:						
Buildings and Improvements	(25,201,447)	-	(29,524)	-	-	(25,230,971)
Machinery and Equipment	(5,347,561)	(105,266)	(721,331)	-	-	(6,174,158)
Total Accumulated Depreciation	(30,549,009)	(105,266)	(750,855)	-	-	(31,405,129)
Total Capital Assets Being Depreciated, Net	3,531,640	-	(750,855)	-	1,580,082	4,360,868
Capital Assets, Net	\$ 3,892,500	\$ 969,319	\$ (330,529)	\$ -	\$ -	\$ 4,531,291

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

Business-type Activities:	
Water	\$ 750,855
Total depreciation expense	\$ 750,855

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year	Due in More than One Year
Governmental Activities:						
Compensated Absences	\$ 2,995,448	\$ 1,102,643	\$ (963,006)	\$ 3,135,085	\$ 1,477,211	\$ 1,657,874
Claims Payable	2,378,599	16,409,189	(16,837,225)	1,950,563	927,725	1,022,838
Other Postemployment Benefit Liabilities	42,158,175	2,928,394	(2,827,683)	42,258,886	-	42,258,886
Net Pension Liabilities	90,961,188	31,303,675	(24,812,350)	97,452,513	-	97,452,513
Total Governmental Activity						
Long-Term Liabilities	<u>\$ 138,493,410</u>	<u>\$ 51,743,901</u>	<u>\$ (45,440,264)</u>	<u>\$ 144,797,047</u>	<u>\$ 2,404,936</u>	<u>\$ 142,392,111</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, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year	Due in More than One Year
Business-type Activities						
Compensated Absences	\$ 139,454	\$ 107,149	\$ (131,087)	\$ 115,516	\$ 103,964	\$ 11,552
Other Postemployment Benefit Liabilities	6,862,959	1,379,768	(2,480,151)	5,762,576	-	5,762,576
Net Pension Liabilities	4,753,530	685,695	(1,237,388)	4,201,837	-	4,201,837
Total Business-type Activities						
Long-term Liabilities	<u>\$ 11,755,943</u>	<u>\$ 2,172,612</u>	<u>\$ (3,848,626)</u>	<u>\$ 10,079,929</u>	<u>\$ 103,964</u>	<u>\$ 9,975,965</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, 2020

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, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year	Due in More than One Year
Fiduciary Fund:						
2014 Tax Allocation Refunding Bonds	\$ 9,070,000	\$ -	\$ (530,000)	\$ 8,540,000	\$ 545,000	\$ 7,995,000
Bond Premium	564,740	-	(46,199)	518,541	-	518,541
Total Fiduciary Fund						
Long-term Liabilities	<u>\$ 9,634,740</u>	<u>\$ -</u>	<u>\$ (576,199)</u>	<u>\$ 9,058,541</u>	<u>\$ 545,000</u>	<u>\$ 8,513,541</u>

2014 Tax Allocation Refunding Bonds

In December 2014, the Riverside County Public Financing Authority issued \$11,110,000 Riverside County Public Financing Authority 2014 Tax Allocation Revenue Bonds (Hemet Refunding Project) to 1) refund the Successor Agency Subordinate Tax Allocation Bonds, 1999 Series A and Tax Allocation Bonds, 2002 Series A, 2) to satisfy the reserve requirement and 3) to pay cost of issuance. The refunding resulted in saving of \$1,829,065 in debt service payments and economic gain based on present value of the saving is \$1,588,800. Interest ranges from 3.00% to 5.00% is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2015. Principal is due in annual installments of \$580,000 to \$870,000 through September 1, 2031. The outstanding balance at June 30, 2020 was \$8,540,000.

The debt service to maturity is as follows:

June 30,	Principal	Interest	Total
2021	\$ 545,000	\$ 329,719	\$ 874,719
2022	575,000	301,719	876,719
2023	610,000	272,094	882,094
2024	635,000	240,969	875,969
2025	670,000	208,344	878,344
2026-2030	3,795,000	612,258	4,407,258
2031-2032	1,710,000	59,850	1,769,850
Total	<u>\$ 8,540,000</u>	<u>\$ 2,024,953</u>	<u>\$ 10,564,953</u>

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, 2020 is \$6,695,000.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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
Excess Insurance Authority Property Program	\$25,000,000 All risk Various Sub-limits per policy	All Risk and Boiler and Machinery Breakdown: Per Schedule EIA Pool Deductible: \$3,000,000 per occurrence, and \$10,000,000 annual aggregate excluding Earthquake and Flood \$400,000 per occurrence and annual aggregate for Auto Physical Damage Various Deductibles Apply
General Liability Program	\$25,000,000 total limit inclusive of SIR	\$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)	\$125,000
Cyber Liability Program	\$2,000,000 Aggregate Limit of Liability for each Member/Insured \$25,000,000 Policy Aggregate Limit of Liability. \$500,000 Breach Response Costs. Various 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

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 financial statements.

Insurance Type	Beginning Balance	Claims Incurred	Claim Payments	Ending Balance	Current Portion	Long Term Portion
2017-2018 Total	\$ 1,265,898	\$ 7,796,409	\$ (7,750,599)	\$ 1,311,708	\$ 726,876	\$ 584,832
2018-2019						
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
Dental - Vision	\$ 51,676	\$ 19,074	\$ (38,852)	\$ 31,898	\$ 31,898	\$ -
Workers' Comp	468,408	720,622	(746,743)	442,287	10,000	432,287
Liability	1,858,515	15,669,493	(16,051,630)	1,476,378	885,827	590,551
2019-2020 Total	\$ 2,378,599	\$ 16,409,189	\$ (16,837,225)	\$ 1,950,563	\$ 927,725	\$ 1,022,838

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, 2020

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, 2020 is as follow:

Governmental Activities	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date			
Miscellaneous	\$ 3,334,674	\$ 454,728	\$ 3,789,402
Safety	6,947,140	-	6,947,140
Difference between expected and actual experience			
Miscellaneous	458,549	62,529	521,078
Safety	4,281,330	-	4,281,330
Changes of assumptions			
Safety	2,114,337	-	2,114,337
Total deferred outflows of resources	\$ 17,136,030	\$ 517,257	\$ 17,653,287
Net pension liabilities:			
Net pension liabilities			
Miscellaneous	\$ 30,813,471	\$ 4,201,837	\$ 35,015,308
Safety	66,639,042	-	66,639,042
Total net pension liabilities	\$ 97,452,513	\$ 4,201,837	\$ 101,654,350
Deferred inflows of resources:			
Difference between expected and actual experience			
Miscellaneous	\$ 435,405	\$ 59,373	\$ 494,778
Safety	238,203	-	238,203
Changes in assumptions			
Miscellaneous	147,300	20,086	167,386
Safety	298,486	-	298,486
Difference in projected and actual earnings on pension investments:			
Miscellaneous	485,456	66,198	551,654
Safety	737,417	-	737,417
Total deferred inflows of Resources	\$ 2,342,267	\$ 145,657	\$ 2,487,924
Pension expenses:			
Miscellaneous	\$ 5,245,336	\$ 24,162	\$ 5,269,498
Safety	12,420,644	-	12,420,644
Total pension expenses	\$ 17,665,980	\$ 24,162	\$ 17,690,142

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 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, 2020

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, 2020

Note 9 – City Employees Retirement Plan (Continued)

A. General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2018, the valuation date, the following employees were covered by the benefit terms:

	Plans	
	Miscellaneous	Safety
Active employees	173	120
Transferred and terminated employees	192	95
Retired Employees and Beneficiaries	284	178
Total	649	393

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, 2019, the active employee contribution rates were 8.000% (Miscellaneous Classic), 6.750% (Miscellaneous PEPRA), 9.000% (Safety Classic) and 12.000% (Safety PEPRA) of annual pay, and the employer’s contribution rates were 11.338% and 19.235% 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, 2018 valuation was rolled forward to determine the June 30, 2019 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	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS’ Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

¹The 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, 2020

Note 9 – City Employees Retirement Plan (Continued)

B. Net Pension Liability (Continued)

Change of Assumptions

In 2019, there were no changes in assumptions.

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

¹ 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

² An expected inflation of 2.00% used

³ An expected inflation of 2.92% used

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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:

Miscellaneous Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018 (Valuation Date)	\$ 121,509,584	\$ 87,555,796	\$ 33,953,788
Changes Recognized for the Measurement Period:			
Service cost	1,890,624	-	1,890,624
Interest on the total pension liability	8,592,385	-	8,592,385
Differences between expected and actual experience	827,595	-	827,595
Contributions from the employer	-	3,789,256	(3,789,256)
Contributions from employees	-	772,222	(772,222)
Net investment income	-	5,749,884	(5,749,884)
Benefit payments, including refunds of employee contributions	(6,218,552)	(6,218,552)	-
Administrative expenses	-	(62,482)	62,482
Other miscellaneous income/(expense)	-	204	(204)
Net Changes during July 1, 2018 to June 30, 2019	5,092,052	4,030,532	1,061,520
Balance at June 30, 2019 (Measurement Date)	<u>\$ 126,601,636</u>	<u>\$ 91,586,328</u>	<u>\$ 35,015,308</u>
Safety Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018 (Valuation Date)	\$ 175,937,194	\$ 114,176,264	\$ 61,760,930
Changes Recognized for the Measurement Period:			
Service cost	3,746,584	-	3,746,584
Interest on the total pension liability	12,696,170	-	12,696,170
Difference between expected and actual experience	4,092,051	-	4,092,051
Contributions from the employer	-	6,605,381	(6,605,381)
Contributions from employees	-	1,569,835	(1,569,835)
Net investment income	-	7,562,691	(7,562,691)
Benefit payments, including refunds of employee contributions	(8,667,438)	(8,667,438)	-
Administrative expenses	-	(81,479)	81,479
Other miscellaneous income/(expense)	-	265	(265)
Net Changes during July 1, 2018 to June 30, 2019	11,867,367	6,989,255	4,878,112
Balance at June 30, 2019 (Measurement Date)	<u>\$ 187,804,561</u>	<u>\$ 121,165,519</u>	<u>\$ 66,639,042</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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%	Current Discount	Discount Rate + 1%
	(6.15%)	Rate (7.15%)	(8.15%)
Miscellaneous Plan	\$ 51,889,468	\$ 35,015,308	\$ 21,124,248
Safety Plan	\$ 93,619,026	\$ 66,639,042	\$ 44,719,422

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, 2019, the City incurred a pension expense of \$5,269,498 and \$12,420,644 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 2018-2019 measurement period are 2.7 years and 4.1, which were obtained by dividing the total service years of 1,749 and 1,614 (the sum of remaining service lifetimes of the active employees) by 649 and 393 (the total number of participants: active, inactive, and retired).

At June 30, 2020, 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	\$ 3,789,402	\$ -	\$ 6,947,140	\$ -
Changes of assumptions	-	(167,386)	2,114,337	(298,486)
Difference between expected and actual experience	521,078	(494,778)	4,281,330	(238,203)
Net difference between projected and actual earning on pension plan investments	-	(551,654)	-	(737,417)
Total	\$ 4,310,480	\$ (1,213,818)	\$ 13,342,807	\$ (1,274,106)

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 ending June 30, 2021. 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 Ending June 30	Deferred Outflows/(Inflows) of Resources	
	Miscellaneous Plan	Safety Plan
2020	\$ (57,374)	\$ 3,662,796
2021	(578,781)	396,685
2022	(142,727)	850,702
2023	86,142	211,378
2024	-	-
Thereafter	-	-
	<u>\$ (692,740)</u>	<u>\$ 5,121,561</u>

Note 10 – Other Postemployment Benefits (“OPEB”)

At June 30, 2020, net OPEB liability, related deferred outflows of resources and deferred inflows of resources, and OPEB expense are as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Changes in assumptions	\$ 1,593,537	\$ 217,301	\$ 1,810,838
Projected and actual earnings	12,698	1,731	14,429
Total deferred outflows of resources	<u>\$ 1,606,235</u>	<u>\$ 219,032</u>	<u>\$ 1,825,267</u>
Net other postemployment benefit liability	<u>\$ 42,258,886</u>	<u>\$ 5,762,576</u>	<u>\$ 48,021,462</u>
Deferred inflows of resources:			
Expected and actual experience	\$ 107,113	\$ 14,606	\$ 121,719
Total deferred inflows of resources	<u>\$ 107,113</u>	<u>\$ 14,606</u>	<u>\$ 121,719</u>
OPEB expense (credit)	<u>\$ 4,131,593</u>	<u>\$ (404,577)</u>	<u>\$ 3,727,016</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Other Postemployment Benefits (“OPEB”) (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	286
Inactive employees or beneficiaries currently receiving benefit payments	228
Total	514

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, 2020, 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, 2020, 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, 2020

Note 10 – Other Postemployment Benefits (“OPEB”) (Continued)

D. Net OPEB Liability (Continued)

Actuarial Methods and Assumptions

The total OPEB liability in 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
Dental/Vision trend	2.75%

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.

	Target Allocation PARS-Balance	Expected Real Rate of Return
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, 2020

Note 10 – Other Postemployment Benefits (“OPEB”) (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, 2019	\$ 50,349,606	\$ 1,328,472	\$ 49,021,134
Changes Recognized for the Measurement Period:			
Service cost	208,241	-	208,241
Interest on the total OPEB liability	3,035,365	-	3,035,365
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	4,260,842	(4,260,842)
Contributions from the employee	-	-	-
Net investment income	-	66,550	(66,550)
Benefit payments	(3,984,013)	(3,984,013)	-
Administrative expenses	-	(84,114)	84,114
Net Changes	(740,407)	259,265	(999,672)
Balance at June 30, 2020	\$ 49,609,199	\$ 1,587,737	\$ 48,021,462

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%)
\$ 53,485,232	\$ 48,021,462	\$ 43,432,883

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
\$ 43,058,702	\$ 48,021,462	\$ 53,901,141

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Other Postemployment Benefits (“OPEB”) (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, 2020, the City recognized expense of \$3,727,016. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (121,719)
Changes of assumptions	1,810,838	-
Net difference between projected and actual earnings on plan investments	14,429	-
Total	<u>\$ 1,825,267</u>	<u>\$ (121,719)</u>

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:

<u>Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 485,598
2022	485,597
2023	487,100
2024	245,253
2025	-
Thereafter	-
Total	<u>\$ 1,703,548</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Fund Balances

The detail information of the fund balances at June 30, 2020 is as follows:

	General Fund	Sewer Special Revenue Fund	Bridges/Streets/ Traffic Facilities Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory	\$ 300	\$ -	\$ -	\$ -	\$ 300
Prepays	8,253	-	-	-	8,253
Measure U Prepays	651,629	-	-	-	651,629
Library Endowment	-	-	-	1,000,000	1,000,000
Total nonspendable	660,182	-	-	1,000,000	1,660,182
Restricted for:					
Public Access Channel	1,315,640	-	-	-	1,315,640
Low/Mod Housing	-	-	-	3,963,506	3,963,506
Public Safety	-	-	-	651,137	651,137
Street Work	-	-	-	11,072,480	11,072,480
Lighting and Landscaping	-	-	-	4,595,563	4,595,563
Housing Grants	-	-	-	3,817,866	3,817,866
Sewer Maintenance	-	13,673,849	-	-	13,673,849
Indian Gaming Capital Projects	-	-	-	6,411	6,411
Development Impact Fees	-	-	2,978,037	10,678,618	13,656,655
Library Equipment	-	-	-	36,445	36,445
General Plan	-	-	-	85,501	85,501
Total restricted	1,315,640	13,673,849	2,978,037	34,907,527	52,875,053
Committed to:					
Economic Stabilization Reserve	8,171,672	-	-	-	8,171,672
Measure U - Public Safety Personnel	12,749,021	-	-	-	12,749,021
Total committed	20,920,693	-	-	-	20,920,693
Assigned to:					
Equipment Replacement	-	-	-	3,550,999	3,550,999
Capital Replacement	-	-	-	245,152	245,152
Continuing Appropriations	890,749	-	-	-	890,749
Total assigned	890,749	-	-	3,796,151	4,686,900
Unassigned (deficit)	3,116,235	-	-	(264,114)	2,852,121
Total Fund Balances	\$ 26,903,499	\$ 13,673,849	\$ 2,978,037	\$ 39,439,564	\$ 82,994,949

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Fund Balances (Continued)

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 revenues have outpaced original projections. The details of the City’s Measure U program for the year ended June 30, 2020 are as follows:

	Police	Fire	Total
Revenues:			
Police 2/3, Fire 1/3 overall allocation	\$ 7,820,752	\$ 3,910,376	\$ 11,731,128
Expenditures:			
Salary & Fringe Benefits	(4,648,115)	(2,125,918)	(6,774,033)
Operating Supplies & Services	(304,406)	(75,989)	(380,395)
Internal Service Charges	(377,088)	(74,796)	(451,884)
Capital Outlay	(638,537)	(566,060)	(1,204,597)
	<u>\$ (5,968,146)</u>	<u>\$ (2,842,763)</u>	<u>\$ (8,810,909)</u>
Transfers to General Fund	\$ (800,000)	\$ (400,000)	\$ (1,200,000)
Change in Fund Balance	1,052,606	667,613	1,720,219
Beginning Fund Balance	<u>6,896,491</u>	<u>4,783,940</u>	<u>11,680,431</u>
Restricted (Prepaid)	-	651,629	651,629
Committed	7,949,096	4,799,925	12,749,021
Ending Fund Balance	<u>\$ 7,949,096</u>	<u>\$ 5,451,554</u>	<u>\$ 13,400,650</u>

Note 12 – Endowment

The City received an endowment in 2002 for \$1,000,000. The principal amount of \$1,000,000 is to be held in perpetuity while interest earnings are to be used for the City's library as stated in the resolution accepting the endowment. The endowment activity is accounted for in the permanent fund of the City with the principal amount reflected in nonspendable fund balance. In the government-wide financial statements, the principal amount is included in restricted net position as non-expendable. At June 30, 2020, net appreciation on investment of the principal balance amounted to \$36,445, and is reported as restricted net position as expendable. California Senate Bill No. 1329 enacted Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) that governing the ability to spend on the net appreciation of the endowment fund. The City also passed resolution No. 3715 to establish policy on the spending of investment income in that available funds may only be used to supplement normal budgeted City funds appropriated by the City for the operation and maintenance of the library and not to substitute for such funds. Available funds may be used for a variety of library purposes that enhances the functioning of the library after specifically approved on a case by case line-item basis by the City Council in advance of the expenditure.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 \$(91,513,403) of which, \$(97,452,513) was attributed to aggregate net pension liabilities and \$(42,258,886) was attributed to other postemployment benefits liabilities.

Funds with deficit net positions and fund balances at June 30, 2020 are as follows:

Fiduciary Fund:		
Successor Agency Private Purpose Trust Fund	\$	(6,199,171)
Other Governmental Funds:		
Special Revenue Funds:		
Public Safety CFD	\$	(173,266)
Local Law Enforcement Block Grant		(90,848)
Total Special Revenue Funds	\$	(264,114)
Internal Service Fund:		
Internal Service Funds:		
Administrative Services Fund	\$	(5,682,401)
Liability Insurance		(632,456)
Total Internal Service Funds	\$	(6,314,857)

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 through a transfer from the General Fund Public Safety program. Internal service funds deficits will be eliminated through cost recovery from the respective funds.

B. Expenditures in Excess of Appropriations

The following funds report expenditures in excess of appropriations for the year ended June 30, 2020.

	Appropriation	Expenditures	Overage
Other Governmental Funds:			
Special Revenue Funds:			
Citizen Option for Public Safety Programs	\$ 126,398	\$ 130,126	\$ (3,728)
Home Investment Partnership Program	-	45,909	(45,909)
CAL HOME Program	-	67,700	(67,700)
2001-2008 HOME Program	-	48,132	(48,132)
Neighborhood Stabilization Program Grant	1,692	3,132	(1,440)
Capital Projects Funds:			
Bridges, Streets and Traffic Facilities	1,558,180	1,879,666	(321,486)
Public Meeting Facilities	-	195,618	(195,618)
Fire Facilities	-	57,863	(57,863)

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 14 – Commitments and Contingencies

A. Lawsuits

As of June 30, 2020 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 \$13,689,581.

D. 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.

Note 15 – Prior Period Adjustments

The City made a detailed review of prior project expenditures in both governmental and business-type activity capital assets during fiscal year 2020. The City has assessed project related expenditures were expensed in fiscal years 2017-2019 and has made prior period adjustments to capitalize previously expensed expenditures and capture the related depreciation. The net effect of the adjustments on the beginning net position on the government-wide and fund financial statement are as follows:

	Governmental Activities	Business-Type Activities	Water Enterprise Fund
Net position at July 1, 2019 as previously reported	\$ 273,834,188	\$ 5,760,789	\$ 5,760,789
Capital asset adjustments	197,945	969,319	969,319
Net position, as restated	\$ 274,032,133	\$ 6,730,108	\$ 6,730,108

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

This page intentionally left blank.

City of Hemet
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 43,888,200	\$ 43,768,200	46,287,164	\$ 2,518,964
Licenses and permits	1,834,280	1,834,280	1,645,403	(188,877)
Intergovernmental revenues	772,500	772,500	551,718	(220,782)
Charges for services	3,194,796	3,234,796	3,093,044	(141,752)
Fines and forfeitures	421,600	421,600	336,231	(85,369)
Investment income	277,500	277,500	1,148,772	871,272
Miscellaneous	35,600	35,600	65,763	30,163
Total revenues	<u>50,424,476</u>	<u>50,344,476</u>	<u>53,128,095</u>	<u>2,783,619</u>
EXPENDITURES:				
Current:				
General government	2,537,130	2,280,413	2,232,717	47,696
Public safety	43,073,555	42,362,165	39,521,317	2,840,848
Community development	4,445,400	4,506,911	3,964,129	542,782
Public works	-	-	17,847	(17,847)
Parks	1,356,325	1,347,973	1,295,126	52,847
Libraries	1,430,500	1,396,262	1,401,998	(5,736)
Capital outlay	2,985,333	1,290,491	1,139,650	150,841
Total expenditures	<u>55,828,243</u>	<u>53,184,215</u>	<u>49,572,784</u>	<u>3,611,431</u>
REVENUES OVER (UNDER) EXPENDITURES	(5,403,767)	(2,839,739)	3,555,311	6,395,050
OTHER FINANCING SOURCES (USES):				
Transfers in	1,466,874	1,466,874	1,237,084	(229,790)
Transfers out	-	(20,000)	(135,306)	(115,306)
Total other financing sources (uses)	<u>1,466,874</u>	<u>1,446,874</u>	<u>1,101,778</u>	<u>(345,096)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,936,893)</u>	<u>\$ (1,392,865)</u>	4,657,089	<u>\$ 6,049,954</u>
FUND BALANCE:				
Beginning of year			<u>22,246,410</u>	
End of year			<u>\$ 26,903,499</u>	

City of Hemet
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Sewer and Storm Drain Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 3,727,700	\$ 3,727,700	\$ 4,155,973	\$ 428,273
Investment income	32,000	32,000	278,798	246,798
Miscellaneous	-	-	366	366
Total revenues	<u>3,759,700</u>	<u>3,759,700</u>	<u>4,435,137</u>	<u>675,437</u>
EXPENDITURES:				
Current:				
Sanitation	2,647,100	2,730,573	1,880,735	849,838
Capital outlay	-	337,249	337,249	-
Total expenditures	<u>2,647,100</u>	<u>3,067,822</u>	<u>2,217,984</u>	<u>849,838</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,112,600</u>	<u>\$ 691,878</u>	2,217,153	<u>\$ 1,525,275</u>
FUND BALANCE:				
Beginning of year			<u>11,456,696</u>	
End of year			<u>\$ 13,673,849</u>	

City of Hemet
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2020

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, 2020

Last Ten Fiscal Years

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

	2018-19 ¹
Measurement period	
Total pension liability	
Service cost	\$ 1,890,624
Interest	8,592,385
Changes of benefit terms	-
Changes of assumptions	-
Recognized differences between expected and actual experience	827,595
Benefit payments, including refunds of employee contributions	(6,218,552)
Net change in total pension liability	5,092,052
Total pension liability - beginning	121,509,584
Total pension liability - ending (a)	\$ 126,601,636
Pension fiduciary net position	
Contributions - employer	\$ 3,789,256
Contributions - employee	772,222
Net investment income	5,749,884
Benefit payments, including refunds of employee contributions	(6,218,552)
Plan to plan resource movement	-
Administrative expense	(62,482)
Other miscellaneous income (expense)	204
Net change in plan fiduciary net position	4,030,532
Plan fiduciary net position - beginning	87,555,796
Plan fiduciary net position - ending (b)	\$ 91,586,328
Plan net pension liability - ending (a) - (b)	\$ 35,015,308
Plan fiduciary net position as a percentage of the total pension liability	72.34%
Covered payroll	\$ 9,693,519
Plan net pension liability as a percentage of covered payroll	361.22%

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

Notes to Schedule:

Changes of Assumptions: In 2019, there were no changes. 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, 2020

Last Ten Fiscal Years

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

Measurement period	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Total pension liability					
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)
Net change in total pension liability	1,918,704	9,601,220	4,341,854	3,079,320	4,461,073
Total pension liability - beginning	119,590,880	109,989,660	105,647,806	102,568,486	98,107,413
Total pension liability - ending (a)	\$ 121,509,584	\$ 119,590,880	\$ 109,989,660	\$ 105,647,806	\$ 102,568,486
Pension fiduciary net position					
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)	-	-	-	-
Net change in plan fiduciary net position	4,610,667	6,363,318	(1,393,167)	78,393	9,990,725
Plan fiduciary net position - beginning	82,945,129	76,581,811	77,974,978	77,896,585	67,905,860
Plan fiduciary net position - ending (b)	\$ 87,555,796	\$ 82,945,129	\$ 76,581,811	\$ 77,974,978	\$ 77,896,585
Plan net pension liability - ending (a) - (b)	\$ 33,953,788	\$ 36,645,751	\$ 33,407,849	\$ 27,672,828	\$ 24,671,901
Plan fiduciary net position as a percentage of the total pension liability	72.06%	69.36%	69.63%	73.81%	75.95%
Covered payroll	\$ 9,531,865	\$ 9,581,222	\$ 9,353,143	\$ 9,860,790	\$ 9,398,580
Plan net pension liability as a percentage of covered payroll	356.21%	382.47%	357.18%	280.63%	262.51%

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

Notes to Schedule:

Changes of Assumptions: In 2019, there were no changes. 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, 2020

Last Ten Fiscal Years

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

	2018-19 ¹
Measurement period	
Total pension liability	
Service cost	\$ 3,746,584
Interest	12,696,170
Changes of benefit terms	-
Changes of assumptions	-
Differences between expected and actual experience	4,092,051
Benefit payments, including refunds of employee contributions	(8,667,438)
Net change in total pension liability	11,867,367
Total pension liability - beginning	175,937,194
Total pension liability - ending (a)	\$ 187,804,561
Pension fiduciary net position	
Contributions - employer	\$ 6,605,381
Contributions - employee	1,569,835
Net investment income	7,562,691
Benefit payments, including refunds of employee contributions	(8,667,438)
Plan to plan resource movement	-
Administrative expense	(81,479)
Other miscellaneous income/(expense)	265
Net change in plan fiduciary net position	6,989,255
Plan fiduciary net position - beginning	114,176,264
Plan fiduciary net position - ending (b)	\$ 121,165,519
Plan net pension liability - ending (a) - (b)	\$ 66,639,042
Plan fiduciary net position as a percentage of the total pension liability	64.52%
Covered payroll	\$ 11,986,001
Plan net pension liability as a percentage of covered payroll	555.97%

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

Notes to Schedule:

Changes of Assumptions: In 2019, there were no changes. 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, 2020

Last Ten Fiscal Years

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

Measurement period	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Total pension liability					
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)
Net change in total pension liability	8,621,383	15,393,909	7,836,345	4,392,669	6,061,725
Total pension liability - beginning	167,315,811	151,921,902	144,085,557	139,692,888	133,631,163
Total pension liability - ending (a)	<u>\$ 175,937,194</u>	<u>\$ 167,315,811</u>	<u>\$ 151,921,902</u>	<u>\$ 144,085,557</u>	<u>\$ 139,692,888</u>
Pension fiduciary net position					
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)	-	-	-	-
Net change in plan fiduciary net position	7,218,046	9,259,071	(1,539,535)	64,267	13,195,338
Plan fiduciary net position - beginning	106,958,218	97,699,147	99,238,682	99,174,415	85,979,077
Plan fiduciary net position - ending (b)	<u>\$ 114,176,264</u>	<u>\$ 106,958,218</u>	<u>\$ 97,699,147</u>	<u>\$ 99,238,682</u>	<u>\$ 99,174,415</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 61,760,930</u>	<u>\$ 60,357,593</u>	<u>\$ 54,222,755</u>	<u>\$ 44,846,875</u>	<u>\$ 40,518,473</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>64.90%</u>	<u>63.93%</u>	<u>64.31%</u>	<u>68.87%</u>	<u>70.99%</u>
Covered payroll	<u>\$ 10,732,874</u>	<u>\$ 9,450,596</u>	<u>\$ 9,039,459</u>	<u>\$ 8,826,041</u>	<u>\$ 8,870,562</u>
Plan net pension liability as a percentage of covered payroll	<u>575.44%</u>	<u>638.66%</u>	<u>599.85%</u>	<u>508.12%</u>	<u>456.77%</u>

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

Notes to Schedule:

Changes of Assumptions: In 2019, there were no changes. 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, 2020

Last Ten Fiscal Years

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

	2019-20 ¹	2018-19
Actuarially determined contribution ²	\$ 3,789,402	\$ 3,789,256
Contributions in relation to the Actuarially determined contribution ²	(3,789,402)	(3,789,256)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll ³	\$ 9,960,091	\$ 9,693,519
Contributions as a percentage of covered payroll ³	38.05%	39.09%

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

² 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.

³ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2019-20; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-18.

Notes to Schedule:

Valuation date: June 30, 2018

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 are from June 30, 2016 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Asset valuation method	Fair Value of Assets
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.375%, 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, 2020

Last Ten Fiscal Years

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

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

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

² 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.

³ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2019-20; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-18.

Notes to Schedule:

Valuation date: June 30, 2018

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 are from June 30, 2016 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Asset valuation method	Fair Value of Assets
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.375%, 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, 2020

Last Ten Fiscal Years

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

	2019-20 ¹	2018-19
Actuarially determined contribution ²	\$ 6,947,140	\$ 6,605,381
Contributions in relation to the Actuarially determined contribution ²	(6,947,140)	(6,605,381)
Contribution deficiency (excess)	\$ -	\$ -
Covered-payroll ³	\$ 12,315,616	\$ 11,986,001
Contributions as a percentage of covered-payroll	56.41%	55.11%

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

² 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.

³ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2019-20; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-18.

Notes to Schedule:

Valuation date: June 30, 2018

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 are from June 30, 2016 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	7.375%, 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, 2020

Last Ten Fiscal Years

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

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

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

² 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.

³ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2019-20; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-18.

Notes to Schedule:

Valuation date: June 30, 2018

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 are from June 30, 2016 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	7.375%, 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, 2020

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	June 30, 2020	June 30, 2019	June 30, 2018 ¹
Total OPEB liability			
Service cost	\$ 208,241	\$ 359,700	\$ 349,223
Interest	3,035,365	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	(3,984,013)	(3,858,552)	(3,293,090)
Net change in total OPEB liability	(740,407)	2,074,570	(7,304)
Total OPEB liability - beginning	50,349,606	48,275,036	48,282,340
Total OPEB liability - ending (a)	<u>\$ 49,609,199</u>	<u>\$ 50,349,606</u>	<u>\$ 48,275,036</u>
OPEB fiduciary net position			
Contributions - employer ²	\$ 4,260,842	\$ 4,112,794	\$ 3,540,596
Contributions - employee	-	-	-
Net investment income	66,550	64,025	61,075
Benefit payments, including refunds of employee contributions	(3,984,013)	(3,858,552)	(3,293,090)
Plan to plan resource movement	-	-	-
Administrative expense	(84,114)	(56,932)	(49,749)
Net change in plan fiduciary net position	259,265	261,335	258,832
Plan fiduciary net position - beginning	1,328,472	1,067,137	808,305
Plan fiduciary net position - ending (b)	<u>\$ 1,587,737</u>	<u>\$ 1,328,472</u>	<u>\$ 1,067,137</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 48,021,462</u>	<u>\$ 49,021,134</u>	<u>\$ 47,207,899</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>3.20%</u>	<u>2.64%</u>	<u>2.21%</u>
Covered employee payroll	<u>\$ 23,502,304</u>	<u>\$ 23,892,668</u>	<u>\$ 23,441,109</u>
Plan net OPEB liability as a percentage of covered payroll	<u>204.33%</u>	<u>205.17%</u>	<u>201.39%</u>

¹ Historical information is presented only for measurement periods for which GASB 75 is implemented.

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Contributions - OPEB
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

	2019-20	2018-19	2017-18 ¹
Actuarially determined contribution ("ADC")	\$ 3,797,000	\$ 3,744,000	N/A ³
Contributions in relation to the Actuarially determined contribution ¹	(4,260,842)	(4,112,794)	(3,540,596)
Contribution deficiency (excess)	\$ (463,842)	\$ (368,794)	\$ (3,540,596)
Covered employee payroll	\$ 23,502,304	\$ 23,892,668	\$ 23,441,109
Contributions as a percentage of covered employee payroll	18.13%	17.21%	15.10%

¹ Historical information is presented only for measurement periods for which GASB 75 is implemented. Additional years of information will be presented as it becomes available.

³There was no ADC calculated 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 and 2019-20 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%
Inflation	2.75% annually
Mortality, retirement, disability, termination	CalPERS 1997-2015 Experience Study
Mortality improvement	Post-retirement mortality projected fully generational with 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% If participate, participate in both medical and dental/vision
GAP plan costs	\$23/month in 2019 based on historical claims Increased by non-Medicare medical trend after 2019

This page intentionally left blank.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Bridges, Streets and Traffic Facilities Capital Projects Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 220,000	\$ 220,000	\$ 146,520	\$ (73,480)
Investment income	25,000	25,000	109,647	84,647
Miscellaneous	-	-	29,988	29,988
Total revenues	245,000	245,000	286,155	41,155
EXPENDITURES:				
Current:				
Public works	-	247	535,480	(535,233)
Capital outlay	-	1,557,933	1,344,186	213,747
Total expenditures	-	1,558,180	1,879,666	(321,486)
REVENUES OVER (UNDER) EXPENDITURES	245,000	(1,313,180)	(1,593,511)	(280,331)
OTHER FINANCING SOURCES:				
Transfers in	-	-	249,841	249,841
Total other financing sources	-	-	249,841	249,841
NET CHANGE IN FUND BALANCE	\$ 245,000	\$ (1,313,180)	(1,343,670)	\$ (30,490)
FUND BALANCE:				
Beginning of year			4,321,707	
End of year			<u>\$ 2,978,037</u>	

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.

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.

Public Works CFD - Accounts for the financial transactions of lighting, landscape and maintenance of specific assessment areas established by the City Council.

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 U.S. 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 U.S. 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 to outfit facilities 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 to outfit facilities identified 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 Public Works CFD, Local Law Enforcement Block Grant (LLEBG), Home Investment Partnership Program (HOME), CAL HOME Program and Indian Gaming Grants Special Revenue Funds or the General Capital Projects Fund.

City of Hemet
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Public Safety/ Towing	Gas Tax	Measure A	Air Pollution Reduction
ASSETS				
Cash and investments	\$ 111,417	\$ 3,045,615	\$ 7,647,033	\$ 854,683
Accounts receivable	-	34,394	-	26,526
Interest receivables	-	-	-	-
Due from other governments	-	105,691	369,744	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 111,417	\$ 3,185,700	\$ 8,016,777	\$ 881,209
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 868	\$ 457,468	\$ 530,341	\$ 5,000
Accrued salaries and benefits	183	20,767	1,915	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	1,051	478,235	532,256	5,000
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	110,366	2,707,465	7,484,521	876,209
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	110,366	2,707,465	7,484,521	876,209
Total liabilities and fund balances	\$ 111,417	\$ 3,185,700	\$ 8,016,777	\$ 881,209

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Lighting/Landscape Maintenance District	Post Prop. 218 Lighting District	Post Prop. 218 Landscape District	Public Works CFD
ASSETS				
Cash and investments	\$ 1,557,292	\$ 1,080,661	\$ 2,227,546	\$ 6,970
Accounts receivable	-	200	3,267	-
Interest receivables	-	-	-	-
Due from other governments	109,345	8,722	31,465	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 1,666,637	\$ 1,089,583	\$ 2,262,278	\$ 6,970
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 117,297	\$ 58,513	\$ 140,255	\$ 2,686
Accrued salaries and benefits	5,805	1,517	11,573	-
Deposits	-	-	87,975	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	123,102	60,030	239,803	2,686
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,543,535	1,029,553	2,022,475	4,284
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	1,543,535	1,029,553	2,022,475	4,284
Total liabilities and fund balances	\$ 1,666,637	\$ 1,089,583	\$ 2,262,278	\$ 6,970

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Asset Seizure	Public Safety Grants	Public Safety CFD	Citizen Option for Public Safety Programs (COPS)
ASSETS				
Cash and investments	\$ 89,778	\$ 71,235	\$ -	\$ 93,735
Accounts receivable	-	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	-	13,961	53,448
Due from other funds	-	-	-	259,930
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 89,778	\$ 71,235	\$ 13,961	\$ 407,113
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 1,440	\$ 1,836	\$ -
Accrued salaries and benefits	-	-	10,309	-
Deposits	25,914	-	6,000	-
Due to other funds	-	-	169,082	-
Advance from other funds	-	-	-	-
Total liabilities	25,914	1,440	187,227	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	63,864	69,795	-	407,113
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(173,266)	-
Total fund balances	63,864	69,795	(173,266)	407,113
Total liabilities and fund balances	\$ 89,778	\$ 71,235	\$ 13,961	\$ 407,113

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Law Enforcement Block Grant (LLEBG)	Community Development Block Grant	General Plan	HOME Program
ASSETS				
Cash and investments	\$ -	\$ -	\$ 87,601	\$ 576,214
Accounts receivable	-	210,819	-	250
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	97,047
Notes receivable, net	-	-	-	348,584
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ -	\$ 210,819	\$ 87,601	\$ 1,022,095
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 102,412	\$ 2,100	\$ 83
Accrued salaries and benefits	-	6,888	-	-
Deposits	-	-	-	-
Due to other funds	90,848	97,047	-	-
Advance from other funds	-	-	-	-
Total liabilities	90,848	206,347	2,100	83
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	4,472	85,501	1,022,012
Assigned	-	-	-	-
Unassigned (deficit)	(90,848)	-	-	-
Total fund balances	(90,848)	4,472	85,501	1,022,012
Total liabilities and fund balances	\$ -	\$ 210,819	\$ 87,601	\$ 1,022,095

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	CAL HOME Program	2001-2008 HOME Program	Neighborhood Stabilization Program Grant	Housing Authority
ASSETS				
Cash and investments	\$ 131,458	\$ 894,096	\$ 10,585	\$ 153,206
Accounts receivable	-	-	-	3,500
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable, net	452,788	534,662	173,874	2,330,033
Advance to other funds	-	-	-	-
Land held for resale	-	-	593,919	1,482,500
Total assets	\$ 584,246	\$ 1,428,758	\$ 778,378	\$ 3,969,239
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	5,733
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	-	-	-	5,733
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	584,246	1,428,758	778,378	3,963,506
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	584,246	1,428,758	778,378	3,963,506
Total liabilities and fund balances	\$ 584,246	\$ 1,428,758	\$ 778,378	\$ 3,969,239

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds	Capital Projects Funds		
	Indian Gaming Grants	Public Meeting Facilities	General Facilities	Flood Control
ASSETS				
Cash and investments	\$ 6,411	\$ 227,821	\$ 632,612	\$ 2,390,583
Accounts receivable	-	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	1,043,219
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	354,137
Land held for resale	-	-	-	-
Total assets	\$ 6,411	\$ 227,821	\$ 632,612	\$ 3,787,939
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,872
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	-	-	-	2,872
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	6,411	227,821	632,612	3,785,067
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	6,411	227,821	632,612	3,785,067
Total liabilities and fund balances	\$ 6,411	\$ 227,821	\$ 632,612	\$ 3,787,939

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Capital Projects Funds			
	Law Enforcement Facilities	Park Development	Valley Wide DVL Park	Library Facilities
ASSETS				
Cash and investments	\$ 55,904	\$ 1,797,620	\$ 119,962	\$ 579,950
Accounts receivable	-	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 55,904	\$ 1,797,620	\$ 119,962	\$ 579,950
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,450
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	-	-	-	2,450
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	55,904	1,797,620	119,962	577,500
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	55,904	1,797,620	119,962	577,500
Total liabilities and fund balances	\$ 55,904	\$ 1,797,620	\$ 119,962	\$ 579,950

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Capital Projects Funds			
	Capital Projects	Equipment Replacement	General Capital	Fire Facilities
ASSETS				
Cash and investments	\$ 215,166	\$ 3,550,999	\$ 8,564	\$ 3,827,705
Accounts receivable	30,000	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 245,166	\$ 3,550,999	\$ 8,564	\$ 3,827,705
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	14	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	354,137
Total liabilities	14	-	-	354,137
 Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	8,564	3,473,568
Assigned	245,152	3,550,999	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	245,152	3,550,999	8,564	3,473,568
Total liabilities and fund balances	\$ 245,166	\$ 3,550,999	\$ 8,564	\$ 3,827,705

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Permanent Fund	
	LaSalle Library Endowment	Total Nonmajor Governmental Funds
ASSETS		
Cash and investments	\$ 1,032,108	\$ 33,084,530
Accounts receivable	-	308,956
Interest receivables	4,983	4,983
Due from other governments	-	692,376
Due from other funds	-	1,400,196
Notes receivable, net	-	3,839,941
Advance to other funds	-	354,137
Land held for resale	-	2,076,419
Total assets	\$ 1,037,091	\$ 41,761,538
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 646	\$ 1,426,267
Accrued salaries and benefits	-	58,971
Deposits	-	125,622
Due to other funds	-	356,977
Advance from other funds	-	354,137
Total liabilities	646	2,321,974
Fund Balances:		
Nonspendable	1,000,000	1,000,000
Restricted	36,445	34,907,527
Assigned	-	3,796,151
Unassigned (deficit)	-	(264,114)
Total fund balances	1,036,445	39,439,564
Total liabilities and fund balances	\$ 1,037,091	\$ 41,761,538

(Concluded)

City of Hemet
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			
	Public Safety/ Towing	Gas Tax	Measure A	Air Pollution Reduction
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,864,027	\$ -
Licenses and permits	52,468	-	-	-
Intergovernmental revenue	-	1,834,185	-	105,393
Investment income	1,300	60,388	164,697	11,101
Miscellaneous	-	1,582,377	-	-
Total revenues	<u>53,768</u>	<u>3,476,950</u>	<u>2,028,724</u>	<u>116,494</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	22,820	-	-	-
Community development	-	-	-	-
Public works	-	2,221,347	-	14,483
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	810,827	2,164,156	-
Total expenditures	<u>22,820</u>	<u>3,032,174</u>	<u>2,164,156</u>	<u>14,483</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>30,948</u>	<u>444,776</u>	<u>(135,432)</u>	<u>102,011</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	20,004	-	-
Transfers out	-	-	-	(249,841)
Total other financing sources (uses)	<u>-</u>	<u>20,004</u>	<u>-</u>	<u>(249,841)</u>
CHANGES IN FUND BALANCES	30,948	464,780	(135,432)	(147,830)
FUND BALANCES:				
Beginning of year	79,418	2,242,685	7,619,953	1,024,039
End of year	<u>\$ 110,366</u>	<u>\$ 2,707,465</u>	<u>\$ 7,484,521</u>	<u>\$ 876,209</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, 2020

	Special Revenue Funds			
	Lighting/Landscape Maintenance District	Post Prop. 218 Lighting District	Post Prop. 218 Landscape District	Public Works CFD
REVENUES:				
Taxes	\$ -	\$ 3,385	\$ 256	\$ 38,786
Licenses and permits	2,166	380,341	1,788,189	-
Intergovernmental revenue	1,916,056	-	-	-
Investment income	25,644	13,458	38,056	66
Miscellaneous	146,108	282	63,458	-
Total revenues	<u>2,089,974</u>	<u>397,466</u>	<u>1,889,959</u>	<u>38,852</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	1,632,313	185,271	1,689,132	34,568
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	593,738	274,978	-	-
Total expenditures	<u>2,226,051</u>	<u>460,249</u>	<u>1,689,132</u>	<u>34,568</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(136,077)</u>	<u>(62,783)</u>	<u>200,827</u>	<u>4,284</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	(136,077)	(62,783)	200,827	4,284
FUND BALANCES:				
Beginning of year	1,679,612	1,092,336	1,821,648	-
End of year	<u>\$ 1,543,535</u>	<u>\$ 1,029,553</u>	<u>\$ 2,022,475</u>	<u>\$ 4,284</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, 2020

	Special Revenue Funds			
	Asset Seizure	Public Safety Grants	Public Safety CFD	Citizen Option for Public Safety Programs (COPS)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	572,323	-
Intergovernmental revenue	24,877	583,924	-	199,165
Investment income	1,178	464	1,265	4,752
Miscellaneous	-	-	-	-
Total revenues	<u>26,055</u>	<u>584,388</u>	<u>573,588</u>	<u>203,917</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	5,597	477,077	649,941	130,126
Community development	-	-	-	-
Public works	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	249,274	-	-
Total expenditures	<u>5,597</u>	<u>726,351</u>	<u>649,941</u>	<u>130,126</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>20,458</u>	<u>(141,963)</u>	<u>(76,353)</u>	<u>73,791</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	20,458	(141,963)	(76,353)	73,791
FUND BALANCES:				
Beginning of year	43,406	211,758	(96,913)	333,322
End of year	<u>\$ 63,864</u>	<u>\$ 69,795</u>	<u>\$ (173,266)</u>	<u>\$ 407,113</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, 2020

	Special Revenue Funds			
	Law Enforcement Block Grant (LLEBG)	Community Development Block Grant	General Plan	HOME Program
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	13,800	-
Intergovernmental revenue	-	639,304	-	-
Investment income	-	4,472	1,159	8,029
Miscellaneous	-	-	-	17
Total revenues	<u>-</u>	<u>643,776</u>	<u>14,959</u>	<u>8,046</u>
EXPENDITURES:				
Current:				
General government	-	-	2,100	-
Public safety	-	-	-	-
Community development	-	463,828	-	45,909
Public works	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	172,096	-	-
Total expenditures	<u>-</u>	<u>635,924</u>	<u>2,100</u>	<u>45,909</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>7,852</u>	<u>12,859</u>	<u>(37,863)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	-	7,852	12,859	(37,863)
FUND BALANCES:				
Beginning of year	(90,848)	(3,380)	72,642	1,059,875
End of year	<u>\$ (90,848)</u>	<u>\$ 4,472</u>	<u>\$ 85,501</u>	<u>\$ 1,022,012</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, 2020

	Special Revenue Funds			
	CAL HOME Program	2001-2008 HOME Program	Neighborhood Stabilization Program Grant	Housing Authority
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	-	-	-
Investment income	1,776	12,151	154	2,104
Miscellaneous	-	-	-	-
Total revenues	<u>1,776</u>	<u>12,151</u>	<u>154</u>	<u>2,104</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	67,700	48,132	3,132	-
Public works	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>67,700</u>	<u>48,132</u>	<u>3,132</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(65,924)</u>	<u>(35,981)</u>	<u>(2,978)</u>	<u>2,104</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	(65,924)	(35,981)	(2,978)	2,104
FUND BALANCES:				
Beginning of year	650,170	1,464,739	781,356	3,961,402
End of year	<u>\$ 584,246</u>	<u>\$ 1,428,758</u>	<u>\$ 778,378</u>	<u>\$ 3,963,506</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, 2020

	Special Revenue Funds	Capital Projects Funds		
	Indian Gaming Grants	Public Meeting Facilities	General Facilities	Flood Control
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	38,006	97,252
Intergovernmental revenue	-	-	-	-
Investment income	88	3,128	8,928	76,923
Miscellaneous	-	-	-	-
Total revenues	<u>88</u>	<u>3,128</u>	<u>46,934</u>	<u>174,175</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	195,618	37,870	97,866
Total expenditures	<u>-</u>	<u>195,618</u>	<u>37,870</u>	<u>97,866</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>88</u>	<u>(192,490)</u>	<u>9,064</u>	<u>76,309</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	195,618	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>195,618</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	88	3,128	9,064	76,309
FUND BALANCES:				
Beginning of year	6,323	224,693	623,548	3,708,758
End of year	<u>\$ 6,411</u>	<u>\$ 227,821</u>	<u>\$ 632,612</u>	<u>\$ 3,785,067</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, 2020

	Capital Projects Funds			
	Law Enforcement Facilities	Park Development	Valley Wide DVL Park	Library Facilities
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	22,522	66,838	13,018	33,810
Intergovernmental revenue	-	-	-	-
Investment income	1,233	39,344	1,606	8,419
Miscellaneous	-	-	-	-
Total revenues	<u>23,755</u>	<u>106,182</u>	<u>14,624</u>	<u>42,229</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Parks	-	1,623	-	-
Library	-	-	-	113,406
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>1,623</u>	<u>-</u>	<u>113,406</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>23,755</u>	<u>104,559</u>	<u>14,624</u>	<u>(71,177)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	23,755	104,559	14,624	(71,177)
FUND BALANCES:				
Beginning of year	32,149	1,693,061	105,338	648,677
End of year	<u>\$ 55,904</u>	<u>\$ 1,797,620</u>	<u>\$ 119,962</u>	<u>\$ 577,500</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, 2020

	Capital Projects Funds			
	Capital Projects	Equipment Replacement	General Capital	Fire Facilities
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	471,204	-	27,328
Intergovernmental revenue	-	-	-	-
Investment income	4,442	90,330	-	84,308
Miscellaneous	85,155	-	-	-
Total revenues	<u>89,597</u>	<u>561,534</u>	<u>-</u>	<u>111,636</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	7,563	25,582	-	57,863
Total expenditures	<u>7,563</u>	<u>25,582</u>	<u>-</u>	<u>57,863</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>82,034</u>	<u>535,952</u>	<u>-</u>	<u>53,773</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	115,302	-	57,863
Transfers out	(128,000)	(865,712)	-	-
Total other financing sources (uses)	<u>(128,000)</u>	<u>(750,410)</u>	<u>-</u>	<u>57,863</u>
CHANGES IN FUND BALANCES	(45,966)	(214,458)	-	111,636
FUND BALANCES:				
Beginning of year	291,118	3,765,457	8,564	3,361,932
End of year	<u>\$ 245,152</u>	<u>\$ 3,550,999</u>	<u>\$ 8,564</u>	<u>\$ 3,473,568</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, 2020

	Permanent Fund	
	LaSalle Library Endowment	Total Nonmajor Governmental Funds
REVENUES:		
Taxes	\$ -	\$ 1,906,454
Licenses and permits	-	3,579,265
Intergovernmental revenue	-	5,302,904
Investment income	16,478	687,441
Miscellaneous	-	1,877,397
Total revenues	<u>16,478</u>	<u>13,353,461</u>
EXPENDITURES:		
Current:		
General government	-	2,100
Public safety	-	1,285,561
Community development	-	628,701
Public works	-	5,777,114
Parks	-	1,623
Library	24,320	137,726
Capital outlay	-	4,687,431
Total expenditures	<u>24,320</u>	<u>12,520,256</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(7,842)</u>	<u>833,205</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	-	388,787
Transfers out	-	(1,243,553)
Total other financing sources (uses)	<u>-</u>	<u>(854,766)</u>
CHANGES IN FUND BALANCES	(7,842)	(21,561)
FUND BALANCES:		
Beginning of year	1,044,287	39,461,125
End of year	<u>\$ 1,036,445</u>	<u>\$ 39,439,564</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 50,000	\$ 52,468	\$ 2,468
Investment Income	600	1,300	700
Total revenues	<u>50,600</u>	<u>53,768</u>	<u>3,168</u>
EXPENDITURES:			
Current:			
Public safety	52,100	22,820	29,280
Total expenditures	<u>52,100</u>	<u>22,820</u>	<u>29,280</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,500)</u>	30,948	<u>\$ 32,448</u>
FUND BALANCE:			
Beginning of year		79,418	
End of year		<u>\$ 110,366</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 2,078,900	\$ 1,834,185	\$ (244,715)
Investment income	10,000	60,388	50,388
Miscellaneous	1,460,600	1,582,377	121,777
Total revenues	3,549,500	3,476,950	(72,550)
EXPENDITURES:			
Current:			
Public works	2,417,307	2,221,347	195,960
Capital outlay	787,631	810,827	(23,196)
Total expenditures	3,204,938	3,032,174	172,764
REVENUES OVER (UNDER) EXPENDITURES	344,562	444,776	100,214
OTHER FINANCING SOURCES:			
Transfers in	20,004	20,004	-
NET CHANGE IN FUND BALANCE	\$ 364,566	464,780	\$ 100,214
FUND BALANCE:			
Beginning of year		2,242,685	
End of year		\$ 2,707,465	

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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 1,775,000	\$ 1,864,027	\$ 89,027
Investment income	25,000	164,697	139,697
Total revenues	<u>1,800,000</u>	<u>2,028,724</u>	<u>228,724</u>
EXPENDITURES:			
Capital outlay	2,905,381	2,164,156	741,225
Total expenditures	<u>2,905,381</u>	<u>2,164,156</u>	<u>741,225</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,105,381)</u>	<u>(135,432)</u>	<u>\$ 969,949</u>
FUND BALANCE:			
Beginning of year		7,619,953	
End of year		<u>\$ 7,484,521</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Air Pollution Reduction Special Revenue Fund
For the Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 125,000	\$ 105,393	\$ (19,607)
Investment income	2,000	11,101	9,101
Total revenues	<u>127,000</u>	<u>116,494</u>	<u>(10,506)</u>
EXPENDITURES:			
Current:			
Public works	14,483	14,483	-
Total expenditures	<u>14,483</u>	<u>14,483</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>112,517</u>	<u>102,011</u>	<u>(10,506)</u>
OTHER FINANCING (USES):			
Transfers out	-	(249,841)	(249,841)
NET CHANGE IN FUND BALANCE	<u>\$ 112,517</u>	<u>(147,830)</u>	<u>\$ (260,347)</u>
FUND BALANCE:			
Beginning of year		<u>1,024,039</u>	
End of year		<u>\$ 876,209</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ -	\$ 2,166	\$ 2,166
Intergovernmental revenue	1,900,561	1,916,056	15,495
Investment income	-	25,644	25,644
Miscellaneous	-	146,108	146,108
Total revenues	<u>1,900,561</u>	<u>2,089,974</u>	<u>189,413</u>
EXPENDITURES:			
Current:			
Public works	1,751,468	1,632,313	119,155
Capital outlay	593,738	593,738	-
Total expenditures	<u>2,345,206</u>	<u>2,226,051</u>	<u>119,155</u>
NET CHANGE IN FUND BALANCE	<u>\$ (444,645)</u>	<u>(136,077)</u>	<u>\$ 308,568</u>
FUND BALANCE:			
Beginning of year		<u>1,679,612</u>	
End of year		<u>\$ 1,543,535</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 3,559	\$ 3,385	\$ (174)
Licenses and permits	385,565	380,341	(5,224)
Investment income	-	13,458	13,458
Miscellaneous	-	282	282
Total revenues	389,124	397,466	8,342
EXPENDITURES:			
Current:			
Public works	279,626	185,271	94,355
Capital outlay	254,498	274,978	(20,480)
Total expenditures	534,124	460,249	73,875
NET CHANGE IN FUND BALANCE	\$ (145,000)	(62,783)	\$ 82,217
FUND BALANCE:			
Beginning of year		1,092,336	
End of year		\$ 1,029,553	

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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 5,263	\$ 256	\$ (5,007)
Licenses and permits	1,820,791	1,788,189	(32,602)
Investment income	-	38,056	38,056
Miscellaneous	-	63,458	63,458
Total revenues	<u>1,826,054</u>	<u>1,889,959</u>	<u>63,905</u>
EXPENDITURES:			
Current:			
Public works	1,856,867	1,689,132	167,735
Total expenditures	<u>1,856,867</u>	<u>1,689,132</u>	<u>167,735</u>
NET CHANGE IN FUND BALANCE	<u>\$ (30,813)</u>	200,827	<u>\$ 231,640</u>
FUND BALANCE:			
Beginning of year		<u>1,821,648</u>	
End of year		<u>\$ 2,022,475</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 17,937	\$ 24,877	\$ 6,940
Investment income	1,000	1,178	178
Total revenues	<u>18,937</u>	<u>26,055</u>	<u>7,118</u>
EXPENDITURES:			
Current:			
Public safety	5,597	5,597	-
Total expenditures	<u>5,597</u>	<u>5,597</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 13,340</u>	20,458	<u>\$ 7,118</u>
FUND BALANCE:			
Beginning of year		<u>43,406</u>	
End of year		<u>\$ 63,864</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Public Safety Grants Special Revenue Fund
For the Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ -	\$ 583,924	\$ 583,924
Investment income	-	464	464
Total revenues	-	584,388	584,388
EXPENDITURES:			
Current:			
Public safety	139,630	477,077	(337,447)
Public works	99,624	-	99,624
Capital outlay	252,061	249,274	2,787
Total expenditures	491,315	726,351	(235,036)
NET CHANGE IN FUND BALANCE	\$ (491,315)	(141,963)	\$ 349,352
FUND BALANCE:			
Beginning of year		211,758	
End of year		<u>\$ 69,795</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Public Safety CFD Special Revenue Fund
For the Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 550,000	\$ 572,323	\$ 22,323
Investment income	-	1,265	1,265
Total revenues	<u>550,000</u>	<u>573,588</u>	<u>23,588</u>
EXPENDITURES:			
Current:			
Public Safety	<u>649,942</u>	<u>649,941</u>	<u>1</u>
Total expenditures	<u>649,942</u>	<u>649,941</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	<u>\$ (99,942)</u>	<u>(76,353)</u>	<u>\$ 23,589</u>
FUND BALANCE:			
Beginning of year		<u>(96,913)</u>	
End of year		<u>\$ (173,266)</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 154,000	\$ 199,165	\$ 45,165
Investment income	2,000	4,752	2,752
Total revenues	<u>156,000</u>	<u>203,917</u>	<u>47,917</u>
EXPENDITURES:			
Current:			
Public safety	126,398	130,126	(3,728)
Total expenditures	<u>126,398</u>	<u>130,126</u>	<u>(3,728)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 29,602</u>	73,791	<u>\$ 44,189</u>
FUND BALANCE:			
Beginning of year		<u>333,322</u>	
End of year		<u>\$ 407,113</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 1,290,067	\$ 639,304	\$ (650,763)
Investment income	-	4,472	4,472
Total revenues	<u>1,290,067</u>	<u>643,776</u>	<u>(646,291)</u>
EXPENDITURES:			
Current:			
General government	122,466	-	122,466
Community development	353,803	463,828	(110,025)
Capital outlay	172,096	172,096	-
Total expenditures	<u>648,365</u>	<u>635,924</u>	<u>12,441</u>
NET CHANGE IN FUND BALANCE	<u>\$ 641,702</u>	7,852	<u>\$ (633,850)</u>
FUND BALANCE:			
Beginning of year		<u>(3,380)</u>	
End of year		<u>\$ 4,472</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 25,000	\$ 13,800	\$ (11,200)
Investment income	700	1,159	459
Total revenues	25,700	14,959	(10,741)
EXPENDITURES:			
Current:			
General government	2,100	2,100	-
Total expenditures	2,100	2,100	-
NET CHANGE IN FUND BALANCE	\$ 23,600	12,859	\$ (10,741)
FUND BALANCE:			
Beginning of year		72,642	
End of year		\$ 85,501	

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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ 3,500	\$ 12,151	\$ 8,651
Total revenues	<u>3,500</u>	<u>12,151</u>	<u>8,651</u>
EXPENDITURES:			
Current:			
Community development	-	48,132	(48,132)
Total expenditures	<u>-</u>	<u>48,132</u>	<u>(48,132)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,500</u>	(35,981)	<u>\$ (39,481)</u>
FUND BALANCE:			
Beginning of year		<u>1,464,739</u>	
End of year		<u>\$ 1,428,758</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 154	\$ 154
Total revenues	<u>-</u>	<u>154</u>	<u>154</u>
EXPENDITURES:			
Current:			
Community development	1,692	3,132	(1,440)
Total expenditures	<u>1,692</u>	<u>3,132</u>	<u>(1,440)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,692)</u>	(2,978)	<u>\$ (1,286)</u>
FUND BALANCE:			
Beginning of year		781,356	
End of year		<u>\$ 778,378</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ 300	\$ 2,104	\$ 1,804
Total revenues	300	2,104	1,804
NET CHANGE IN FUND BALANCE	\$ 300	2,104	\$ 1,804
FUND BALANCE:			
Beginning of year		3,961,402	
End of year		\$ 3,963,506	

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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ 2,000	\$ 3,128	\$ 1,128
Total revenues	<u>2,000</u>	<u>3,128</u>	<u>1,128</u>
EXPENDITURES			
Capital Outlay	-	195,618	(195,618)
Total expenditures	<u>-</u>	<u>195,618</u>	<u>(195,618)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,000</u>	<u>(192,490)</u>	<u>(194,490)</u>
OTHER FINANCING SOURCES			
Transfers in	-	195,618	195,618
Total other financing sources	<u>-</u>	<u>195,618</u>	<u>195,618</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,000</u>	3,128	<u>\$ 1,128</u>
FUND BALANCE:			
Beginning of year		224,693	
End of year		<u>\$ 227,821</u>	

City of Hemet
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
General Facilities Capital Projects Fund
For the Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 50,000	\$ 38,006	\$ (11,994)
Investment income	10,000	8,928	(1,072)
Total revenues	60,000	46,934	(13,066)
EXPENDITURES:			
Capital outlay	37,870	37,870	-
Total expenditures	37,870	37,870	-
NET CHANGE IN FUND BALANCE	\$ 22,130	9,064	\$ (13,066)
FUND BALANCE:			
Beginning of year		623,548	
End of year		\$ 632,612	

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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 140,000	\$ 97,252	\$ (42,748)
Investment income	30,000	76,923	46,923
Total revenues	170,000	174,175	4,175
EXPENDITURES:			
Current:			
Public works	626,000	-	626,000
Capital outlay	523,394	97,866	425,528
Total expenditures	1,149,394	97,866	1,051,528
NET CHANGE IN FUND BALANCE	\$ (979,394)	76,309	\$ 1,055,703
FUND BALANCE:			
Beginning of year		3,708,758	
End of year		\$ 3,785,067	

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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 40,000	\$ 22,522	\$ (17,478)
Investment income	-	1,233	1,233
Total revenues	40,000	23,755	(16,245)
 NET CHANGE IN FUND BALANCE	 \$ 40,000	 23,755	 \$ (16,245)
 FUND BALANCE:			
Beginning of year		32,149	
End of year		\$ 55,904	

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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 95,000	\$ 66,838	\$ (28,162)
Investment income	12,000	39,344	27,344
Total revenues	107,000	106,182	(818)
EXPENDITURES:			
Current:			
Parks	1,623	1,623	-
Total expenditures	1,623	1,623	-
NET CHANGE OF FUND BALANCE	\$ 105,377	104,559	\$ (818)
FUND BALANCE:			
Beginning of year		1,693,061	
End of year		\$ 1,797,620	

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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 20,000	\$ 13,018	\$ (6,982)
Investment income	1,000	1,606	606
Total revenues	21,000	14,624	(6,376)
NET CHANGE IN FUND BALANCE	\$ 21,000	14,624	\$ (6,376)
FUND BALANCE:			
Beginning of year		105,338	
End of year		\$ 119,962	

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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 50,000	\$ 33,810	\$ (16,190)
Investment income	500	8,419	7,919
Total revenues	<u>50,500</u>	<u>42,229</u>	<u>(8,271)</u>
EXPENDITURES:			
Current:			
Libraries	<u>179,317</u>	<u>113,406</u>	<u>65,911</u>
Total expenditures	<u>179,317</u>	<u>113,406</u>	<u>65,911</u>
NET CHANGE IN FUND BALANCE	<u>\$ (128,817)</u>	<u>(71,177)</u>	<u>\$ 57,640</u>
FUND BALANCE:			
Beginning of year		<u>648,677</u>	
End of year		<u>\$ 577,500</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 4,442	\$ 4,442
Miscellaneous	85,155	85,155	-
Total revenues	<u>85,155</u>	<u>89,597</u>	<u>4,442</u>
EXPENDITURES:			
Current:			
Community development	999	-	999
Capital outlay	43,920	7,563	36,357
Total expenditures	<u>44,919</u>	<u>7,563</u>	<u>37,356</u>
REVENUES OVER (UNDER) EXPENDITURES	40,236	82,034	41,798
OTHER FINANCING (USES):			
Transfers out	(128,000)	(128,000)	-
Total other financing (uses)	<u>(128,000)</u>	<u>(128,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (87,764)</u>	<u>(45,966)</u>	<u>\$ 41,798</u>
FUND BALANCE:			
Beginning of year		291,118	
End of year		<u>\$ 245,152</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 471,200	\$ 471,204	\$ 4
Investment income	10,000	90,330	80,330
Total revenues	481,200	561,534	80,334
EXPENDITURES:			
Capital outlay	25,598	25,582	16
Total expenditures	25,598	25,582	16
REVENUES OVER (UNDER) EXPENDITURES	455,602	535,952	80,350
OTHER FINANCING (USES):			
Transfers in	-	115,302	115,302
Transfers out	(893,874)	(865,712)	28,162
Total other financing (uses)	(893,874)	(750,410)	143,464
NET CHANGE IN FUND BALANCE	\$ (438,272)	(214,458)	\$ 223,814
FUND BALANCE:			
Beginning of year		3,765,457	
End of year		\$ 3,550,999	

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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 47,000	\$ 27,328	\$ (19,672)
Investment income	25,000	84,308	59,308
Total revenues	<u>72,000</u>	<u>111,636</u>	<u>39,636</u>
EXPENDITURES:			
Capital outlay	-	57,863	(57,863)
Total expenditures	<u>-</u>	<u>57,863</u>	<u>(57,863)</u>
REVENUES OVER (UNDER) EXPENDITURES	72,000	53,773	(18,227)
OTHER FINANCING SOURCES:			
Transfers in	-	57,863	57,863
Total other financing sources	<u>-</u>	<u>57,863</u>	<u>57,863</u>
NET CHANGE IN FUND BALANCE	<u>\$ 72,000</u>	111,636	<u>\$ 39,636</u>
FUND BALANCE:			
Beginning of year		<u>3,361,932</u>	
End of year		<u>\$ 3,473,568</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 16,478	\$ 16,478
Total revenues	<u>-</u>	<u>16,478</u>	<u>16,478</u>
EXPENDITURES:			
Current:			
Library	31,250	24,320	6,930
Total expenditures	<u>31,250</u>	<u>24,320</u>	<u>6,930</u>
NET CHANGE IN FUND BALANCE	<u>\$ (31,250)</u>	<u>(7,842)</u>	<u>\$ 23,408</u>
FUND BALANCE:			
Beginning of year		<u>1,044,287</u>	
End of year		<u>\$ 1,036,445</u>	

This page intentionally left blank

INTERNAL SERVICE FUNDS

Internal Service Funds:

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

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, 2020

	Administrative Services	Workers' Compensation Admin	Medical Insurance Admin
ASSETS			
Current assets:			
Cash and investments	\$ 4,615,124	\$ 1,149,389	\$ 105,461
Accounts receivable	365,353	-	-
Due from other funds	-	70,245	-
Due from other governments	450	-	-
Inventories	103,074	-	-
Total current assets	<u>5,084,001</u>	<u>1,219,634</u>	<u>105,461</u>
Capital assets:			
Depreciable, net	808,468	-	-
Total capital assets	<u>808,468</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>5,892,469</u></u>	<u><u>1,219,634</u></u>	<u><u>105,461</u></u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	603,467	-	-
Other postemployment benefits related deferred outflows of resources	255,537	-	-
Total deferred outflows of resources	<u>859,004</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable	511,268	1,829	-
Accrued salaries and benefits	40,238	3,343	-
Due to other funds	70,245	-	-
Claims payable, due within one year	-	10,000	18,478
Total current liabilities	<u>621,751</u>	<u>15,172</u>	<u>18,478</u>
Long-term liabilities:			
Claims payable, due in more than one year	-	432,287	-
Net pension liabilities	4,902,143	-	-
Net other postemployment benefits liabilities	6,723,004	-	-
Total long-term liabilities	<u>11,625,147</u>	<u>432,287</u>	<u>-</u>
Total liabilities	<u><u>12,246,898</u></u>	<u><u>447,459</u></u>	<u><u>18,478</u></u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	169,935	-	-
Other postemployment benefits related deferred inflows of resources	17,041	-	-
Total deferred inflows of resources	<u>186,976</u>	<u>-</u>	<u>-</u>
NET POSITION			
Investment in capital assets	808,468	-	-
Unrestricted (deficit)	(6,490,869)	772,175	86,983
Total net position	<u><u>\$ (5,682,401)</u></u>	<u><u>\$ 772,175</u></u>	<u><u>\$ 86,983</u></u>

(Continued)

City of Hemet
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2020

	Liability Insurance	OPEB	Total
ASSETS			
Current assets:			
Cash and investments	\$ 870,943	\$ 721,336	\$ 7,462,253
Accounts receivable	8,241,667	2,292	8,609,312
Due from other funds	-	-	70,245
Due from other governments	-	-	450
Inventories	-	-	103,074
Total current assets	<u>9,112,610</u>	<u>723,628</u>	<u>16,245,334</u>
Capital assets:			
Depreciable, net	-	-	808,468
Total capital assets	<u>-</u>	<u>-</u>	<u>808,468</u>
Total assets	<u>9,112,610</u>	<u>723,628</u>	<u>17,053,802</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	-	-	603,467
Other postemployment benefits related deferred outflows of resources	-	-	255,537
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>859,004</u>
LIABILITIES			
Current liabilities:			
Accounts payable	8,265,719	704	8,779,520
Accrued salaries and benefits	2,969	1,582	48,132
Due to other funds	-	-	70,245
Claims payable, due within one year	885,827	13,420	927,725
Total current liabilities	<u>9,154,515</u>	<u>15,706</u>	<u>9,825,622</u>
Long-term liabilities:			
Claims payable, due in more than one year	590,551	-	1,022,838
Net pension liabilities	-	-	4,902,143
Net other postemployment benefits liabilities	-	-	6,723,004
Total long-term liabilities	<u>590,551</u>	<u>-</u>	<u>12,647,985</u>
Total liabilities	<u>9,745,066</u>	<u>15,706</u>	<u>22,473,607</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	-	-	169,935
Other postemployment benefits related deferred inflows of resources	-	-	17,041
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>186,976</u>
NET POSITION			
Investment in capital assets	-	-	808,468
Unrestricted (deficit)	(632,456)	707,922	(5,556,245)
Total net position	<u>\$ (632,456)</u>	<u>\$ 707,922</u>	<u>\$ (4,747,777)</u>

(Concluded)

City of Hemet
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2020

	Administrative Services	Workers' Compensation Admin	Medical Insurance Admin
OPERATING REVENUES:			
Charges for services	\$ 6,481,977	\$ 2,297,000	\$ 290,430
Miscellaneous	195,491	9,062	6,012
Total operating revenues	<u>6,677,468</u>	<u>2,306,062</u>	<u>296,442</u>
OPERATING EXPENSES:			
Personnel services	1,315,724	133,293	26,696
Parts and supplies	1,338,180	-	-
Maintenance	891,263	-	-
Utilities	708,558	-	-
Contracts, rents, and leases	271,213	-	-
Insurance	116,400	2,523,556	234,184
Claims and judgments	-	-	-
Depreciation	144,290	-	-
Total operating expenses	<u>4,785,628</u>	<u>2,656,849</u>	<u>260,880</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>1,891,840</u>	<u>(350,787)</u>	<u>35,562</u>
TRANSFERS:			
Transfers out	(253,481)	-	-
Total transfers	<u>(253,481)</u>	<u>-</u>	<u>-</u>
CHANGES IN NET POSITION	1,638,359	(350,787)	35,562
NET POSITION:			
Beginning of the year	(7,320,760)	1,122,962	51,421
End of the year	<u>\$ (5,682,401)</u>	<u>\$ 772,175</u>	<u>\$ 86,983</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, 2020

	Liability Insurance	OPEB	Total
OPERATING REVENUES:			
Charges for services	\$ 21,646,209	\$ 4,093,800	\$ 34,809,416
Miscellaneous	807	-	211,372
Total operating revenues	<u>21,647,016</u>	<u>4,093,800</u>	<u>35,020,788</u>
OPERATING EXPENSES:			
Personnel services	137,253	30,135	1,643,101
Parts and supplies	-	-	1,338,180
Maintenance	-	-	891,263
Utilities	-	-	708,558
Contracts, rents, and leases	35,779	-	306,992
Insurance	613,526	-	3,487,666
Claims and judgments	21,022,124	4,187,921	25,210,045
Depreciation	-	-	144,290
Total operating expenses	<u>21,808,682</u>	<u>4,218,056</u>	<u>33,730,095</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(161,666)</u>	<u>(124,256)</u>	<u>1,290,693</u>
TRANSFERS:			
Transfers out	-	-	(253,481)
Total transfers	<u>-</u>	<u>-</u>	<u>(253,481)</u>
CHANGES IN NET POSITION	(161,666)	(124,256)	1,037,212
NET POSITION:			
Beginning of the year	(470,790)	832,178	(5,784,989)
End of the year	<u>\$ (632,456)</u>	<u>\$ 707,922</u>	<u>\$ (4,747,777)</u>

(Concluded)

City of Hemet
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2020

	Administrative Services	Workers' Compensation Admin	Medical Insurance Admin
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services from other funds	\$ 6,582,528	\$ 2,306,062	\$ 296,442
Cash payments to suppliers of goods and services	(3,162,886)	-	-
Cash payments to employees for services	(2,666,264)	(132,031)	(26,696)
Cash payments for insurance premiums and settlements	(116,400)	(2,813,158)	(245,666)
Net cash provided by (used in) operating activities	636,978	(639,127)	24,080
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash paid to other funds	(253,481)	-	-
Net cash (used in) capital and related financing activities	(253,481)	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash paid to other funds	-	(70,245)	-
Cash received from other funds	1,313,847	-	-
Net cash provided by (used in) noncapital financing activities	1,313,847	(70,245)	-
Net increase (decrease) in cash and cash equivalents	1,697,344	(709,372)	24,080
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,917,780	1,858,761	81,381
End of year	<u>\$ 4,615,124</u>	<u>\$ 1,149,389</u>	<u>\$ 105,461</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,891,840	\$ (350,787)	\$ 35,562
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	144,290	-	-
(Increase) Decrease in:			
Accounts receivables	(94,940)	-	-
Inventories	21,292	-	-
Deferred outflows of resources related to pensions	244,482	-	-
Deferred outflows of resources related to other postemployment benefits	116,978	-	-
Increase (Decrease) in:			
Accounts payable	25,036	(263,481)	-
Accrued wages and benefits payable	2,541	1,262	-
Claims payable	-	(26,121)	(11,482)
Net pension liabilities	(530,463)	-	-
Net other postemployment benefits liabilities	(1,120,377)	-	-
Deferred inflows of resources related to pensions	(55,330)	-	-
Deferred inflows of resources related to other postemployment benefits	(8,371)	-	-
Total adjustments	(1,254,862)	(288,340)	(11,482)
Net cash provided by (used in) operating activities	\$ 636,978	\$ (639,127)	\$ 24,080

(Continued)

City of Hemet
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2020

	Liability Insurance	OPEB	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services from other funds	\$ 13,405,349	\$ 4,092,090	\$ 26,682,471
Cash payments to suppliers of goods and services	(35,779)	-	(3,198,665)
Cash payments to employees for services	(135,833)	(28,553)	(2,989,377)
Cash payments for insurance premiums and settlements	(13,948,495)	(4,199,100)	(21,322,819)
Net cash provided by (used in) operating activities	(714,758)	(135,563)	(828,390)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash paid to other funds	-	-	(253,481)
Net cash (used in) capital and related financing activities	-	-	(253,481)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash paid to other funds	-	-	(70,245)
Cash received from other funds	-	-	1,313,847
Net cash provided by (used in) noncapital financing activities	-	-	1,243,602
Net increase (decrease) in cash and cash equivalents	(714,758)	(135,563)	161,731
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,585,701	856,899	7,300,522
End of year	<u>\$ 870,943</u>	<u>\$ 721,336</u>	<u>\$ 7,462,253</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (161,666)	\$ (124,256)	\$ 1,290,693
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	144,290
(Increase) Decrease in:			
Accounts receivables	(8,241,667)	(1,710)	(8,338,317)
Inventories	-	-	21,292
Deferred outflows of resources related to pensions	-	-	244,482
Deferred outflows of resources related to other postemployment benefits	-	-	116,978
Increase (Decrease) in:			
Accounts payable	8,069,292	(2,883)	7,827,964
Accrued wages and benefits payable	1,420	1,582	6,805
Claims payable	(382,137)	(8,296)	(428,036)
Net pension liabilities	-	-	(530,463)
Net other postemployment benefits liabilities	-	-	(1,120,377)
Deferred inflows of resources related to pensions	-	-	(55,330)
Deferred inflows of resources related to other postemployment benefits	-	-	(8,371)
Total adjustments	(553,092)	(11,307)	(2,119,083)
Net cash provided by (used in) operating activities	\$ (714,758)	\$ (135,563)	\$ (828,390)

(Concluded)

This page intentionally left blank.

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 through fees collected for the County, payroll deposits, and a developer CFD.

This page intentionally left blank.

City of Hemet
Combining Statement of Fiduciary Assets and Liabilities
All Agency Funds
June 30, 2020

	Pass Thru Fees	Payroll Deposits	Heartland CFD 2006	Total Agency Funds
ASSETS				
Cash and investments	\$ 98	\$ 1,380,722	\$ -	\$ 1,380,820
Accounts receivable	-	7,339	10,953	18,292
Due from other agency funds	-	343,206	-	343,206
Investments with fiscal agent	-	-	941,049	941,049
Total assets	\$ 98	\$ 1,731,267	\$ 952,002	\$ 2,683,367
LIABILITIES				
Accounts payable	98	1,731,267	\$ 1,990	\$ 1,733,355
Due to other agency funds	-	-	343,206	343,206
Deposits	-	-	606,806	606,806
Total liabilities	\$ 98	\$ 1,731,267	\$ 952,002	\$ 2,683,367

City of Hemet
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Pass Thru Fees Fund				
ASSETS				
Cash and investments	\$ 13,718	\$ 222,799	\$ (236,419)	\$ 98
Total assets	<u>\$ 13,718</u>	<u>\$ 222,799</u>	<u>\$ (236,419)</u>	<u>\$ 98</u>
LIABILITIES				
Accounts payable	\$ 13,718	\$ 427,967	\$ (441,587)	\$ 98
Deposits	-	30,107	(30,107)	-
Total liabilities	<u>\$ 13,718</u>	<u>\$ 458,074</u>	<u>\$ (471,694)</u>	<u>\$ 98</u>
Payroll Deposits Fund				
ASSETS				
Cash and investments	\$ 380,516	\$ 62,327,212	\$ (61,327,006)	\$ 1,380,722
Accounts receivable	2,078	5,261	-	7,339
Due from other agency funds	659,204	343,206	(659,204)	343,206
Total assets	<u>\$ 1,041,798</u>	<u>\$ 62,675,679</u>	<u>\$ (61,986,210)</u>	<u>\$ 1,731,267</u>
LIABILITIES				
Accounts payable	\$ 1,041,798	\$ 85,357,692	\$ (84,668,223)	\$ 1,731,267
Total liabilities	<u>\$ 1,041,798</u>	<u>\$ 85,357,692</u>	<u>\$ (84,668,223)</u>	<u>\$ 1,731,267</u>
Heartland CFD 2006 Fund				
ASSETS				
Cash and investments	\$ -	\$ 1,888,114	\$ (1,888,114)	\$ -
Accounts receivable	17,778	10,953	(17,778)	10,953
Cash and investments with fiscal agent	1,236,879	442,020	(737,850)	941,049
Total assets	<u>\$ 1,254,657</u>	<u>\$ 2,341,087</u>	<u>\$ (2,643,742)</u>	<u>\$ 952,002</u>
LIABILITIES				
Accounts payable	\$ -	\$ 450,114	\$ (448,124)	\$ 1,990
Due to other agency funds	659,204	343,206	(659,204)	343,206
Deposits	595,453	1,547,768	(1,536,415)	606,806
Total liabilities	<u>\$ 1,254,657</u>	<u>\$ 2,341,088</u>	<u>\$ (2,643,743)</u>	<u>\$ 952,002</u>

(Continued)

City of Hemet
Combining Statement of Changes in Assets and Liabilities (Continued)
All Agency Funds
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Total Agency Funds				
ASSETS				
Cash	\$ 394,234	\$ 64,438,125	\$ (63,451,539)	\$ 1,380,820
Accounts receivable	19,856	16,214	(17,778)	18,292
Due from other agency funds	659,204	343,206	(659,204)	343,206
Cash and investments with fiscal agent	1,236,879	442,020	(737,850)	941,049
Total assets	<u>\$ 2,310,173</u>	<u>\$ 65,239,565</u>	<u>\$ (64,866,371)</u>	<u>\$ 2,683,367</u>
LIABILITIES				
Accounts payable	\$ 1,055,516	\$ 86,235,773	\$ (85,557,934)	\$ 1,733,355
Due to other agency funds	659,204	343,206	(659,204)	343,206
Deposits	595,453	1,577,875	(1,566,522)	606,806
Total liabilities	<u>\$ 2,310,173</u>	<u>\$ 88,156,854</u>	<u>\$ (87,783,660)</u>	<u>\$ 2,683,367</u>

(Concluded)

This page intentionally left blank.

STATISTICAL SECTION

This page intentionally left blank.

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

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	174 - 183
Revenue Capacity	
<i>These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	184 - 189
Debt Capacity	
<i>These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	190 - 196
Demographic and Economic Information	
<i>These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	197
Operating Information	
<i>These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	198-204

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities					
Net Investment in Capital Assets	\$ 320,323	\$ 332,523	\$ 326,964	\$ 325,096	\$ 324,343
Restricted	58,734	42,003	33,450	36,986	39,006
Unrestricted	327	14,792	24,524	20,224	(53,711)
Total governmental activities net position	<u>\$ 379,384</u>	<u>\$ 389,318</u>	<u>\$ 384,938</u>	<u>\$ 382,307</u>	<u>\$ 309,638</u>
Business-type activities					
Net Investment in Capital Assets	\$ 4,624	\$ 3,694	\$ 4,114	\$ 4,171	\$ 3,740
Restricted	-	-	-	-	-
Unrestricted	10,985	14,171	7,559	7,828	3,606
Total business-type activities net position	<u>\$ 15,609</u>	<u>\$ 17,865</u>	<u>\$ 11,673</u>	<u>\$ 12,000</u>	<u>\$ 7,346</u>
Primary government					
Net Investment in Capital Assets	\$ 324,947	\$ 336,217	\$ 331,078	\$ 329,267	\$ 328,083
Restricted	58,734	42,003	33,450	36,986	39,006
Unrestricted	11,312	28,963	32,082	28,053	(50,105)
Total primary government net position	<u>\$ 394,994</u>	<u>\$ 407,183</u>	<u>\$ 396,611</u>	<u>\$ 394,307</u>	<u>\$ 316,984</u>

Source: City of Hemet

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

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities					
Net Investment in Capital Assets	\$ 321,098	\$ 315,946	\$ 312,748	\$ 309,342	\$ 308,639
Restricted	43,671	48,220	55,279	64,207	53,875
Unrestricted	(45,551)	(58,471)	(95,864)	(99,715)	(91,513)
Total governmental activities net position	<u>\$ 319,218</u>	<u>\$ 305,695</u>	<u>\$ 272,163</u>	<u>\$ 273,834</u>	<u>\$ 271,001</u>
Business-type activities					
Net Investment in Capital Assets	\$ 3,522	\$ 3,898	\$ 4,174	\$ 3,893	\$ 4,531
Restricted	-	-	-	-	-
Unrestricted	6,550	7,068	(845)	1,868	14,829
Total business-type activities net position	<u>\$ 10,072</u>	<u>\$ 10,966</u>	<u>\$ 3,329</u>	<u>\$ 5,761</u>	<u>\$ 19,360</u>
Primary government					
Net Investment in Capital Assets	\$ 324,620	\$ 319,844	\$ 316,922	\$ 313,235	\$ 313,170
Restricted	43,671	48,220	55,279	64,207	53,875
Unrestricted	(39,001)	(51,403)	(96,709)	(97,847)	(76,684)
Total primary government net position	<u>\$ 329,290</u>	<u>\$ 316,661</u>	<u>\$ 275,492</u>	<u>\$ 279,595</u>	<u>\$ 290,361</u>

Source: City of Hemet

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

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses					
Governmental activities:					
General government	\$ 929	\$ 1,870	\$ 2,047	\$ 3,082	\$ 3,053
Public Safety	27,348	26,114	25,449	28,308	28,947
Community development	7,287	4,367	5,064	6,627	5,325
Public Works	12,379	11,700	15,807	11,804	12,139
Sanitation	2,381	1,596	1,754	1,921	2,201
Parks	763	617	790	906	843
Libraries	1,787	1,689	1,600	1,751	1,855
Interest and related charges on long-term debt	760	363	-	-	-
Total governmental activities expenses	<u>53,633</u>	<u>48,317</u>	<u>52,510</u>	<u>54,397</u>	<u>54,363</u>
Business-type activities:					
Refuse	10,516	5,059	276	-	-
Water	7,132	8,881	8,918	7,478	7,919
Total business-type activities expenses	<u>17,647</u>	<u>13,940</u>	<u>9,194</u>	<u>7,478</u>	<u>7,919</u>
Total primary government expenses	<u>\$ 71,280</u>	<u>\$ 62,257</u>	<u>\$ 61,704</u>	<u>\$ 61,875</u>	<u>\$ 62,282</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,797	\$ 1,031	\$ 1,494	\$ 1,606	\$ 600
Public safety	964	1,185	902	1,069	681
Community development	1,118	795	602	718	3,197
Public Works	5,878	4,743	4,314	4,810	2,577
Sanitation	2,794	2,788	2,758	2,883	2,876
Other activities	53	50	36	35	44
Operating grants and contributions	3,503	3,219	1,981	2,454	2,742
Capital grants and contributions	8,718	6,445	5,321	5,850	7,211
Total government activities program revenues	<u>25,825</u>	<u>20,255</u>	<u>17,409</u>	<u>19,425</u>	<u>19,928</u>
Business-type activities					
Charges for services:					
Refuse	9,978	4,160	117	-	-
Water	7,403	7,768	7,549	7,371	7,090
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>17,381</u>	<u>11,928</u>	<u>7,666</u>	<u>7,371</u>	<u>7,090</u>
Total primary government program revenues	<u>\$ 43,206</u>	<u>\$ 32,183</u>	<u>\$ 25,076</u>	<u>\$ 26,796</u>	<u>\$ 27,018</u>

(Continued)

Source: City of Hemet

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

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses					
Governmental activities:					
General government	\$ 1,142	\$ 2,777	\$ 3,511	\$ 6,181	\$ 4,142
Public Safety	21,566	34,746	43,067	40,916	48,120
Community development	3,952	4,874	5,729	5,535	5,057
Public Works	11,652	11,696	13,766	11,962	12,526
Sanitation	2,070	2,048	2,248	2,167	1,839
Parks	1,015	1,176	1,407	1,205	1,433
Libraries	1,788	2,085	2,125	2,026	1,884
Interest and related charges on long-term debt		-	-	-	
Total governmental activities expenses	<u>43,186</u>	<u>59,402</u>	<u>71,853</u>	<u>69,992</u>	<u>75,001</u>
Business-type activities:					
Refuse	-	-	-	-	
Water	7,643	9,966	12,052	9,261	9,846
Total business-type activities expenses	<u>7,643</u>	<u>9,966</u>	<u>12,052</u>	<u>9,261</u>	<u>9,846</u>
Total primary government expenses	<u>\$ 50,829</u>	<u>\$ 69,368</u>	<u>\$ 83,905</u>	<u>\$ 79,253</u>	<u>\$ 84,847</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 586	\$ 602	\$ 759	\$ 793	\$ 510
Public safety	760	1,207	1,289	1,049	1,153
Community development	2,674	2,261	2,824	2,824	2,490
Public Works	2,724	3,542	3,912	3,944	4,659
Sanitation	3,412	3,918	4,003	3,969	4,435
Other activities	2,764	58	159	141	28
Operating grants and contributions	3,349	2,559	2,719	2,455	2,365
Capital grants and contributions	7,658	6,220	6,503	7,962	8,425
Total government activities program revenues	<u>23,928</u>	<u>20,367</u>	<u>22,168</u>	<u>23,137</u>	<u>24,065</u>
Business-type activities					
Charges for services:					
Refuse	-	-	-	-	-
Water	10,306	11,460	10,602	11,445	11,993
Operating grants and contributions	-	-	-	-	10,416
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>10,306</u>	<u>11,460</u>	<u>10,602</u>	<u>11,445</u>	<u>22,409</u>
Total primary government program revenues	<u>\$ 34,234</u>	<u>\$ 31,827</u>	<u>\$ 32,770</u>	<u>\$ 34,582</u>	<u>\$ 46,474</u>

(Continued)

Source: City of Hemet

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

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net (expense)/revenue					
Governmental activities	\$ (27,808)	\$ (28,061)	\$ (35,101)	\$ (34,972)	\$ (34,972)
Business-type activities	(266)	(2,012)	(1,527)	(107)	(107)
Total primary government net expense	<u>\$ (28,074)</u>	<u>\$ (30,073)</u>	<u>\$ (36,628)</u>	<u>\$ (35,079)</u>	<u>\$ (35,079)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	10,648	7,813	7,343	6,207	6,207
Transient occupancy taxes	603	586	626	643	643
Sales taxes	9,436	9,426	10,118	11,043	11,043
Motor vehicle in lieu taxes	5,179	4,783	4,829	4,996	4,996
Franchise and other taxes	1,422	3,354	4,730	4,875	4,875
Investment income	493	572	132	565	565
Miscellaneous	149	448	264	184	184
Transfers	-	(2,185)	2,527	(187)	(187)
Total governmental activities	<u>27,929</u>	<u>24,797</u>	<u>30,568</u>	<u>28,327</u>	<u>28,327</u>
Business-type activities					
Investment income	56	183	12	71	71
Gain (loss) on sale/disposal of assets	-	1,830	-	-	-
Miscellaneous	91	70	59	176	176
Transfers	-	2,185	(4,736)	187	187
Total business-type activities	<u>146</u>	<u>4,268</u>	<u>(4,665)</u>	<u>434</u>	<u>434</u>
Total primary government	<u>\$ 28,075</u>	<u>\$ 29,065</u>	<u>\$ 25,903</u>	<u>\$ 28,760</u>	<u>\$ 28,760</u>
Change in Net Position					
Governmental activities	\$ 121	\$ 7,190	\$ (4,532)	\$ (6,646)	\$ (6,646)
Business-type activities	(120)	2,256	(6,192)	327	327
Total primary government	<u>\$ 1</u>	<u>\$ 9,446</u>	<u>\$ (10,725)</u>	<u>\$ (6,319)</u>	<u>\$ (6,319)</u>

(Continued)

Source: City of Hemet

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

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net (expense)/revenue					
Governmental activities	\$ (30,431)	\$ (39,034)	\$ (49,685)	\$ (46,855)	\$ (50,936)
Business-type activities	2,410	1,495	(1,450)	2,185	12,563
Total primary government net expense	<u>\$ (28,021)</u>	<u>\$ (37,539)</u>	<u>\$ (51,135)</u>	<u>\$ (44,670)</u>	<u>\$ (38,373)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	6,208	6,485	7,123	7,718	7,919
Transient occupancy taxes	854	963	1,026	975	771
Sales taxes	12,275	14,175	23,446	24,986	25,352
Motor vehicle in lieu taxes	5,715	6,061	6,393	6,786	7,073
Franchise and other taxes	5,053	4,964	5,048	5,117	5,173
Investment income	1,415	194	403	2,425	1,147
Miscellaneous	765	439	649	357	226
Transfers	205	350	138	163	243
Total governmental activities	<u>32,490</u>	<u>33,631</u>	<u>44,226</u>	<u>48,527</u>	<u>47,904</u>
Business-type activities					
Investment income	166	(25)	21	350	294
Gain (loss) on sale/disposal of assets	-	-	-	-	-
Miscellaneous	84	45	81	60	16
Transfers	(205)	(350)	(138)	(163)	(243)
Total business-type activities	<u>45</u>	<u>(330)</u>	<u>(36)</u>	<u>247</u>	<u>67</u>
Total primary government	<u><u>\$ 32,535</u></u>	<u><u>\$ 33,301</u></u>	<u><u>\$ 44,190</u></u>	<u><u>\$ 48,774</u></u>	<u><u>\$ 47,971</u></u>
Change in Net Position					
Governmental activities	\$ 2,059	\$ (5,403)	\$ (5,459)	\$ 1,672	\$ (3,031)
Business-type activities	2,455	1,165	(1,487)	2,432	12,629
Total primary government	<u><u>\$ 4,514</u></u>	<u><u>\$ (4,238)</u></u>	<u><u>\$ (6,946)</u></u>	<u><u>\$ 4,104</u></u>	<u><u>\$ 9,598</u></u>

(Concluded)

Source: City of Hemet

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

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Nonspendable	\$ 1,019	\$ 3,221	\$ 1,020	\$ 12	\$ 13
Restricted	-	-	698	873	1,075
Committed	-	7,439	7,888	7,270	7,288
Assigned	-	316	4,269	6,362	314
Unassigned	1,679	6,724	8,163	4,397	8,226
Total general fund	<u>\$ 2,697</u>	<u>\$ 17,699</u>	<u>\$ 22,038</u>	<u>\$ 18,913</u>	<u>\$ 16,916</u>
All other governmental funds					
Nonspendable	\$ 1,354	\$ 1,354	\$ 1,354	\$ 1,354	\$ 1,000
Restricted	51,960	34,784	32,831	33,741	36,931
Committed	-	-	-	-	-
Assigned	6,309	4,181	4,452	4,554	4,759
Unassigned, reported in:					
Special revenue funds	(2,468)	(2,029)	(1,225)	(174)	(276)
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 57,155</u>	<u>\$ 38,289</u>	<u>\$ 37,412</u>	<u>\$ 39,476</u>	<u>\$ 42,414</u>

Source: City of Hemet

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund					
Nonspendable	\$ 7	\$ 7	\$ 4	\$ 8	\$ 660
Restricted	1,253	2,469	1,253	12,805	1,316
Committed	7,727	8,295	9,303	8,214	20,921
Assigned	215	215	215	134	890
Unassigned	6,084	1,882	5,920	1,086	3,116
Total general fund	<u>\$ 15,287</u>	<u>\$ 12,868</u>	<u>\$ 16,695</u>	<u>\$ 22,247</u>	<u>\$ 26,903</u>
All other governmental funds					
Nonspendable	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Restricted	41,418	43,536	46,330	50,374	51,559
Committed	-	-	-	-	-
Assigned	6,586	6,350	4,081	4,056	3,796
Unassigned, reported in:					
Special revenue funds	(297)	(81)	(180)	(191)	(264)
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 48,707</u>	<u>\$ 50,805</u>	<u>\$ 51,231</u>	<u>\$ 55,239</u>	<u>\$ 56,091</u>

Source: City of Hemet

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues					
Taxes	\$ 23,362	\$ 22,502	\$ 24,265	\$ 24,275	\$ 30,083
Licenses and permits	2,175	1,536	1,598	1,996	2,119
Intergovernmental revenues	14,710	11,113	9,322	10,033	6,638
Charges for services	11,812	9,924	9,509	10,107	8,966
Fines and forfeitures	600	511	404	400	379
Investment income	493	572	132	565	558
Other contributions	-	-	-	-	-
Miscellaneous	159	468	337	184	646
Total revenues	<u>53,311</u>	<u>46,625</u>	<u>45,566</u>	<u>47,561</u>	<u>49,389</u>
Expenditures					
General government	1,601	1,983	1,949	2,412	2,812
Public safety	24,807	24,610	23,967	26,915	28,017
Community development	7,196	4,617	5,064	6,627	5,248
Public works	5,651	5,501	4,919	5,692	5,562
Sanitation	1,957	1,785	1,754	1,921	2,162
Parks	763	647	790	906	850
Libraries	1,420	1,441	1,248	1,399	1,419
Capital outlay	6,410	3,900	6,035	2,422	4,776
Debt service					
Principal	390	405	-	-	-
Interest	697	342	-	-	-
SERAF Obligation	911	-	-	-	-
Fiscal-administrative charges	3	3	-	-	-
Total expenditures	<u>51,807</u>	<u>45,234</u>	<u>45,725</u>	<u>48,294</u>	<u>50,846</u>
Excess (deficiency) of revenues over expenditures	<u>1,504</u>	<u>1,392</u>	<u>(159)</u>	<u>(733)</u>	<u>(1,457)</u>
Other financing sources (uses)					
Transfers in	5,038	6,696	6,933	1,985	1,231
Transfers out	(4,010)	(8,977)	(3,313)	(2,313)	(1,231)
Issuance of debt	-	-	-	-	8
Total other financing sources (uses)	<u>1,028</u>	<u>(2,281)</u>	<u>3,620</u>	<u>(328)</u>	<u>8</u>
Net change in fund balances	<u>\$ 2,532</u>	<u>\$ (889)</u>	<u>\$ 3,461</u>	<u>\$ (1,061)</u>	<u>\$ (1,449)</u>
Debt service as a percentage of noncapital expenditures	4.41%	1.82%	0.00%	0.00%	0.00%

Source: City of Hemet

Statistical Table 4

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

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues					
Taxes	\$ 31,725	\$ 34,284	\$ 44,799	\$ 47,526	\$ 48,194
Licenses and permits	1,974	1,679	1,784	1,968	5,371
Intergovernmental revenues	6,712	5,677	5,792	5,854	5,854
Charges for services	9,988	10,393	11,307	11,152	7,249
Fines and forfeitures	412	443	491	446	336
Investment income	1,430	197	402	2,425	2,225
Other contributions	-	-	-	-	-
Miscellaneous	3,823	679	1,261	2,204	1,974
Total revenues	<u>56,064</u>	<u>53,352</u>	<u>65,836</u>	<u>71,575</u>	<u>71,203</u>
Expenditures					
General government	2,307	2,103	2,195	5,148	2,235
Public safety	30,339	32,497	38,450	35,908	40,807
Community development	4,793	4,844	4,856	5,057	4,593
Public works	5,738	5,488	8,804	6,076	6,330
Sanitation	2,035	1,999	2,193	2,104	1,881
Parks	1,120	1,205	1,248	1,153	1,297
Libraries	1,506	1,642	1,600	1,486	1,540
Capital outlay	3,772	2,457	2,193	4,002	7,508
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
SERAF Obligation	-	-	-	-	-
Fiscal-administrative charges	-	-	-	-	-
Total expenditures	<u>51,611</u>	<u>52,235</u>	<u>61,539</u>	<u>60,934</u>	<u>66,191</u>
Excess (deficiency) of revenues over expenditures	<u>4,453</u>	<u>1,117</u>	<u>4,297</u>	<u>10,641</u>	<u>5,012</u>
Other financing sources (uses)					
Transfers in	713	325	467	183	1,876
Transfers out	(490)	(1,086)	(513)	(1,264)	(1,379)
Issuance of debt	11	-	-	-	-
Total other financing sources (uses)	<u>234</u>	<u>(761)</u>	<u>(46)</u>	<u>(1,081)</u>	<u>497</u>
Net change in fund balances	<u>\$ 4,687</u>	<u>\$ 356</u>	<u>\$ 4,251</u>	<u>\$ 9,560</u>	<u>\$ 5,509</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

Source: City of Hemet

Statistical Table 4

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

Fiscal Year	Property Tax
2011	\$ 4,437
2012	4,611
2013	7,127
2014	5,946
2015	5,381
2016	5,916
2017	6,136
2018	6,804
2019	7,392
2020	7,919

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

Source: City of Hemet

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

Fiscal Year	City				Redevelopment				Highest Direct Tax Rate
	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
2011	4,134,062,713	193,780,485	(122,995,288)	4,204,847,910	1,260,302,405	76,584,053	(45,093,185)	1,291,793,273	0.24552
2012	4,107,678,820	172,163,525	(121,880,603)	4,157,961,742	1,226,300,702	77,049,549	N/A**	1,303,350,251	0.24552
2013	4,115,265,405	183,667,394	(122,849,619)	4,176,083,180	1,238,584,940	78,868,067	N/A**	N/A**	0.24552
2014	4,330,049,882	165,792,295	(133,510,154)	4,362,332,023	1,311,683,769	72,346,441	N/A**	N/A**	0.24552
2015	4,706,629,409	160,264,993	(145,097,337)	4,721,797,065	1,402,028,714	66,989,353	N/A**	N/A**	0.24552
2016	4,989,091,509	157,483,240	(153,462,996)	4,993,111,753	1,472,420,756	64,336,968	N/A**	N/A**	0.24552
2017	5,294,563,351	166,151,715	(159,158,493)	5,301,556,573	1,554,120,090	66,302,157	N/A**	N/A**	0.24552
2018	5,738,442,456	173,750,554	(152,501,372)	5,759,691,638	1,632,333,531	67,103,391	N/A**	N/A**	0.24552
2019	5,891,505,336	190,128,633	(164,926,297)	5,916,707,672	1,709,804,561	78,020,649	N/A**	N/A**	0.24552
2020	6,150,877,556	190,147,395	(169,524,075)	6,171,500,876	1,794,064,122	76,990,710	N/A**	N/A**	0.24552

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.

**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

	Fiscal Year					
	2011	2012	2013	2014	2015	
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	*	0.11177	0.12536	0.12525	0.12502	0.11991
Metropolitan Water District Debt Sv	*	0.0037	0.0037	0.0035	0.0035	0.0035
Total Rate	1.11547	1.12906	1.12875	1.12852	1.12341	

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
Direct and Overlapping Governments (Continued)
Per \$100 of Assessed Value
Last Ten Fiscal Years

	Fiscal Year				
	2016	2017	2018	2019	2020
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	1.0000	1.0000	1.0000	1.0000	1.0000
Bond issues:					
Hemet Unified School District Debt Sv	*	0.13729	0.12409	0.11019	0.10173
Metropolitan Water District Debt Sv	*	0.0035	0.0035	0.0035	0.0035
Total Rate	1.14079	1.12759	1.11369	1.10523	1.11921

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
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

Taxpayer	2020			2011		
	Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Assessed Value	Rank	Percent of Total City Taxable Assessed Value
PHH Real Estate	\$ 48,701,841	1	0.79%	\$ -	-	-
Freedom Properties Hemet	44,722,220	2	0.72%	38,451,981	1	0.91%
Granite Village West LP	44,223,556	3	0.72%	37,677,007	2	0.90%
Walmart Real Estate Business Trust	41,600,898	4	0.67%	25,070,510	5	0.60%
CBYW Hemet ILF PROPCO LP	37,948,590	5	0.61%	-	-	-
James J. Femino	33,994,119	6	0.55%	25,684,416	4	0.61%
FFLP CC	32,582,921	7	0.53%	-	-	-
Providence Vista Gardens Hemet Apts	28,455,011	8	0.46%	-	-	-
MCS Hemet Valley Center	26,356,391	9	0.43%	31,759,175	3	0.76%
551 N SANTA FE ST LLC	24,255,796	10	0.39%	-	-	-
Jianna Properties	-	-	-	23,811,429	6	0.57%
Time Warner NY Cable	-	-	-	22,960,229	7	0.55%
Merrill Gardens LLC	-	-	-	20,588,822	8	0.49%
Deutsch Engineered Connecting Devices	-	-	-	19,429,895	9	0.46%
Sterling Motors Limited	-	-	-	17,203,400	10	0.41%
	<u>\$ 362,841,343</u>		<u>5.88%</u>	<u>\$ 262,636,864</u>		<u>6.25%</u>

Source: HDL, Coren & Cone

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

Fiscal Year	City Tax Levy	Redevelopment Tax Increment	Successor Agency Tax Increment	Collected within the Fiscal Year of the Levy			Collection of Delinquent taxes	Total Collections to Date	
				City Amount	Redevelopment Amount *	Percentage of Levy		Amount	Percentage of Levy
2011	4,293	10,033	-	3,993	10,073	98.18%	444	14,511	101.29%
2012	4,218	10,238	-	4,263	5,997	70.97%	349	4,611	109.32%
2013	4,175	-	10,338	4,524	-	108.36%	337	4,861	116.43%
2014	4,384	-	10,840	4,333	-	98.84%	455	4,788	109.21%
2015	4,722	-	10,589	4,709	-	99.71%	240	4,949	104.79%
2016	4,965	-	10,714	4,960	-	99.89%	280	5,240	105.53%
2017	5,240	-	10,652	5,285	-	100.86%	214	5,499	104.95%
2018	5,514	-	10,683	5,552	-	100.68%	255	5,806	105.30%
2019	5,809	-	10,667	5,896	-	101.50%	193	6,088	104.81%
2020	6,146	-	10,675	6,083	-	98.98%	164	6,247	101.65%

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
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			Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	1999 TAB	2002 TAB	Notes Payable	Water Revenue Bonds	Capital Leases	Certificates of Participation			
2011	-	7,475	6,615	-	-	1,503	-	15,593	1.06%	197
2012	-	*	*	-	-	286	-	286	0.02%	4
2013	-	*	*	-	-	153	-	153	0.01%	2
2014	-	*	*	-	-	-	-	-	0.00%	-
2015	-	*	*	-	-	-	-	-	0.00%	-
2016	-	*	*	-	-	-	-	-	0.00%	-
2017	-	*	*	-	-	-	-	-	0.00%	-
2018	-	*	*	-	-	-	-	-	0.00%	-
2019	-	*	*	-	-	-	-	-	0.00%	-
2020	-	*	*	-	-	-	-	-	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
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%	-
2020	85,175	-	**	-	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.

This page intentionally left blank.

City of Hemet
Direct and Overlapping Governmental Activities Debt
as of June 30, 2020

2019-2020 Assessed Valuation: \$ 6,172,860,873

	Total Debt	% Applicable (1)	City's Share of
	6/30/2020		Debt 6/30/20
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	\$ 37,300,000	0.200%	\$ 74,600
Eastern Municipal Water District, I.D. No. 24	239,000	52.657%	125,850
Eastern Municipal Water District, I.D. No. U12	276,000	2.247%	6,202
Eastern Municipal Water District, I.D. No. U18	546,000	100.000%	546,000
Eastern Municipal Water District, I.D. No. U21	136,000	13.517%	18,383
Mt. San Jacinto Community College District	164,385,000	6.412%	10,540,366
Hemet Unified School District	179,945,000	51.573%	92,803,035
San Jacinto Unified School District	62,896,681	5.816%	3,658,071
Hemet Unified School District Community Facilities District No. 2004-1	2,720,000	100.000%	2,720,000
Hemet Unified School District Community Facilities District No. 2005-2, 3 & 4	18,160,000	100.000%	18,160,000
San Jacinto Unified School District Community Facilities District No. 2005-4	7,050,000	29.185%	2,057,543
Eastern Municipal Water District Community Facilities District No. 2001-02	3,155,000	100.000%	3,155,000
Eastern Municipal Water District Community Facilities District No. 2004-27	6,123,000	100.000%	6,123,000
Eastern Municipal Water District Community Facilities District No. 2005-38	2,180,000	100.000%	2,180,000
Eastern Municipal Water District Community Facilities District No. 2006-56	4,315,000	100.000%	4,315,000
City of Hemet Community Facilities District No. 1999-1	6,695,000	100.000%	6,695,000
California Statewide Communities Development Authority Community Facilities District No 2018-2 I.A. No. 1	8,510,000	100.000%	8,510,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 161,688,050
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	\$ 759,807,924	2.086%	\$ 15,849,593
Riverside County Pension Obligations	938,825,000	2.086%	19,583,890
Riverside County Flood Control District, Zone No. 4	12,530,000	11.184%	1,401,355
Hemet Unified School District Certificates of Participation	47,910,000	51.573%	24,708,624
San Jacinto Unified School District Certificates of Participation	43,345,000	5.816%	2,520,945
City of Hemet	0	100.000%	0
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 64,064,407
Less: Riverside County Administrative Center Authority (100% self-supporting from tax increment revenues)			-
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 64,064,407
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):			
Hemet Redevelopment Agency Tax Allocation Bonds	8,540,000	100.000%	8,540,000
Riverside County Project Areas Tax Allocation Bonds	361,888,028	0.438-3.427	3,544,225
TOTAL OVERLAPPING TAX INCREMENT DEBT			12,084,225
TOTAL DIRECT DEBT			\$0
TOTAL GROSS OVERLAPPING DEBT			237,836,682
TOTAL NET OVERLAPPING DEBT			237,836,682
GROSS COMBINED TOTAL DEBT			\$ 237,836,682 (2)
NET COMBINED TOTAL DEBT			\$ 237,836,682

(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 2019-20 Assessed Valuations:

Total Overlapping Tax and Assessment Debt	2.62%
Total Direct Debt	0.00%
Gross Combined Total Debt	3.85%
Net Combined Total Debt	3.85%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,626,493,241):

Total Overlapping Tax Increment Debt	0.74%
--------------------------------------	-------

Source: California Municipal Statistics, Inc.

City of Hemet
Legal Debt Margin Information
Last Ten Years

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 157,681,797	\$ 155,923,565	\$ 156,603,119	\$ 163,587,451	\$ 171,057,453
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 157,681,797</u>	<u>\$ 155,923,565</u>	<u>\$ 156,603,119</u>	<u>\$ 163,587,451</u>	<u>\$ 171,057,453</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 181,336,069	\$ 192,577,682	\$ 203,270,441	\$ 214,746,714	\$ 224,300,756
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 181,336,069</u>	<u>\$ 192,577,682</u>	<u>\$ 203,270,441</u>	<u>\$ 214,746,714</u>	<u>\$ 224,300,756</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2020:

Assessed Value	\$ 5,981,353,481
Debt limit (3.75% of assessed value)	<u>224,300,756</u>
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	<u>\$ 224,300,756</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
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Tax Allocation Bonds*				Water Revenue Bonds					
	Net Tax Increment	Debt Service		Coverage	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
2011	2,727	385	692	2.53	7,539	6,794	745	-	-	-
2012	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-

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

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)
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⁾
2020	85,175	- *	- *	13.60% ⁽³⁾

*2018, 2019, and 2020 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.

**City of Hemet
Principal Employers
Current Fiscal Year**

Employer	2020	
	Number of Employees	Percent of Total Employment
Hemet Unified School District	3,960	15.17%
Physicians For Healthy Hospitals	976	3.74%
County of Riverside (Various service centers)	691	2.65%
Walmart Supercenter	372 *	1.43%
Gosch Ford, Toyota, Hyundai & Inland Chevrolet	325	1.25%
City of Hemet	274	1.05%
Manorcare Health Services	250	0.96%
Forest River, Inc.	241	0.92%
Village Healthcare Retirement	230	0.88%
Home Depot	228	0.87%
Target	201 *	0.77%
McCrometer, Inc.	170 *	0.65%
Winco Foods	156 *	0.60%
American Medical Response	145	0.56%
Lowe's	145	0.56%
Horizon Solar	140	0.54%
Stater Bros	110	0.42%

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

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

Numbers are approximate per their Human Resources Department

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

Function	<u>As of June 30:</u>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	32	30	30	29	31	33	30	30	24	30
Community Development (Building, Planning, Engineering)	38	38	35	35	28	27	28	30	22	20
Library	15	13	13	12	12	12	13	12	12	9
Police										
Sworn	58	54	61	61	70	63	75	90	70	70
Non-sworn	31	27	28	28	29	29	35	41	35	33
Fire										
Firefighters and Officers	49	48	44	44	39	39	42	58	49	49
Civilians	3	1	3	3	2	2	3	3	3	2
Public Works										
Water	17	16	19	18	18	21	20	19	14	15
Sewer/Storm Drain/Street Sweeping	1	4	4	4	4	4	8	9	6	10
Refuse	24	2	1	1	0	0	0	0	0	0
Streets, Parks, LLMD	31	33	32	33	31	31	31	29	28	16
Facility & Equipment Maintenance	14	11	11	11	11	10	11	12	10	9
Clean City Youth	6	5	4	4	0	0	0	0	0	0
Administration	4	7	5	8	5	5	4	6	6	4
TOTAL	323	289	290	291	280	276	300	339	279	267

Source: City of Hemet Payroll Process Report - Active Employees

City of Hemet
Operating Indicators
by Function
Last Ten Fiscal Years

Function:	2011	2012	2013	2014	2015
Police					
Calls for Service (1)	42,616	44,508	45,507	70,599	25,000
Arrests (1)	4,205	3,860	2,468	3,222	2,109
Sworn Officer's per 1000 population	0.88	0.87	0.87	0.86	0.85
Fire					
Calls for Service (1)	12,620	12,850	11,922	13,613	15,693
Fire/Explosion (included in total above)	240	228	224	254	286
Medical Aid (included in total above)	10,704	10,802	10,064	11,383	15,407
Community Development					
Permits: Single Family + Mobile set up	106	21	93	127	120
Conditional Use Permits applied/approved	12/11	7/4	8/4	9/2	9/11
Site Development Reviews applied/approved	4/1	3/1	9/7	5/4	5/4
Library					
Number of items checked out	428,459	428,601	381,047	360,792	451,956
Number of Cardholders	116,012	112,000	128,209	133,366	138,244
Total items in collection	102,902	106,211	92,680	104,977	94,434
Simpson Senior Center					
Citizens served through:					
Simpson Center	N/A	N/A	N/A	N/A	N/A
Lunch Program	N/A	N/A	N/A	N/A	N/A
Prime of Life	N/A	N/A	N/A	N/A	N/A
Public Works					
Trees trimmed	1,537	2,117	2,400	1,300	** 1,000
Poured Sidewalk (sq ft)	151,280	164,920	178,742	70,190	100,000
Asphalt remove and replace (sq ft)	52,426	66,234	73,266	1,358,833	1,000,000
Striping painted (linear ft)	1,044,862	1,056,000	N/A	1,000,000	** N/A
Equipment CHP 90 day inspections/maint	N/A	N/A	N/A	116	112
Equipment light duty preventative maint	N/A	N/A	N/A	858	864
Buildings maintained (sq ft)	285,907	285,907	285,907	285,907	285,907
Miscellaneous service requests	4,760	4,753	4,800	1,500	** 2,789
Refuse collected:					
Commercial tons	18,038	7,052	-	-	-
Residential tons	23,545	12,915	-	-	-
Roll-off tons	8,112	3,541	-	-	-
Green Waste tons	7,808	2,988	-	-	-
Commingled Recyclable tons	2,118	912	-	-	-
Cardboard tons	1,890	619	-	-	-
Water					
Number of active accounts	9,145	9,112	9,214	9,075	7,761
Water introduced into the System (acre ft)	4,293	4,484	3,953	4,597	5,262
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.

***Water introduced into the System for calendar year is through October 2020.

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:	2016	2017	2018	2019	2020
Police					
Calls for Service (1)	52,346 *	79,101 *	81,566	82,298	82,027
Arrests (1)	3,433 *	2,593 *	3,339	4,357	2,637
Sworn Officer's per 1000 population	0.87 *	0.86 *	0.84	0.83	0.83
Fire					
Calls for Service (1)	12,672 *	17,946 *	16,918	17,976	17,656
Fire/Explosion (included in total above)	255 *	761 *	333	557	596
Medical Aid (included in total above)	10,816 *	13,867 *	13,958	14,659	14,317
Community Development					
Permits: Single Family + Mobile set up	80	2	62	55	97
Conditional Use Permits applied/approved	13/6 *	6/6 *	6/5	13/11	8/4
Site Development Reviews applied/approved	7/4 *	3/3 *	7/10	6/3	11/6
Library					
Number of items checked out	430,614 *	680,326 *	447,775	532,834	481,709
Number of Cardholders	110,629 *	149,965 *	152,164	153,527	145,736
Total items in collection	98,114 *	101,451 *	90,082	105,498	519,774
Simpson Senior Center					
Citizens served through:					
Simpson Center	N/A	N/A	N/A	N/A	N/A
Lunch Program	N/A	N/A	N/A	N/A	N/A
Prime of Life	N/A	N/A	N/A	N/A	N/A
Public Works					
Trees trimmed	1,800	1,750	1,750 *	1,600	1,595
Poured Sidewalk (sq ft)	12,000	38,050	55,000 *	26,283	72,150
Asphalt remove and replace (sq ft)	158,000	N/A	N/A	80,882 *	1,265,000
Striping painted (linear ft)	850,000	N/A	N/A	-	-
Equipment CHP 90 day inspections/maint	124	124	128	112	124
Equipment light duty preventative maint	766	811	897	774	714
Buildings maintained (sq ft)	285,907	285,907	285,907	285,907	285,907
Miscellaneous service requests	3,893 *	1,290 *	1,318	1,459	1,600
Refuse collected:					
Commercial tons	-	-	-	-	-
Residential tons	-	-	-	-	-
Roll-off tons	-	-	-	-	-
Green Waste tons	-	-	-	-	-
Commingled Recyclable tons	-	-	-	-	-
Cardboard tons	-	-	-	-	-
Water					
Number of active accounts	9,304	9,317	9,226	9,171	9,171
Water introduced into the System (acre ft)	3,539	3,784	3,847	3,512	3,195 ***
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 de In Fiscal Year 09/10, the City contracted with YMCA and most currently Valley Wide Recreation to run the Simpson Center and all services associat

***Water introduced into the System for calendar year is through October 2020.

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**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	4	4	4	4	5	5	5	5	5	5
Recreation and Culture:										
Number of parks	10	10	10	10	12	12	12	12	12	12
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes	102,902	106,211	92,680	104,977	111,149	88,756	80,115	80,115	80,115	85,438
Public Works:										
Area of City (square miles)	26	26	26	26	28	28	28	28	28	28
Miles of Streets	360	360	360	360	360	360	360	360	360	360
Number of Street lights	3,600	3,600	3,600	3,600	3,600	3,600	5,479	5,479	5,479	4,249
Number of water accounts	9,145	9,112	9,214	9,075	7,760	9,304	9,317	9,226	9,171	9,171
Miles of water mains	120	120	120	120	120	120	130	130	130	132
Number of refuse accounts	23,548	-	-	-	-	-	-	-	-	-
Number of vehicles (city wide)	300	257	238	227	314	320	314	337	351	354

N/A = not available

Source: Various City Departments

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

Effective	7/1/2011	7/1/2012	7/1/2013	7/1/2014	7/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020
	<u>Bimonthly</u>	<u>Bimonthly</u>	<u>Bimonthly</u>	<u>Bimonthly</u>	<u>Bimonthly</u>	<u>Monthly</u>	<u>Monthly</u>	<u>Monthly</u>	<u>Monthly</u>	<u>Monthly</u>
Water										
Low Water Usage Rates										
0-1000 CF	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	N/A	N/A	N/A	N/A	N/A
Normal Water Usage Rates										
Base Water Rates										
5/8" Meter	42.28	42.28	42.28	42.28	42.28	24.95	26.25	27.55	30.15	30.15
3/4" Meter	45.58	45.58	45.58	45.58	45.58	27.26	28.87	30.49	33.81	33.81
1" Meter	54.58	54.58	54.58	54.58	54.58	32.83	34.86	36.93	41.16	41.16
2" Meter	141.50	141.50	141.50	141.50	141.50	81.02	85.25	89.47	97.91	97.91
Consumption Water Rates per 100 CF										
0-600 CF	2.30	2.30	2.30	2.30	2.30	6.25	4.41	4.54	4.79	4.79
'601-1200 CF	2.50	2.50	2.50	2.50	2.50	6.25	4.41	4.54	4.79	4.79
'1201-over CF	2.88	2.88	2.88	2.88	2.88	6.25	4.41	4.54	4.79	4.79
Refuse										
Standard cart (60 gallon)	30.70	30.70	-	-	-	-	-	-	-	-
Large cart (90 gallon)	36.50	36.50	-	-	-	-	-	-	-	-
Sewer										
City sewer and storm drain	15.04	15.04	15.04	15.04	15.04	10.30	10.80	11.30	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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
Single Family Residential	712,947	807,603	787,091	636,811	639,159	734,462	619,717	631,454	617,295	566,067
Multi-Family Residential	513,087	551,677	522,196	491,472	436,877	428,529	458,262	467,488	450,826	404,052
Commercial/Institutional	403,410	475,449	328,247	454,675	351,109	375,643	529,217	397,603	342,816	303,233
Landscape Irrigation	109,569	230,049	264,334	131,711	114,399	109,508	82,723	116,710	118,988	118,251
Total	1,739,013	2,064,778	1,901,868	1,714,669	1,541,545	1,648,142	1,689,919	1,613,256	1,529,926	1,391,602

Source: City of Hemet Water Department

*2020 data provided is through October, 2020.