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*Comprehensive*

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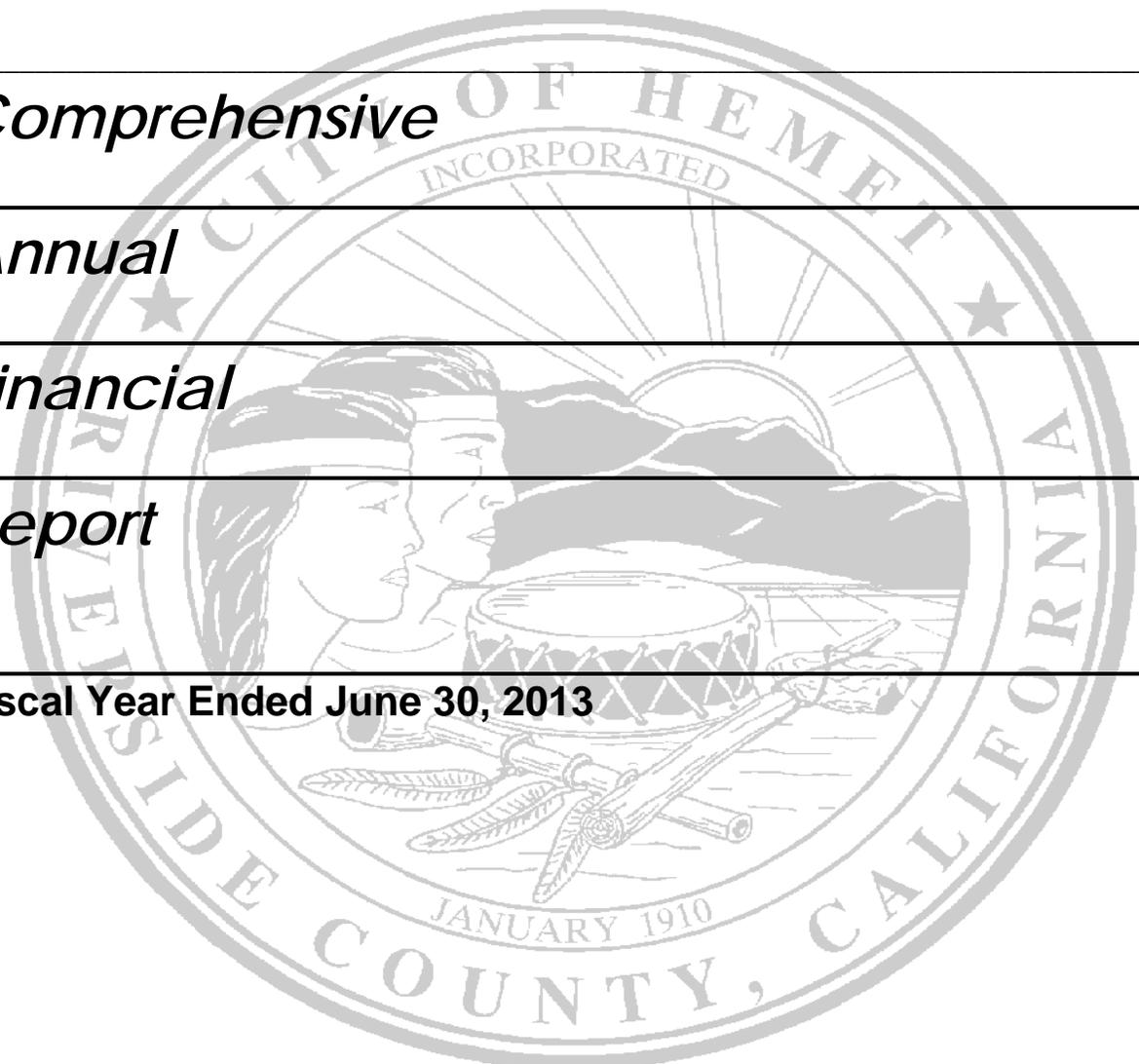
*Financial*

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*Report*

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**Fiscal Year Ended June 30, 2013**



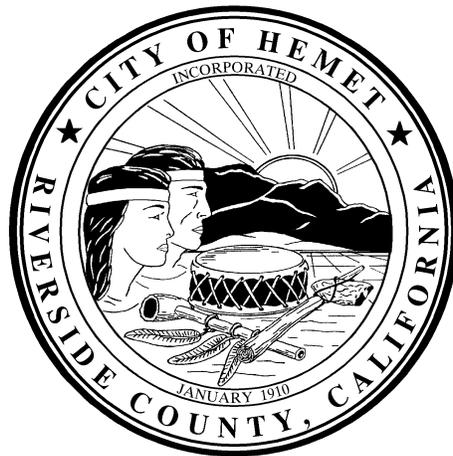
**H** *City of*  
**emet**  
*California*



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2013**

**CITY OF HEMET  
CALIFORNIA**



**ROBERT YOUSSEF – Mayor**

**LARRY SMITH – Vice Mayor**

**SHELLIE MILNE – Council Member**

**LINDA KRUPA – Council Member**

**BONNIE WRIGHT – Council Member**

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



**City of Hemet  
Comprehensive Annual Financial Report  
Year Ended June 30, 2013**

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## **INTRODUCTORY SECTION**



# City of Hemet

January 24, 2014

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 statements of the City of Hemet for the fiscal year ended June 30, 2013.

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 Van Lant and Fankhanel, LLP 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, 2013, 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, 2013, 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 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.

## **Profile of the Government**

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 25.97 square miles and serves a population of 80,877. 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 has operated under the council - manager form of government since 1910. Policy making and legislative authority are vested in a City Council consisting of the Mayor and four other council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with 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 provides a full range of services which include general government, public safety (police and fire protection), economic development, library services, water service, and the construction and maintenance of highways, streets, and other infrastructure. In addition to general City activities, the Council is financially accountable for the Hemet Housing Authority (additionally information on this legally separate agency can be found on Note 1 in the notes to the financial statements) and the Successor Agency to the former Hemet Redevelopment Agency (RDA).

The annual budget serves as the foundation for the City's financial planning and control. All internal service departments are required to submit requests for appropriations in March. The City Manager reviews the submitted budget with the internal service departments and the finance department. All departments of the City are required to submit requests for appropriation to the City Manager in April. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents 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 department up to \$50,000. Transfers of appropriations between departments and 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.

## **LOCAL ECONOMY**

The City is located in the Inland Empire (Metropolitan Statistical Area – “MSA”), which consists of Riverside and San Bernardino Counties. Unemployment in the MSA is currently at 9.6%, (as of November 2013) down 1.8% for the same period last year and there have been modest improvements in the real estate and home building sectors. The Inland Empire MSA is projected to grow in future years because land values continue to remain well below those in Los Angeles, Orange and San Diego Counties. The City of Hemet’s fiscal condition at the end of 2012-13 reflected the continued slow recovery in the national and state economies

General Fund revenues for FY 2012-2013 were approximately \$7.4 million lower than the previous fiscal year. This however, was attributable in part to the one-time payment in FY 2011-2012 of \$12.5 million from proceeds of the sale of the City’s refuse operation. Offsetting this decrease was another anomaly - the approximately \$1.4 million in one-time residual payments from the former Hemet Redevelopment Agency/Housing Authority that were received in FY 2012-2013 (and will not be on-going).

Sales tax, the largest single revenue source in the General Fund, increased by approximately 7%, from just under \$9 million in fiscal year 2010-2011 to \$9.6 million in FY 2012-2013 (an increase of about \$640,000). Prior to 2010-2011, sales tax declined from \$8.1 million in fiscal year 2008-2009 to \$7.3 million in 2009-2010.

Development fees, which were most directly impacted by the continued decline of the housing and construction markets, increased by approximately 11% (\$174,100) to just over \$1.7 million. This marks the first time in four years that there has not been a significant decline or stagnation in this revenue category. (Development fees dropped from \$2.9 million in 2008-2009 to \$2.1 million in 2009-2010).

Property taxes remained flat with little change from FY 2011-2012 to 2012-2013 (net taxable values decreased by just under 1%). Property tax revenue is expected to increase by approximately 2% in FY 2013-2014. On the bright side, the City expects to receive on-going property tax distributions of approximately \$800,000 annually from tax increment revenues no longer diverted to the Hemet Redevelopment Agency.

## LONG-TERM FINANCIAL PLANNING

Since the economic down-turn in 2008, the City has taken a number of steps to "right the financial ship" including pension reform, caps to city contributions to employee health care costs, and, most significantly, the sale of the city's refuse operation which included a one-time payment of \$12.5 million. As of June 30, 2013, the total General Fund ending balance, spendable and non-spendable, was \$22 million. Of this, and in accordance with the City's reserve policies, approximately \$15.7 million is available for appropriation with Council action:

*(in millions)*

\$ 3.1	Operating Contingency
\$ 4.7	Economic Stabilization Contingency
\$ 7.9	Unassigned
\$ 15.7	Total Available for appropriation in accordance with reserve policies

Planned for FY 2013-2014 are the completion of a cost allocation plan (CAP) and user fee study to ensure the City is maximizing full cost recovery potential. Additionally, a water rate study is also slated to begin in FY 2013-2014.

## ACKNOWLEDGMENTS

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 of the Finance Department and the City's independent auditor. Special recognition is due to our Accounting Manager, Lorena Rocha, who handled this project as well as many others in the midst of staffing shortages. Thanks also to Vao Helsham, Administrative Assistant; as well as the entire Finance Department Staff. Each member of the Department has our sincere appreciation for the contributions made in the preparation of this report.

Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Hemet's finances.

Respectfully Submitted,



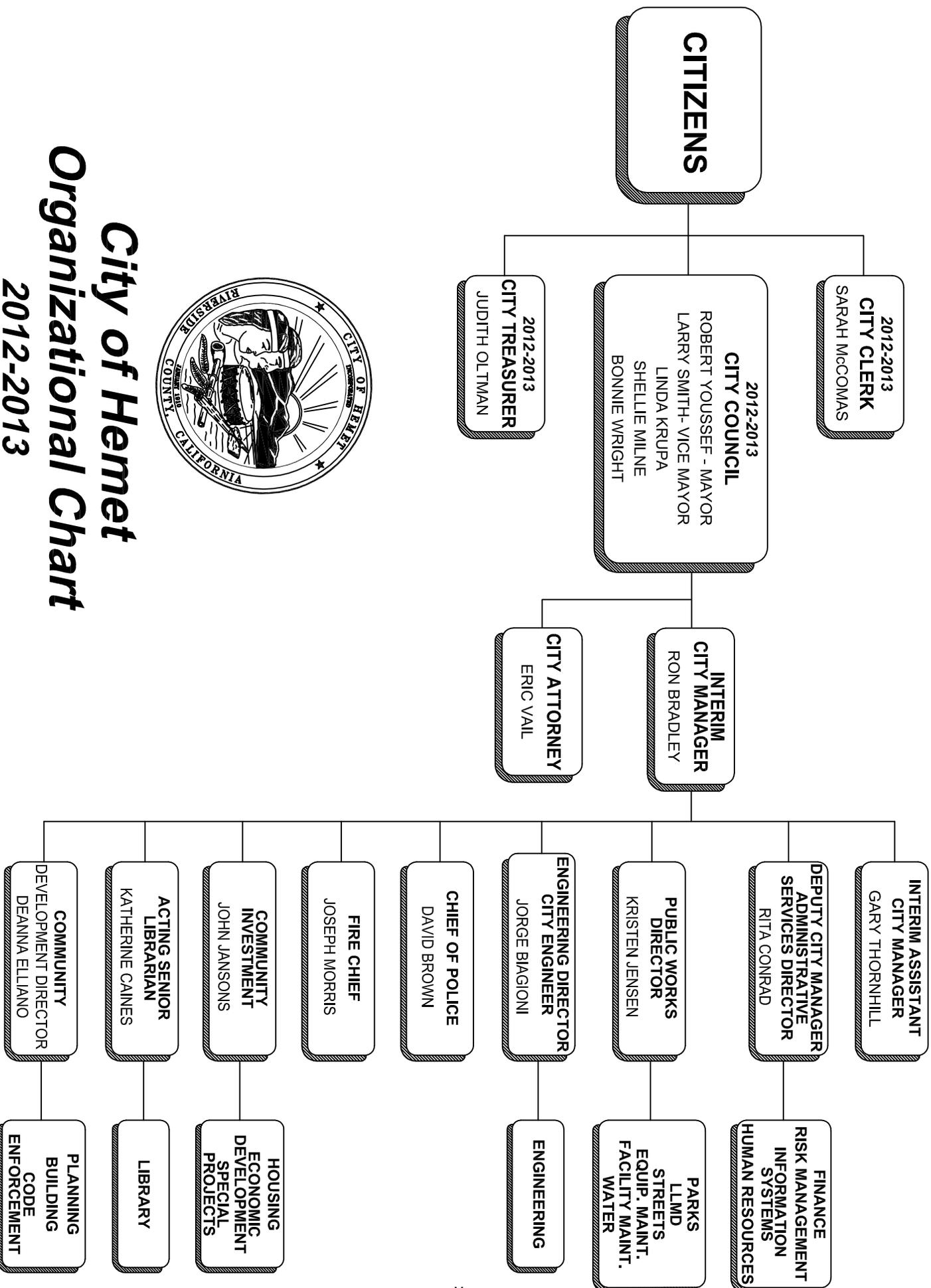
Wally Hill  
City Manager



Rita Conrad  
Deputy City Manager-Administrative Services



# City of Hemet Organizational Chart 2012-2013



## **FINANCIAL SECTION**



## Independent Auditors' Report

The Honorable City Council  
City of Hemet, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Hemet (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Hemet, as of June 30, 2013, 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 and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the schedules listed in the "Supplementary Information" section of the table of contents, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the Supplementary Information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed in the Supplementary Information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 24, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and on compliance.

*Van Lant & Fankhaed, LLP*

January 24, 2014

## CITY OF HEMET Management's Discussion and Analysis

The following discussion and analysis of the financial performance of the City of Hemet provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

### Using the Accompanying Financial Statements

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

### Financial Highlight

- In October 2011, the City Council approved a franchise agreement with CR&R Inc, to provide refuse services within City limits. CR&R began providing services on December 1, 2011 under the 20 year franchise agreement. Assets and Liabilities of the Refuse fund were transferred to the General Fund. As of the 06/30/13 Financial Statements, all Assets and Liabilities of the Refuse Fund were transferred to the General Fund.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

## CITY OF HEMET Management's Discussion and Analysis

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

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

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

## CITY OF HEMET Management's Discussion and Analysis

### Reporting the City as a Whole

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

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

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

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

### Reporting the City's Most Significant Funds

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

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

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

enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities.

Reporting the City's Fiduciary Responsibilities

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

	Table 1 Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 73.7	\$ 71.1	\$ 10.5	\$ 16.3	\$ 84.2	\$ 87.4
Capital assets	<u>327.0</u>	<u>332.5</u>	<u>4.2</u>	<u>4.0</u>	<u>331.2</u>	<u>336.5</u>
Total assets	\$ 400.7	\$ 403.6	\$ 14.7	\$ 20.3	\$ 415.4	\$ 423.9
Long-term debt outstanding	\$ 7.7	\$ 6.9	\$ -	\$ 0.1	\$ 7.7	\$ 7.0
Other liabilities	<u>8.1</u>	<u>7.4</u>	<u>3.0</u>	<u>2.2</u>	<u>11.1</u>	<u>9.6</u>
Total liabilities	\$ 15.8	\$ 14.3	\$ 3.0	\$ 2.3	\$ 18.8	\$ 16.6
Net assets:						
Net Investment in Capital Assets	\$ 327.0	\$ 332.5	\$ 4.1	\$ 3.7	\$ 331.1	\$ 336.2
Restricted	33.5	42.0	-	-	33.5	42.0
Unrestricted	<u>24.5</u>	<u>14.8</u>	<u>7.6</u>	<u>14.2</u>	<u>32.1</u>	<u>29.0</u>
Total net assets	<u>\$ 385.0</u>	<u>\$ 389.3</u>	<u>\$ 11.7</u>	<u>\$ 17.9</u>	<u>\$ 396.7</u>	<u>\$ 407.2</u>

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

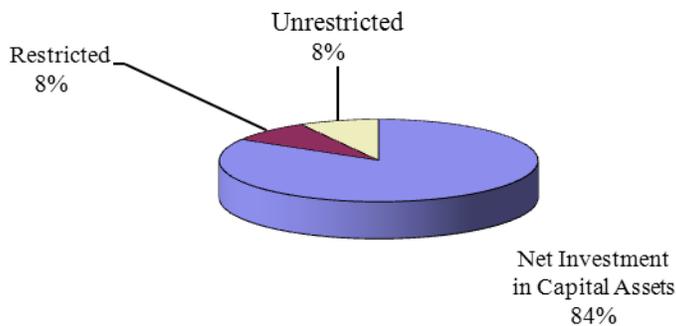
A summary of the government-wide *statement of activities* follows:

Table 2 Changes in Net Position (in_Millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 10.1	\$ 10.6	\$ 7.7	\$ 11.9	\$ 17.8	\$ 22.5
Operating grants/contributions	2.0	3.2	-	-	2.0	3.2
Capital grants/contributions	5.3	6.4	-	-	5.3	6.4
General revenues:						
Property taxes	7.4	7.9	-	-	7.4	7.9
Other taxes	20.3	18.7	-	-	20.3	18.7
Other general revenues	0.4	0.4	-	0.3	0.4	0.7
Gain on Sale of Assets	-	-	-	1.8	-	1.8
Transfers	2.5	(2.2)	(4.7)	2.2	(2.2)	-
Total revenues	\$ 48.0	\$ 45.0	\$ 3.0	\$ 16.2	\$ 51.0	\$ 61.2
<b>Program expenses</b>						
General government	\$ 2.0	\$ 1.9	\$ -	\$ -	\$ 2.0	\$ 1.9
Public safety	25.4	26.1	-	-	25.4	26.1
Community development	5.0	4.4	-	-	5.0	4.4
Public works	15.8	11.7	-	-	15.8	11.7
Sanitation	1.7	1.6	-	-	1.7	1.6
Parks and library	2.4	2.3	-	-	2.4	2.3
Interest on long-term debt	-	0.3	-	-	-	0.3
Water and refuse	-	-	9.2	13.9	9.2	13.9
Total expenses	\$ 52.3	\$ 48.3	\$ 9.2	\$ 13.9	\$ 61.5	\$ 62.2
Excess (deficiency) before special items and transfers	\$ (4.3)	\$ (3.3)	\$ (6.2)	\$ 2.3	\$ (10.5)	\$ (1.0)
Special Items	\$ -	\$ 12.5	\$ -	\$ -	\$ -	\$ 12.5
Extraordinary Items	\$ -	\$ (2.0)	\$ -	\$ -	\$ -	\$ (2.0)
Beginning Net Position	\$ 389.3	\$ 382.1	\$ 17.9	\$ 15.6	\$ 407.2	\$ 397.6
Ending Net Position	\$ 385.0	\$ 389.3	\$ 11.7	\$ 17.9	\$ 396.7	\$ 407.2

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

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. Net position of the City's governmental activities decreased by 1.1% (\$385 million compared to \$389.3 million, as stated) in 2013. *Unrestricted* net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased from \$14.8 million in 2012 to \$24.5 million in 2013. This change is mainly due to the franchise agreement with CR&R for Refuse Services. For reporting purposes, the assets and liabilities of the Refuse Fund are not included in the Governmental Activities under the General Fund. The net position of the City's business-type activities decreased by 46.5% (\$7.6 million compared to \$14.2 million) in 2013 as a result of the sale of the Refuse department assets and the transfer of its ending balance to the General fund. The net position (financial position) of the City changed as a result of the revenue and expense fluctuations described below for the governmental and business-type activities of the City.

**Total Net Position – Governmental Activities**



**Governmental Activities**

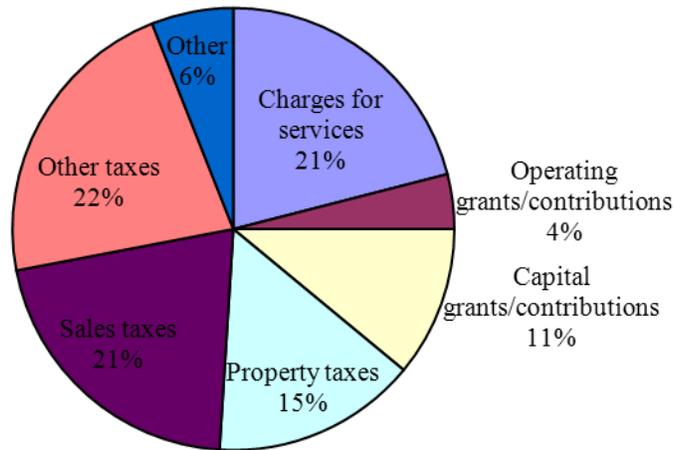
Revenues for the City's governmental activities saw an increase in the 2013 year of 6% (\$2.9 million). The major categories contributing to this revenue increase were Franchise Taxes and Sales Tax. Expenses in governmental activities saw an increase of \$4.2 million. Further discussion related to expenses can be found in the major funds section of this analysis. The cost of all *governmental* activities this year was \$52.5 million. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through property and other taxes was only \$28 million because some of the cost was paid by those who directly benefited from the programs (\$10.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7.3 million).

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

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

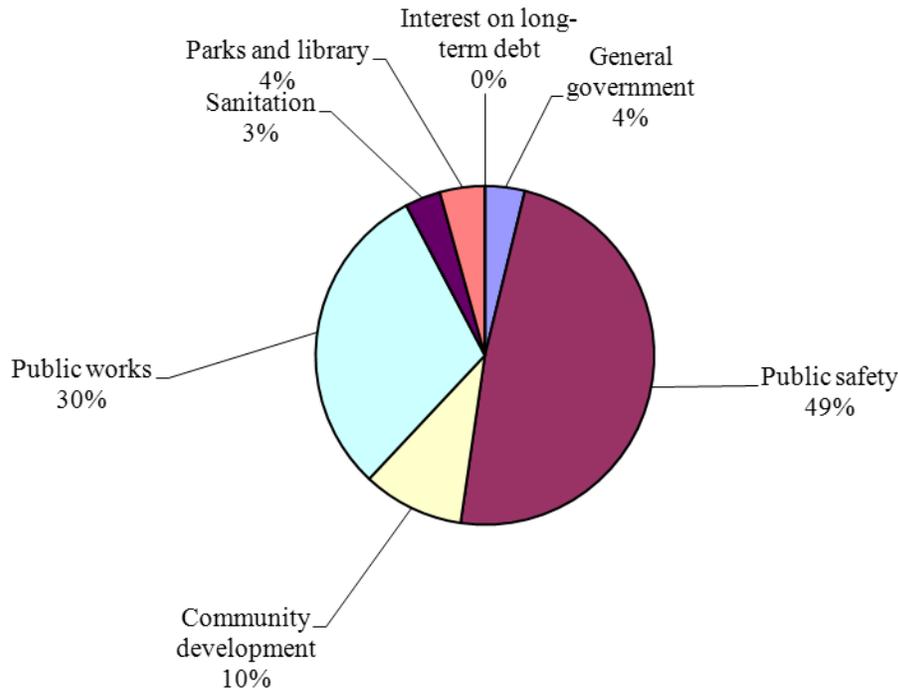
- Property tax revenue from the former redevelopment agency was no longer received after January 31, 2012 as a result of the dissolution, but the City did see one time tax increment from the RDA Fund balances sent back to the State.
- General fund Franchise and Other tax revenue increased by \$1.5 million compared to the 2012 year. This increase is a result of the continuing franchise agreement with CR&R.
- General fund community development charges for services and license and permit revenues saw an increase of \$239,497. This increase is due to the slight improvement in the economy.
- General fund parks and library saw a slight increase in expenditures of \$83,903.

Revenues by Source – Governmental Activities



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

Expenses by Function – Governmental Activities



Business-Type Activities

Revenues of the City's business-type activities decreased by \$4.3 million (\$7.6 million in 2013 compared to \$11.9 million in 2012) and operating expenses decreased by \$4.1 million.

The reasons for significant changes in the revenues and expenses of the City's business-type activities from the prior year are as follows:

- The City's revenues related to its business-type activities are primarily charges for services. As of December 1, 2011, the City was no longer charging for Refuse services as a result of the franchise agreement with CR&R. All assets and liabilities of the Refuse fund were transferred to the General Fund.
- Operating expenses for the water enterprise decreased by \$438,496 in the current fiscal year. Several of the Water fund's Capital Assets were fully depreciated in 2012, resulting in a large decrease to depreciation expense.

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

**MAJOR FUNDS**

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

**Major Governmental Funds.** The **General Fund** is the chief operating fund of the city. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,956,231, while total fund balance was \$22 million. Fund balance increased \$4.3 million in 2013 mainly due to the franchise agreement with CR&R for Refuse services and the transfer of the Refuse fund balance to the General Fund.

General Fund Ending Balance 06/30/13

Non-Spendable

Inventory	\$ 300	
Prepays	\$ 19,631	
Advances	<u>\$ 1,000,000</u>	
		\$ 1,019,931

Restricted

PEG Revenues	\$ 695,060	
SB 1186 Revenues	<u>\$ 3,210</u>	
		\$ 698,270

Committed

Operating Contingency	<u>\$ 3,107,478</u>	
Encumbrance Carryovers	\$ 119,534	
Economic Stabilization	<u>\$ 4,661,216</u>	
		\$ 7,888,228

Assigned

Future Refuse PERS/Medical	\$ 4,226,697	
Continuing Appropriations	<u>\$ 42,634</u>	
		\$ 4,269,331

Unassigned

Microfilm Revenues	\$ 57,070	
License Validity Revenues	\$ 49,353	
Special Project	\$ 100,000	
Unassigned	<u>\$ 7,956,231</u>	
		<u>\$ 8,162,654</u>

Total Fund Balance	<u>\$ 22,038,414</u>
--------------------	----------------------

*Note: Total Available with Council Action* \$ 15,724,925

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

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

- General Fund revenues increased \$4.3 million from 2012. Of this amount, tax revenues increased \$4.7 million which was a combination of sales tax collections and property taxes. Licenses and permits had a slight increase of \$61,480 this year.
- General Fund expenditures increased \$2.85 million from 2012.
- Public safety expenditures increased \$1.4 million from 2012 as a result of a couple of Grants coming to an end. These grants paid a portion of Public Safety salaries. Staffing levels were not reduced after the grants ended.
- Library expenditures decreased by \$169,135 compared to 2012.
- Community development expenditures increased by \$976,373. This increase was a result of the reorganization of the City. Capital Engineering was formerly under Public Works Administration and Community Investment was formerly under the Hemet Redevelopment Agency. Both departments were transferred to Community Development.

**Major Special Revenue Fund.** The Sewer and Storm Drain Fund revenues increased \$94,541. This is mainly due to the housing market beginning to stabilize and a decrease in foreclosures.

**Major Enterprise Funds.** Total net position of the **Water Fund** at the end of the year amounted to \$11.67 million. The **Water Fund** had a decrease in net position totaling \$959,933. As discussed previously, the Refuse Fund balance was transferred to the General Fund as it is no longer considered an Enterprise Fund for the City.

**GENERAL FUND BUDGET**

The economy continues its slow recovery. We continue to see a slight increase in sales tax revenues and property taxes seem to be stabilizing. Major deviations between the final budget of the General Fund and its actual operating results were as follows:

- Tax revenues exceeded budget expectations by \$3.1 million in 2013. This was primarily due to one time tax increment received as a result of the dissolution of the Hemet Redevelopment Agency.
- License and permit exceeded budget expectations by \$40,153 in the current fiscal year. The major revenues affecting this revenue category were building permits and business licenses.
- General Fund expenditures came in slightly over budget in the current fiscal year. Although the City's Public Safety departments had grants that came to an end, careful monitoring of the budget and spending implemented by all departments city wide minimized the increase in expenditures.

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

**CAPITAL ASSETS**

Capital Assets  
(net of depreciation, in millions)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 11.84	\$ 11.84	\$ 0.03	\$ 0.03	\$ 11.87	\$ 11.87
Rights of way	190.09	189.67	-	-	190.09	189.67
Buildings and improvements	15.57	16.20	3.45	3.49	19.02	19.69
Machinery and equipment	3.75	3.61	0.77	0.46	4.52	4.07
Infrastructure	104.95	110.75	-	-	104.95	110.75
Construction in progress	<u>0.76</u>	<u>0.46</u>	<u>-</u>	<u>-</u>	<u>0.76</u>	<u>0.46</u>
Total	<u>\$326.96</u>	<u>\$332.53</u>	<u>\$ 4.25</u>	<u>\$ 3.98</u>	<u>\$331.21</u>	<u>\$336.51</u>

The most significant City infrastructure project completed in 2013 was the Chambers Street Improvement Project. This project totaled \$105,150. Additional information on the City's capital assets can be found in the notes to the financial statements. (Note 5-Changes in Capital Assets)

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

**LONG-TERM DEBT**

At the end of the current fiscal year, the Successor Agency to the former Hemet Redevelopment Agency, a Fiduciary Fund, had bonded debt outstanding of \$13,265,000. The Successor Agency's total debt decreased by \$420,000 during the current fiscal year.

Capital leases outstanding in the Enterprise funds at the end of the current fiscal year amount to \$138,151. The net adjustments to long-term debt for claims payable and compensated absences were increases of \$60,099 and \$146,514 respectively.

	Outstanding Debt (in thousands)					
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Certificates of participation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPEB	7,525	6,774	-	-	7,525	6,774
Compensated absences	2,573	2,416	145	155	2,718	2,571
Claims Payable	583	523	-	-	583	523
Capital Leases	<u>-</u>	<u>-</u>	<u>138</u>	<u>286</u>	<u>138</u>	<u>286</u>
Total	<u>\$10,681</u>	<u>\$9,713</u>	<u>\$ 283</u>	<u>\$ 441</u>	<u>\$10,964</u>	<u>\$10,154</u>

City bonded redevelopment debt maintains an "A-" rating from Standard & Poor's and Fitch Ratings.

Additional information on the City's long-term debt can be found in the notes to the accompanying financial statements. (Note 6-Long Term Liability)

**Contacting the City's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

**City of Hemet**  
**Statement of Net Position**  
June 30, 2013

	Governmental Activities	Business-type Activities	Totals	
			2013	2012
<b>ASSETS</b>				
Cash and Investments	\$ 60,918,107	\$ 8,792,797	\$ 69,710,904	\$ 67,322,882
Receivables:				
Accounts	1,588,236	1,566,194	3,154,430	5,256,151
Taxes	843,928	-	843,928	1,569,967
Interest	640,540	-	640,540	551,144
Due from Other Governments	2,354,158	78,920	2,433,078	1,917,423
Due from Fiduciary Funds	103,773	-	103,773	347,736
Inventories	161,368	-	161,368	171,593
Prepaid Items	19,631	5,399	25,030	17,237
Notes Receivable	10,159,457	-	10,159,457	11,033,028
Allowance for Forgivable Notes	(5,142,252)	-	(5,142,252)	(5,029,889)
Land Held for Resale	2,076,419	-	2,076,419	4,227,273
Capital Assets:				
Land	11,839,690	32,975	11,872,665	11,872,665
Rights of Way	190,089,556	-	190,089,556	189,673,274
Construction in Process	760,067	-	760,067	456,899
Other Capital Assets, Net	124,274,506	4,219,326	128,493,832	134,500,196
<b>Total Assets</b>	<b>400,687,184</b>	<b>14,695,611</b>	<b>415,382,795</b>	<b>423,887,579</b>
<b>LIABILITIES</b>				
Accounts Payable	2,319,273	952,987	3,272,260	2,471,470
Accrued Salaries and Benefits	323,097	19,882	342,979	285,029
Accrued Liabilities	56,050	5,399	61,449	63,547
Deposits	2,172,774	1,560,473	3,733,247	3,544,404
Unearned Revenue	196,782	-	196,782	-
Accrued Interest	-	201,328	201,328	186,181
Noncurrent Liabilities:				
Due Within One Year	3,027,696	276,284	3,303,980	3,124,651
Due in More Than One Year	7,653,644	6,569	7,660,213	7,029,430
<b>Total Liabilities</b>	<b>15,749,316</b>	<b>3,022,922</b>	<b>18,772,238</b>	<b>16,704,712</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	326,963,819	4,114,150	331,077,969	336,217,383
Restricted for:				
Community Development	5,888,043	-	5,888,043	8,672,881
Public Works	22,819,250	-	22,819,250	29,160,204
Sanitation	3,679,215	-	3,679,215	3,118,824
Libraries:				
Expendable	63,973	-	63,973	50,616
Nonexpendable	1,000,000	-	1,000,000	1,000,000
Unrestricted	24,523,568	7,558,539	32,082,107	28,962,959
<b>Total Net Position</b>	<b>\$ 384,937,868</b>	<b>\$ 11,672,689</b>	<b>\$ 396,610,557</b>	<b>\$ 407,182,867</b>

The accompanying notes are an integral part of this statement.

**City of Hemet**  
**Statement of Activities**  
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 2,047,080	\$ 1,494,278	\$ -	\$ -
Public Safety	25,448,811	902,499	1,439,246	118,831
Community Development	5,063,767	602,483	524,199	186,863
Public Works	15,806,512	4,314,189	-	4,783,255
Sanitation	1,753,987	2,757,894	-	-
Parks	790,227	-	-	163,184
Libraries	1,599,564	35,859	17,401	69,090
Interest and Related Charges on Long-term Debt	-	-	-	-
<b>Total Governmental Activities</b>	<b>52,509,948</b>	<b>10,107,202</b>	<b>1,980,846</b>	<b>5,321,223</b>
<b>Business-type Activities:</b>				
Refuse	275,900	117,404	-	-
Water	8,917,881	7,549,037	-	-
<b>Total Business-type Activities</b>	<b>9,193,781</b>	<b>7,666,441</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 61,703,729</b>	<b>\$ 17,773,643</b>	<b>\$ 1,980,846</b>	<b>\$ 5,321,223</b>

General Revenues:

Taxes:

- Property Taxes
- Transient Occupancy Taxes
- Sales Taxes
- Motor Vehicle in Lieu Taxes (Unrestricted)
- Franchise and Other Taxes
- Investment Income
- Miscellaneous
- Gain on Sale of Capital Assets
- Transfers to Successor Agency
- Transfers

Total General Revenues and Transfers

Special Items

Extraordinary Items

Change in Net Position

Net Position - Beginning of Year

Prior Period Adjustments

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activites	Business-type Activities	Totals	
		2013	2012
\$ (552,802)	\$ -	\$ (552,802)	\$ (645,891)
(22,988,235)	-	(22,988,235)	(22,069,860)
(3,750,222)	-	(3,750,222)	(3,044,461)
(6,709,068)	-	(6,709,068)	(1,101,371)
1,003,907	-	1,003,907	1,191,211
(627,043)	-	(627,043)	(488,046)
(1,477,214)	-	(1,477,214)	(1,539,679)
-	-	-	(363,388)
<u>(35,100,677)</u>	<u>-</u>	<u>(35,100,677)</u>	<u>(28,061,485)</u>
-	(158,496)	(158,496)	(899,151)
<u>-</u>	<u>(1,368,844)</u>	<u>(1,368,844)</u>	<u>(1,112,858)</u>
-	(1,527,340)	(1,527,340)	(2,012,009)
<u>(35,100,677)</u>	<u>(1,527,340)</u>	<u>(36,628,017)</u>	<u>(30,073,494)</u>
7,342,572	-	7,342,572	7,812,806
625,959	-	625,959	585,725
10,117,563	-	10,117,563	9,426,498
4,829,195	-	4,829,195	4,783,110
4,730,445	-	4,730,445	3,354,193
131,501	12,404	143,905	754,842
263,801	58,651	322,452	517,655
-	-	-	1,830,042
(2,208,772)	-	(2,208,772)	-
<u>4,736,027</u>	<u>(4,736,027)</u>	<u>-</u>	<u>-</u>
<u>30,568,291</u>	<u>(4,664,972)</u>	<u>25,903,319</u>	<u>29,064,871</u>
-	-	-	12,500,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,045,331)</u>
(4,532,386)	(6,192,312)	(10,724,698)	9,446,046
389,317,866	17,865,001	407,182,867	394,993,503
<u>152,388</u>	<u>-</u>	<u>152,388</u>	<u>2,743,318</u>
<u>\$ 384,937,868</u>	<u>\$ 11,672,689</u>	<u>\$ 396,610,557</u>	<u>\$ 407,182,867</u>

**City of Hemet**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2013

	General Fund	Special Revenue		
		Public Safety CFD	Housing Authority	Sewer and Storm Drain
<b>ASSETS</b>				
Cash and Investments	\$ 20,977,472	\$ -	\$ 525	\$ 3,638,370
Receivables:				
Accounts	146,720	-	3,500	1,023,030
Taxes	843,928	-	-	-
Interest	127,480	-	273,921	-
Due from Other Governments	1,399,148	6,025	-	-
Due from Other Funds	-	-	-	-
Due from Fiduciary Fund	-	-	-	-
Inventories	300	-	-	-
Prepaid Items	19,631	-	-	-
Advances to Other Funds	1,000,000	-	-	-
Notes Receivable	-	-	3,483,105	-
Allowance for Forgivable Notes	-	-	(1,341,992)	-
Land Held for Resale	-	-	1,482,500	-
<b>Total Assets</b>	<b>\$ 24,514,679</b>	<b>\$ 6,025</b>	<b>\$ 3,901,559</b>	<b>\$ 4,661,400</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 281,471	\$ -	\$ -	\$ 973,225
Accrued Salaries and Benefits	251,407	6,675	-	8,960
Accrued Liabilities	56,050	-	-	-
Deposits	1,583,524	-	5,733	-
Due to Other Funds	107,031	100,525	-	-
Unearned Revenue	196,782	-	-	-
Advances from Other Funds	-	1,000,000	-	-
<b>Total Liabilities</b>	<b>2,476,265</b>	<b>1,107,200</b>	<b>5,733</b>	<b>982,185</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
Unavailable Revenues - Notes Receivable	-	-	2,412,035	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>2,412,035</b>	<b>-</b>
<b>FUND BALANCE (DEFICITS)</b>				
Nonspendable	1,019,931	-	-	-
Restricted	698,270	-	1,483,791	3,679,215
Committed	7,888,228	-	-	-
Assigned	4,269,331	-	-	-
Unassigned	8,162,654	(1,101,175)	-	-
<b>Total Fund Balances (Deficits)</b>	<b>22,038,414</b>	<b>(1,101,175)</b>	<b>1,483,791</b>	<b>3,679,215</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</b>	<b>\$ 24,514,679</b>	<b>\$ 6,025</b>	<b>\$ 3,901,559</b>	<b>\$ 4,661,400</b>

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds	
	2013	2012
\$ 29,378,904	\$ 53,995,271	\$ 46,819,732
413,091	1,586,341	2,079,688
-	843,928	1,569,967
239,139	640,540	551,144
948,985	2,354,158	1,794,298
467,834	467,834	1,786,450
103,773	103,773	-
-	300	300
-	19,631	11,838
354,137	1,354,137	1,354,137
6,676,352	10,159,457	11,033,028
(3,800,260)	(5,142,252)	(5,029,889)
593,919	2,076,419	4,227,273
<u>\$ 35,375,874</u>	<u>\$ 68,459,537</u>	<u>\$ 66,197,966</u>
\$ 719,875	\$ 1,974,571	\$ 1,841,887
31,466	298,508	244,139
-	56,050	58,148
583,517	2,172,774	2,025,637
260,278	467,834	1,786,450
-	196,782	184,328
354,137	1,354,137	1,354,137
<u>1,949,273</u>	<u>6,520,656</u>	<u>7,494,726</u>
76,697	76,697	302,531
-	2,412,035	2,412,035
<u>76,697</u>	<u>2,488,732</u>	<u>2,714,566</u>
1,354,137	2,374,068	4,575,048
27,667,745	33,529,021	34,783,568
-	7,888,228	7,439,075
4,452,009	8,721,340	4,496,828
(123,987)	6,937,492	4,694,155
<u>33,349,904</u>	<u>59,450,149</u>	<u>55,988,674</u>
<u>\$ 35,375,874</u>	<u>\$ 68,459,537</u>	<u>\$ 66,197,966</u>

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**City of Hemet**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
June 30, 2013

Fund Balances of Governmental Funds	\$	59,450,149
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		325,871,558
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		2,488,732
Long-term liabilities including compensated absences and OPEB are not due and payable in the current period and, therefore, are not reported in the funds.		
Other Post Employment Benefits		(7,525,000)
Compensated Absences		(2,572,874)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>7,225,303</u>
Net Position of Governmental Activities	\$	<u><u>384,937,868</u></u>

The accompanying notes are an integral part of this statement.

**City of Hemet**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended June 30, 2013

	General Fund	Special Revenue		
		Public Safety CFD	Housing Authority	Sewer and Storm Drain
<b>REVENUES</b>				
Taxes	\$ 22,816,539	\$ -	\$ -	\$ -
Licenses and Permits	1,597,853	-	-	-
Intergovernmental Revenues	4,944,954	-	-	-
Charges for Services	2,126,625	444,115	-	2,834,031
Fines and Forfeitures	404,223	-	-	-
Investment Income	34,657	-	4	6,402
Miscellaneous	196,056	-	-	-
<b>Total Revenues</b>	<b>32,120,907</b>	<b>444,115</b>	<b>4</b>	<b>2,840,433</b>
<b>EXPENDITURES</b>				
Current:				
General Government	1,818,838	-	-	-
Public Safety	23,032,664	628,554	-	-
Community Development	3,966,473	-	-	-
Public Works	-	-	-	-
Sanitation	-	-	-	1,753,987
Parks	790,227	-	-	-
Libraries	1,159,262	-	-	-
Capital Outlay	-	-	-	210,194
Debt Service:				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Fiscal - Administrative Charges	-	-	-	-
<b>Total Expenditures</b>	<b>30,767,464</b>	<b>628,554</b>	<b>-</b>	<b>1,964,181</b>
Excess (Deficiency) of Revenues Over Expenditures	1,353,443	(184,439)	4	876,252
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	5,907,359	395,004	-	-
Transfers Out	(713,018)	-	-	(309,996)
Transfer to Successor Agency Fiduciary Fund	(2,208,772)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,985,569</b>	<b>395,004</b>	<b>-</b>	<b>(309,996)</b>
<b>Special Items</b>	-	-	-	-
<b>Extraordinary Items</b>				
RDA Dissolution	-	-	-	-
Settlement Agreement	-	-	-	-
<b>Total Special and Extraordinary Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>4,339,012</b>	<b>210,565</b>	<b>4</b>	<b>566,256</b>
Fund Balances, Beginning	17,699,402	(1,311,740)	1,483,787	3,112,959
Fund Balances, Ending	\$ 22,038,414	\$ (1,101,175)	\$ 1,483,791	\$ 3,679,215

The accompanying notes are an integral part of this statement.

Governmental Funds	Total Governmental Funds	
	2013	2012
\$ 1,448,453	\$ 24,264,992	\$ 22,502,188
-	1,597,853	1,536,373
4,377,466	9,322,420	11,112,709
4,103,813	9,508,584	9,924,042
-	404,223	510,680
90,437	131,500	571,822
141,170	337,226	467,631
<u>10,161,339</u>	<u>45,566,798</u>	<u>46,625,445</u>
129,976	1,948,814	1,983,052
305,560	23,966,778	24,610,325
1,097,294	5,063,767	4,616,981
4,918,892	4,918,892	5,500,699
-	1,753,987	1,784,917
-	790,227	646,523
88,501	1,247,763	1,440,695
5,824,884	6,035,078	3,900,148
-	-	405,000
-	-	342,103
-	-	3,250
<u>12,365,107</u>	<u>45,725,306</u>	<u>45,233,693</u>
<u>(2,203,768)</u>	<u>(158,508)</u>	<u>1,391,752</u>
630,410	6,932,773	6,696,078
(81,004)	(1,104,018)	(8,976,682)
-	(2,208,772)	-
<u>549,406</u>	<u>3,619,983</u>	<u>(2,280,604)</u>
-	-	12,500,000
-	-	(14,793,812)
-	-	(1,186,659)
-	-	(3,480,471)
<u>(1,654,362)</u>	<u>3,461,475</u>	<u>(4,369,323)</u>
<u>35,004,266</u>	<u>55,988,674</u>	<u>60,357,997</u>
<u>\$ 33,349,904</u>	<u>\$ 59,450,149</u>	<u>\$ 55,988,674</u>

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**City of Hemet**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$	3,461,475
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as an expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(5,943,254)
The net effect of various miscellaneous transactions involving capital assets (i.e., retirement) is to decrease net position.		(286,846)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(225,834)
Compensated absences and other post employment benefit expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the funds.		(907,423)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.		(630,504)
		(630,504)
Change in Net Position of Governmental Activities	\$	(4,532,386)

The accompanying notes are an integral part of this statement.

**City of Hemet**  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2013

	<b>Business-type Activities - Enterprise Funds</b>			
	Refuse	Water	Totals	
			2013	2012
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ -	\$ 8,792,797	\$ 8,792,797	\$ 14,576,750
Receivables:				
Accounts	-	1,566,194	1,566,194	1,575,083
Due from Other Funds	-	-	-	-
Due from Fiduciary Funds	-	-	-	-
Prepaid Assets	-	5,399	5,399	5,399
Due from Other Governmental Agencies	-	78,920	78,920	123,125
Inventories	-	-	-	-
Total Current Assets	-	10,443,310	10,443,310	16,280,357
Noncurrent Assets:				
Construction in Progress	-	-	-	-
Capital Assets	-	31,832,172	31,832,172	31,230,693
Less: Accumulated Depreciation	-	(27,579,871)	(27,579,871)	(27,251,097)
Total Noncurrent Assets	-	4,252,301	4,252,301	3,979,596
Total Assets	-	14,695,611	14,695,611	20,259,953
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	-	952,987	952,987	220,901
Accrued Salaries and Benefits	-	19,882	19,882	23,441
Accrued Liabilities	-	5,399	5,399	5,399
Interest Payable	-	201,328	201,328	186,181
Deposits	-	1,560,473	1,560,473	1,518,767
Due to Other Funds	-	-	-	-
Compensated Absences Payable	-	138,133	138,133	146,190
Claims and Judgments Payable	-	-	-	-
Capital Leases	-	138,151	138,151	147,499
Total Current Liabilities	-	3,016,353	3,016,353	2,248,378
Noncurrent Liabilities:				
Compensated Absences Payable	-	6,569	6,569	8,422
Capital Leases	-	-	-	138,152
Total Noncurrent Liabilities	-	6,569	6,569	146,574
Total Liabilities	-	3,022,922	3,022,922	2,394,952
<b>NET POSITION</b>				
Net Investment in Capital Assets	-	4,114,150	4,114,150	3,693,945
Unrestricted	-	7,558,539	7,558,539	14,171,056
Total Net Position	\$ -	\$ 11,672,689	\$ 11,672,689	\$ 17,865,001

The accompanying notes are an integral part of this statement.

**Governmental  
Activities -  
Internal Service**

2013	2012
\$ 6,922,836	\$ 5,926,400
1,895	1,601,380
-	812,687
-	347,736
-	-
-	-
161,068	171,293
<u>7,085,799</u>	<u>8,859,496</u>
509,466	-
4,406,058	4,136,108
<u>(3,823,263)</u>	<u>(3,714,328)</u>
1,092,261	421,780
<u>8,178,060</u>	<u>9,281,276</u>
344,702	408,682
24,589	17,449
-	-
-	-
-	-
-	812,687
-	-
583,466	523,367
-	-
<u>952,757</u>	<u>1,762,185</u>
-	-
-	-
-	-
<u>952,757</u>	<u>1,762,185</u>
1,092,261	421,780
<u>6,133,042</u>	<u>7,097,311</u>
<u>\$ 7,225,303</u>	<u>\$ 7,519,091</u>

**City of Hemet**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
Year Ended June 30, 2013

	<b>Business-Type Activities - Enterprise Funds</b>			
	Refuse	Water	Totals	
			2013	2012
<b>OPERATING REVENUES</b>				
Charges for Sales and Services	\$ 117,404	\$ 7,549,037	\$ 7,666,441	\$ 11,927,801
Total Operating Revenue	117,404	7,549,037	7,666,441	11,927,801
<b>OPERATING EXPENSES</b>				
Personal Services	213,407	2,311,256	2,524,663	3,463,527
Parts and Supplies	21,902	204,093	225,995	392,196
Maintenance	-	1,655,226	1,655,226	3,507,746
Utilities	773	430,007	430,780	470,898
Water Purchases	-	46,206	46,206	95,793
Contracts, Rents and Leases	7,344	1,153,503	1,160,847	890,744
Insurance	-	139,500	139,500	194,400
Claims and Judgments	-	-	-	-
General Office	-	402,000	402,000	474,080
Enterprise Assessments	23,100	2,187,804	2,210,904	3,049,634
Depreciation	9,374	379,071	388,445	1,358,582
Total Operating Expenses	275,900	8,908,666	9,184,566	13,897,600
Operating Income (Loss)	(158,496)	(1,359,629)	(1,518,125)	(1,969,799)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Gain/(Loss) on Sale of Capital Assets	(25,673)	-	(25,673)	1,830,042
Investment Income	9,149	3,255	12,404	183,020
Interest Expense	-	(9,215)	(9,215)	(42,210)
Miscellaneous	-	58,651	58,651	69,591
Total Nonoperating Revenues (Expenses)	(16,524)	52,691	36,167	2,040,443
Income (Loss) Before Transfers and Capital Contributions	(175,020)	(1,306,938)	(1,481,958)	70,644
Capital Contributions	-	266,001	266,001	-
Transfers In	-	81,004	81,004	2,280,604
Transfers Out	(5,057,359)	-	(5,057,359)	(95,489)
Change in Net Position	(5,232,379)	(959,933)	(6,192,312)	2,255,759
Total Net Position, Beginning	5,232,379	12,632,622	17,865,001	15,609,242
Prior Period Adjustment	-	-	-	-
Total Net Position, Ending	\$ -	\$ 11,672,689	\$ 11,672,689	\$ 17,865,001

The accompanying notes are an integral part of this statement.

**Governmental  
Activities -  
Internal Service**

2013	2012
\$ 11,179,949	\$ 14,629,400
<u>11,179,949</u>	<u>14,629,400</u>
3,680,705	4,712,250
451,148	304,437
1,021,918	1,316,675
538,281	558,939
-	-
262,584	293,528
1,900,195	1,504,277
3,212,092	3,930,701
-	1,165
-	-
108,935	66,449
<u>11,175,858</u>	<u>12,688,421</u>
<u>4,091</u>	<u>1,940,979</u>
-	-
-	-
106,834	323,057
<u>106,834</u>	<u>323,057</u>
110,925	2,264,036
110,971	568,202
11,180	95,489
(863,580)	-
<u>(630,504)</u>	<u>2,927,727</u>
7,519,091	4,591,364
336,716	-
<u>\$ 7,225,303</u>	<u>\$ 7,519,091</u>

**City of Hemet**  
**Statement of Cash Flows**  
**Proprietary Funds**  
Year Ended June 30, 2013

	<b>Business-type Activities - Enterprise Funds</b>			
	Refuse	Water	Totals	
			2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 106,138	\$ 7,690,282	\$ 7,796,420	\$ 13,040,996
Payments to Suppliers for Goods and Services	(53,479)	(2,866,318)	(2,919,797)	(6,169,916)
Payments for Interfund Services Used	(23,100)	(2,589,804)	(2,612,904)	(3,049,634)
Payments to Employees for Services	(249,015)	(2,287,827)	(2,536,842)	(3,666,527)
Net Cash Provided (Used) by Operating Activities	(219,456)	(53,667)	(273,123)	154,919
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash Received From Other Funds	-	81,004	81,004	7,277,177
Cash Paid to Other Funds	(5,026,701)	-	(5,026,701)	-
Cash Received from Fiduciary Funds	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(5,026,701)	81,004	(4,945,697)	7,277,177
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	-	(420,822)	(420,822)	(149,240)
Capital Contributions	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	2,672,513
Principal Paid on Capital Debt	-	(147,500)	(147,500)	(1,217,001)
Interest Paid on Capital Debt	-	(9,215)	(9,215)	(72,089)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(577,537)	(577,537)	1,234,183
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Income Received	9,149	3,255	12,404	183,020
Net Cash Provided (Used) by Investing Activities	9,149	3,255	12,404	183,020
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(5,237,008)	(546,945)	(5,783,953)	8,849,299
Cash and Cash Equivalents - Beginning of the Year	5,237,008	9,339,742	14,576,750	5,727,451
Cash and Cash Equivalents - End of the Year	<u>\$ -</u>	<u>\$ 8,792,797</u>	<u>\$ 8,792,797</u>	<u>\$ 14,576,750</u>

The accompanying notes are an integral part of this statement.

**Governmental  
Activities -  
Internal Service**

2013	2012
\$ 12,886,268	\$ 13,356,591
(7,379,874)	(9,408,636)
-	-
<u>(3,673,565)</u>	<u>(4,789,323)</u>
<u>1,832,829</u>	<u>(841,368)</u>
-	-
(852,400)	-
<u>347,736</u>	<u>(347,736)</u>
<u>(504,664)</u>	<u>(347,736)</u>
(365,787)	(250,837)
34,058	568,202
-	-
-	-
<u>(331,729)</u>	<u>317,365</u>
-	-
-	-
996,436	(871,739)
<u>5,926,400</u>	<u>6,798,139</u>
<u>\$ 6,922,836</u>	<u>\$ 5,926,400</u>

Continued

**City of Hemet**  
**Statement of Cash Flows**  
**Proprietary Funds - Continued**  
Year Ended June 30, 2013

	<b>Business-Type Activities - Enterprise Funds</b>			
	Refuse	Water	Totals	
			2013	2012
<b>Reconciliation of Operating Income (Loss) to</b>				
<b>Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (158,496)	\$ (1,359,629)	\$ (1,518,125)	\$ (1,969,799)
Adjustments to Reconcile Operating Income to				
Net Cash Provided by Operating Activities:				
Depreciation	9,374	379,071	388,445	1,358,582
Miscellaneous Nonoperating Revenues (Expenses)	-	58,651	58,651	69,591
(Increase) Decrease in Accounts Receivable	10,408	(18,464)	(8,056)	1,218,952
(Increase) Decrease in Inventories	-	-	-	-
(Increase) Decrease in Due from Other Governments	(21,674)	44,205	22,531	29,350
Increase (Decrease) in Accounts Payable	(23,460)	762,217	738,757	(144,059)
Increase (Decrease) in Accrued Payroll	(1,576)	(693)	(2,269)	(68,172)
Increase (Decrease) in Claims and Judgments Payable	-	-	-	-
Increase (Decrease) in Deposits Payable	-	56,853	56,853	(204,698)
Increase (Decrease) in Compensated Absences Payable	(34,032)	24,122	(9,910)	(134,828)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ (219,456)</b>	<b>\$ (53,667)</b>	<b>\$ (273,123)</b>	<b>\$ 154,919</b>
<b>NON-CASH CAPITAL AND RELATED</b>				
<b>FINANCING ACTIVITIES</b>				
Contributions of Capital Assets	\$	\$ 266,001	\$ 266,001	\$

The accompanying notes are an integral part of this statement.

**Governmental  
Activities -  
Internal Service**

	2013	2012
\$	4,091	\$ 1,940,979
	108,935	66,449
	106,834	323,057
	1,599,485	(1,595,866)
	10,225	(90,267)
	-	0
	(63,980)	(45,002)
	7,140	(77,073)
	60,099	(1,363,645)
	-	-
	-	-
	<u>\$ 1,832,829</u>	<u>\$ (841,368)</u>

\$ 76,913 \$

**City of Hemet**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
June 30, 2013

	Agency Funds	Successor Agency Private-purpose Trust Fund
<b>ASSETS</b>		
Cash and Investments	\$ 37,908	\$ 238,103
Receivables:		
Accounts	27,527	-
Notes	-	168,309
Land Held for Resale	-	2,208,773
Restricted Assets:		
Cash and Investments with Fiscal Agents	3,617,228	1,120,760
Total Assets	3,682,663	3,735,945
<b>LIABILITIES</b>		
Accounts Payable	\$ 590,379	1,013
Accrued Liabilities	-	278
Deposits Payable	3,092,284	-
Interest Payable	-	186,447
Due to City of Hemet	-	103,773
Bonds Payable	-	13,265,000
Total Liabilities	\$ 3,682,663	13,556,511
<b>NET POSITION</b>		
Net Position (Deficit) Held in Trust for Successor Agency		\$ (9,820,566)

The accompanying notes are an integral part of this statement.

**City of Hemet**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
Year Ended June 30, 2013

	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS</b>	
Taxes	\$ 1,283,120
Transfer from City of Hemet	2,208,773
Total Additions	3,491,893
<b>DEDUCTIONS</b>	
Administrative Costs	13,708,771
Interest on Bonds	643,214
Total Deductions	14,351,985
Change in Net Position	(10,860,092)
Net Position - Beginning of Year	1,039,526
Net Position - End of Year	\$ (9,820,566)

The accompanying notes are an integral part of this statement.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Hemet, California 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.

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

**A) Description of Reporting Entity**

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

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

**Hemet Housing Authority**

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

**B) Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment.

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

Amounts classified as "franchise and other taxes" are gross receipts based taxes and do not represent exchange-like transactions. Amounts classified as "motor vehicle in-lieu taxes" are general state revenues shared with local municipalities as "back fill" for the loss of state taxes on vehicle ownership.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

Governmental Accounting Standards Board Statement No. 68

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

**D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. Agency funds use the accrual basis of accounting, but do not have a measurement focus.

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.

Public Safety CFD

This fund accounts for the financial transactions of the Public Safety CFD voted in by the citizens of those specific areas.

Housing Authority

This fund accounts for the financial transactions of the Hemet Housing Authority as established by the City Council.

Sewer and Storm Drain

This fund accounts for the financial transactions of a 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.

The City reports the following major enterprise funds:

Refuse

This fund accounts for the financial transactions of the City's refuse and recycling collection service for both residential and commercial areas.

Water

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

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The City also reports the following fund types:

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.

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 the Police Activities League, pass thru fees collected for the County, payroll deposits, and a developer CFD.

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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are rental payments and other charges between the government's water and refuse function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the refuse and water enterprise funds, and the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**E) Cash and Investments**

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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.

**F) Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). 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.

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.

**G) 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.

**H) Inventory 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 an expenditure at the time the individual inventory items are consumed.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**I) Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest were costs 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

**J) Compensated Absences**

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

**K) Claims and Judgments**

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

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**L) Long-Term Obligations**

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

**M) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, long-term loans receivable, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**N) Net Position**

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

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

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

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

**O) Net Position Flow Assumption**

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.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position.

**P) Fund Balances**

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the City Council by ordinance or resolution to formally commit part of the City's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal City Council action utilizing the same type of action that was originally used.

The City's committed fund balance includes:

- **General Fund Emergency Operating Contingency:**  
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 10% of General Fund budgeted expenditures.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Use of these funds is allowable only when the following have been met: (a) the City Council has declared the existence of either an emergency or fiscal emergency; and (b) the use of the committed fund balance has been approved by four-fifths vote of the membership of the City Council.

- **Economic Stabilization Reserve:**  
Fund balance in the General Fund has also been committed by ordinance for an economic stabilization reserve equal to at least 15% of General Fund budgeted expenditures. The specified purpose of the reserve is stabilizing the delivery of city services during periods of operating deficits resulting from deferral of federal, state, or county remittance and which may also be used as a short-term bridge from unexpected and drastic downturns in the economy.

Use of these funds is allowable only when the following have been met: (a) conditions as described above arise; and (b) when the City Council, upon four-fifths vote of its membership has approved the use of the funds.

Assigned Fund Balance - Amounts that are constrained by the Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

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, Special Revenue, and Capital Project 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.

**Q) Property Tax Calendar**

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

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

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

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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".

**R) Forgivable Notes**

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

**S) Comparative Data/Reclassifications**

Comparative total data for the prior year have been presented in order to provide an understanding of changes in the financial position and operations of the funds. However, the summarized prior year data does not represent a complete presentation in accordance with generally accepted accounting principles.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current years' presentation.

**T) Use of Estimates**

The presentation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**2) CASH AND INVESTMENTS**

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 69,710,904
Fiduciary Funds:	
Cash and Investments	276,011
Cash and investments with Fiscal Agent	<u>4,737,988</u>
Total Cash and Investments	<u>\$ 74,724,903</u>

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**2) CASH AND INVESTMENTS - Continued**

Cash and Investments consist of the following:

Cash on Hand	\$	12,124
Deposits with Financial Institutions		19,653
Investments		<u>74,693,126</u>
Total Cash and Investments		<u>\$ 74,724,903</u>

**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 Investment In One Issuer*
U.S. Treasury Obligations	2 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	30 days	40%	30%
Commercial Paper	180 days	15%	10%
Negotiable Certificates of Deposit	2 years	10%	None
Repurchase Agreements	30 days	10%	None
Medium-Term Notes	2 years	20%	5%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	90%	None

\*Based on state law requirements or investment policy requirements, whichever is more restrictive.

**Investments Authorized by Debt Agreements**

Investment 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.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**2) CASH AND INVESTMENTS - Continued**

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
State Obligations	None	None	None
Pre-refunded 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

**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:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal Agency Securities	\$ 8,335,132	\$ -	\$ -	\$ 8,335,132	\$ -
State Investment Pool (LAIF)	35,124,402	35,124,402	-	-	-
Local Government Obligations	3,251,639	140,303	-	3,111,336	-
Negotiable Certificate of Deposits	6,745,862	742,000	1,246,492	4,757,370	-
Corporate Bonds	973,275	-	-	973,275	-
Money Market Funds	15,564,964	15,564,964	-	-	-
Held by Fiscal Agent:					
Money Market Funds	4,697,852	4,697,852	-	-	-
<b>Total</b>	<b><u>\$74,693,126</u></b>	<b><u>\$56,269,521</u></b>	<b><u>\$1,246,492</u></b>	<b><u>\$17,177,113</u></b>	<b><u>\$ -</u></b>

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**2) CASH AND INVESTMENTS - Continued**

**Disclosures Relating to Credit Risk**

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

Investment Type	Total	Minimum Legal Rating	Rating as of Year End				
			AAA	AA	A	Not Rated	SP-1
Federal Agency Securities	\$ 8,335,132	N/A	\$ -	\$ 8,335,132	\$ -	\$ -	\$ -
State Investment Pool - LAIF	35,124,402	N/A	-	-	-	35,124,402	-
Local Government Obligations	3,251,639	N/A	-	1,025,577	140,302	-	2,085,760
Negotiable Certificate of Deposits	6,745,862	N/A	-	-	-	6,745,862	-
Corporate Bonds	973,275	A	973,275	-	-	-	-
Money Market Funds	15,564,964	AAA	15,564,964	-	-	-	-
Held by Fiscal Agent: Money Market Funds	4,697,852	AAA	4,697,852	-	-	-	-
<b>Total</b>	<b>\$ 74,693,126</b>		<b>\$ 21,236,091</b>	<b>\$ 9,360,709</b>	<b>\$ 140,302</b>	<b>\$ 41,870,264</b>	<b>\$ 2,085,760</b>

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City's investment in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are its federal agency securities investments in Fannie Mae and Federal Home Loan Bank.

**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, 2013, 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.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**2) CASH AND INVESTMENTS - Continued**

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

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated.

**3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The following represents the composition of interfund balances as of June 30, 2013:

**A) Due To / From Other Funds**

		DUE FROM			
		General Fund	Public Safety CFD	Other Governmental Funds	Total
	DUE TO   Other Governmental Funds	\$ 107,031	\$ 100,525	\$ 260,278	\$ 467,834
	Total	\$ 107,031	\$ 100,525	\$ 260,278	\$ 467,834

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

**B) Advances To / From Other Funds**

		ADVANCES FROM		
		General Fund	Other Governmental Funds	Total
	ADVANCES TO   Public Safety CFD	\$ 1,000,000	\$ -	\$ 1,000,000
	Other Governmental Funds	-	354,137	354,137
	Total	\$ 1,000,000	\$ 354,137	\$ 1,354,137

The General Fund has advanced \$1,000,000 to the Public Safety CFD for new facilities. The Flood Control Facilities Fund has advanced \$354,137 to the Fire Facilities Fund for facility improvements.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued**

**C) Interfund Transfers**

TRANSFERS IN	TRANSFERS OUT					Total
	General Fund	Sewer and Storm Drains	Other Governmental Funds	Refuse	Internal Service Funds	
General Fund	\$ -	\$ -	\$ -	\$ 5,057,359	\$ 850,000	\$ 5,907,359
Public Safety CFD	395,004	-	-	-	-	395,004
Other Governmental Funds	318,014	309,996	-	-	2,400	630,410
Water Fund	-	-	81,004	-	-	81,004
Internal Service Funds	-	-	-	-	11,180	11,180
<b>Total</b>	<b>\$ 713,018</b>	<b>\$ 309,996</b>	<b>\$ 81,004</b>	<b>\$ 5,057,359</b>	<b>\$ 863,580</b>	<b>\$ 7,024,957</b>

During the year, interfund transfers were made for purposes of financing administrative costs, capital improvements, repayment of debt, and to close out the operations of the Refuse Fund. Specifically, the following transfers were made:

The General Fund transferred \$395,004 to the Public Safety CFD Special Revenue Fund to cover operating deficits and \$318,014 to the Other Governmental Funds to pay for various projects. The Sewer and Storm Drain Fund transferred \$309,996 to the Other Governmental Funds to pay for various projects. In addition, the Other Governmental Funds transferred \$81,004 to the Water Fund to pay for a water project. The Governmental Activities Internal Service Fund transferred \$850,000 to the General Fund to pay for administrative costs. The Refuse Fund transferred the residual balance of the fund to the General Fund as part of the close out process. The Refuse services were outsourced by the City in the 2011-12 fiscal year.

**Transfer to Fiduciary Fund**

The General Fund, pursuant to a review by the California State Controller's Office, transferred land held for resale with a purchase cost of \$2,208,772 to the Fiduciary Fund (Successor Agency to the Hemet Redevelopment Agency).

**4) NOTES RECEIVABLE**

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 in the governmental funds balance sheet. At June 30, 2013 the outstanding balance of notes receivable totaled \$11,641,957. The balance on the loans that will be forgiven by the City, assuming all requirements are met was \$5,142,252, and is considered uncollectible. The balance of loans receivable is recorded net of the uncollectible amount in the Statement of Net Position and the Governmental Funds Balance Sheet.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**5) CHANGES IN CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land and Improvements	\$ 11,839,690	\$ -	\$ -	\$ 11,839,690
Rights of Way	189,673,274	416,282	-	190,089,556
CIP - Infrastructure	456,899	570,797	(267,629)	760,067
<b>Total Capital Assets, Not Being Depreciated</b>	<b>201,969,863</b>	<b>987,079</b>	<b>(267,629)</b>	<b>202,689,313</b>
Capital Assets Being Depreciated:				
Buildings and Improvements	25,997,424	-	-	25,997,424
Buildings and Improvements - ISF	75,899	-	-	75,899
Machinery and Equipment	30,706,639	910,769	-	31,617,408
Machinery and Equipment - ISF	4,060,209	269,950	-	4,330,159
Infrastructure				
Pavement	151,652,542	89,787	(16,540)	151,725,789
Medians	163,384	-	-	163,384
Sidewalks	16,719,034	73,608	(3,091)	16,789,551
Curb and Gutter	16,289,411	33,788	(1,485)	16,321,714
Traffic Signal	6,006,034	-	-	6,006,034
Street Lights	3,858,830	-	-	3,858,830
Bridges	4,326,295	-	-	4,326,295
Street Trees	508,885	-	-	508,885
Storm Drain/Retention Basins	11,355,227	-	-	11,355,227
<b>Total Capital Assets Being Depreciated</b>	<b>271,719,813</b>	<b>1,377,902</b>	<b>(21,116)</b>	<b>273,076,599</b>
Less Accumulated Depreciation:				
Buildings and Improvements	(9,809,144)	(629,428)	-	(10,438,572)
Buildings and Improvements - ISF	(65,422)	(1,592)	-	(67,014)
Machinery and Equipment	(27,509,192)	(930,050)	-	(28,439,242)
Machinery and Equipment - ISF	(3,648,906)	(107,343)	-	(3,756,249)
Infrastructure				
Pavement	(86,363,795)	(4,955,067)	-	(91,318,862)
Medians	(35,399)	(5,446)	-	(40,845)
Sidewalks	(3,364,773)	(223,370)	1,296	(3,586,847)
Curb and Gutter	(3,010,926)	(217,398)	603	(3,227,721)
Traffic Signal	(3,227,226)	(191,612)	-	(3,418,838)
Street Lights	(1,760,669)	(155,597)	-	(1,916,266)
Bridges	(782,919)	(57,684)	-	(840,603)
Street Trees	-	-	-	-
Storm Drain/Retention Basins	(1,587,867)	(163,167)	-	(1,751,034)
<b>Total Accumulated Depreciation</b>	<b>(141,166,238)</b>	<b>(7,637,754)*</b>	<b>1,899</b>	<b>(148,802,093)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>130,553,575</b>	<b>(6,259,852)</b>	<b>(19,217)</b>	<b>124,274,506</b>
<b>Governmental Activities - Capital Assets, Net</b>	<b>\$ 332,523,438</b>	<b>\$ (5,272,773)</b>	<b>\$ (286,846)</b>	<b>\$ 326,963,819</b>

\*Includes \$59,671 in accumulated depreciation transferred from the Refuse Fund.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**5) CHANGES IN CAPITAL ASSETS - Continued**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 32,975	\$ -	\$ -	\$ 32,975
Total Capital Assets, Not Being Depreciated	<u>32,975</u>	<u>-</u>	<u>-</u>	<u>32,975</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	27,688,409	-	-	27,688,409
Machinery and Equipment	<u>3,509,309</u>	<u>686,823</u>	<u>(85,344)</u>	<u>4,110,788</u>
Total Capital Assets Being Depreciated	<u>31,197,718</u>	<u>686,823</u>	<u>(85,344)</u>	<u>31,799,197</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(24,201,090)	(37,126)	-	(24,238,216)
Machinery and Equipment	<u>(3,050,007)</u>	<u>(351,319)</u>	<u>59,671</u>	<u>(3,341,655)</u>
Total Accumulated Depreciation	<u>(27,251,097)</u>	<u>(388,445)</u>	<u>59,671</u>	<u>(27,579,871)</u>
Total Capital Assets Being Depreciated, Net	<u>3,946,621</u>	<u>298,378</u>	<u>(25,673)</u>	<u>4,219,326</u>
Business-type Activities Capital Assets, Net	<u>\$ 3,979,596</u>	<u>\$ 298,378</u>	<u>\$ (25,673)</u>	<u>\$ 4,252,301</u>

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

Governmental Activities:	
General Government	\$ 52,768
Public Safety	731,033
Public Works	6,333,546
Libraries	351,801
Internal Service	<u>108,935</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 7,578,083</u>
Business-type Activities:	
Refuse	\$ 9,374
Water	<u>379,071</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 388,445</u>

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**6) LONG-TERM LIABILITIES**

**A) Compensated Absences**

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

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

The liability for compensated absences will be funded when required, from future City operations. Accrued vacation, sick leave, and compensatory leave time at June 30, 2013 is as follows:

<b>Governmental Activities</b>	Total
The noncurrent portion of the governmental funds liability for accumulated vacation, sick leave and compensatory leave time is being reported on the statement of net assets.	
Liabilities for compensated absences are typically liquidated by the General Fund.	\$ 2,572,874
<b>Business-type Activities</b>	
The noncurrent portion of the proprietary funds' liability for accumulated vacation, sick leave and compensatory leave time accrual is being reported in the respective proprietary fund.	
Liabilities for compensated absences are liquidated from the Water and Refuse funds.	144,702
	\$ 2,717,576

**B) Capital Leases**

Water Equipment \$1,088,999. Effective May 10, 2007 the City entered into a Master Lease Agreement with Suntrust Leasing Corporation for the purpose of purchasing approximately 5,580 radio-read water meters. The term of the lease is 7 years at an interest rate of 3.75% with payments due quarterly from the Water Fund. The outstanding balance of this lease at June 30, 2013 is \$138,151. The cost of the capitalized assets and accumulated depreciation at June 30, 2013 is \$978,593 and \$978,583, respectively.

The following is a summary of principal and interest payments due on all capital leases:

Fiscal Year Ending June 30,	Lease Schedule Water	
	Principal	Interest
2014	\$ 138,151	\$ 3,605
Total	\$ 138,151	\$ 3,605

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**6) LONG-TERM LIABILITIES - Continued**

**C) Summary of Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year	Remaining Years
<b>Governmental Activities:</b>						
Compensated Absences	\$2,416,451	\$2,307,595	\$2,151,172	\$2,572,874	\$2,444,230	\$ 128,644
Claims Payable	523,367	748,592	688,493	583,466	583,466	-
OPEB	6,774,000	3,864,000	3,113,000	7,525,000	-	7,525,000
<b>Total Governmental Activity</b>						
Long-term Liabilities	<u>\$9,713,818</u>	<u>\$6,920,187</u>	<u>\$5,952,665</u>	<u>\$10,681,340</u>	<u>\$3,027,696</u>	<u>\$7,653,644</u>
<b>Business-type Activities</b>						
Compensated Absences	\$ 154,612	\$ 24,123	\$ 34,033	\$ 144,702	\$ 138,133	\$ 6,569
Capital Leases	285,651	-	147,500	138,151	138,151	-
<b>Total Business-type Activity</b>						
Long-term Liabilities	<u>\$ 440,263</u>	<u>\$ 24,123</u>	<u>\$ 181,533</u>	<u>\$ 282,853</u>	<u>\$ 276,284</u>	<u>\$ 6,569</u>

**D) No Commitment Debt**

**Apartment Development and Multi-Family Housing Revenue Bonds**

In 1992 and 1999, the City issued apartment development and multi-family housing revenue bonds; the funds of which are maintained by bank trustees. These private activity bonds are not obligations of the City, and as such are not included in these financial statements. The outstanding balance on these bonds at June 30, 2013 is \$21,050,000.

**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, 2013 is \$11,640,000.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**6) LONG-TERM LIABILITIES - Continued**

**E) Fiduciary Fund Long-term Debt**

**Bonds Payable**

Subordinate Tax Allocation Bonds 1999 Series A - \$9,510,000 Hemet Redevelopment Agency Tax Allocation Bonds with interest from 4.00% to 4.75% due in annual installments of \$190,000 to \$600,000 through September 15, 2028. The bonds are payable from tax revenues. The purpose of this debt issue was the construction of the Public Library. The reserve requirement is being met by having funds held at the fiscal agent in a reserve fund. The outstanding balance as of June 30, 2013 is \$6,915,000.

Tax Allocation Bonds 2002 Series A - \$7,500,000 Hemet Redevelopment Agency Tax Allocation Bonds with interest from 3.50% to 4.20% due in annual installments of \$150,000 to \$1,050,000 through September 15, 2031. The bonds are payable from tax revenues on a parity with the Agency's pledge of such tax revenues to payment of principal and interest on the \$9,510,000 - 1999 Subordinate Tax Allocation Bonds. The purpose of this debt issue was the construction of the Public Library and completion of Fire Station Four. The reserve requirement is being met by having funds held at the fiscal agent in a reserve fund. The outstanding balance as of June 30, 2013 is \$6,350,000.

A summary of principal and interest payments due on all bonds follows:

Fiscal Year Ending June 30,	1999 Subordinate Tax Allocation Bonds		2002 Tax Allocation Bond Series A	
	Principal	Interest	Principal	Interest
2014	\$ 300,000	\$ 322,278	\$ 145,000	\$ 316,970
2015	315,000	308,515	150,000	310,700
2016	325,000	294,034	150,000	304,100
2017	340,000	278,820	165,000	296,909
2018	355,000	262,391	170,000	289,056
2019	375,000	244,689	180,000	280,631
2020	395,000	226,016	190,000	271,494
2021	410,000	206,444	195,000	261,869
2022	430,000	185,969	210,000	251,744
2023	455,000	164,397	220,000	240,994
2024	475,000	141,728	230,000	229,744
2025	500,000	118,275	245,000	217,716
2026	520,000	94,050	255,000	204,903
2027	545,000	68,756	270,000	191,450
2028	575,000	42,156	285,000	177,228
2029	600,000	14,250	295,000	162,366
2030	-	-	950,000	130,463
2031	-	-	995,000	80,622
2032	-	-	1,050,000	27,563
<b>Total</b>	<b>\$ 6,915,000</b>	<b>\$ 2,972,768</b>	<b>\$ 6,350,000</b>	<b>\$ 4,246,522</b>

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**6) LONG-TERM LIABILITIES - Continued**

The following is a schedule of changes in long-term debt of the Successor Agency for the fiscal year ended June 30, 2013.

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year	Remaining Years
Bonds Payable:						
1999 Subordinate Tax Allocation Bonds	\$7,200,000	\$ -	\$ 285,000	\$ 6,915,000	\$ 300,000	\$ 6,615,000
2002A Tax Allocation Bonds	6,485,000	-	135,000	6,350,000	145,000	6,205,000
 Total	 \$13,685,000	 \$ -	 \$ 420,000	 \$13,265,000	 \$ 445,000	 \$12,820,000

**7) CLAIMS AND JUDGMENTS**

**A) Risk Management and Self Insurance Programs**

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

Type	Limits	Deductible
Property	\$600,000,000 All risk and flood (portions of limits are shared)	\$5,000 All risk \$10,000 Vehicles and mobile equipment \$100,000 Busses
Boiler and Machinery	\$100,000,000	\$5,000
Excess Liability	\$10,000,000 per occurrence	\$250,000 SIR per occurrence except \$500,000 SIR per occurrence - unfair Employment practices
Crime	\$1,000,000	\$2,500
Primary Workers' Comp	\$125,000	None
Excess Workers' Comp	\$5,000,000 Pooled layer \$295,000,000 Excess of \$5,000,000	\$125,000 SIR

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

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**7) CLAIMS AND JUDGMENTS - Continued**

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

<u>Insurance Type</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claim Payments</u>	<u>Ending Balance</u>	<u>Current Portion</u>
2011 - 2012 Total	\$ 1,887,012	\$ 1,053,962	\$ (2,417,607)	\$ 523,367	\$ 523,367
2012 - 2013					
Dental - Vision	\$ 43,256	\$ 354,900	\$ (346,881)	\$ 51,275	\$ 51,275
Workers' Comp	49,619	27,495	(25,069)	52,045	52,045
Liability	430,492	366,197	(316,543)	480,146	480,146
2012 - 2013 Total	\$ 523,367	\$ 748,592	\$ (688,493)	\$ 583,466	\$ 583,466

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.

**B) Contingencies**

As of June 30, 2013 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 in accordance with GASB Statement No. 10.

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) Commitments**

Construction Commitments

The estimated amount of remaining construction contract obligations at year-end is \$303,800.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**8) FUND BALANCES/NET POSITION**

**Deficit Fund Balances/Net Position**

As of June 30, 2013 the following non-major funds reported deficits in their respective fund balances or net position:

	Fund Balances
Special Revenue:	
ISTEA	\$ 25,240
Local Law Enforcement Block Grant	80,180
General Plan	18,567
Totals	\$ 123,987

**Fund Balances**

The details of the fund balances as of June 30, 2013 are presented below:

	General Fund	Public Safety CFD	Housing Authority	Sewer and Storm Drains	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>						
Inventory	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ 300
Prepays	19,631	-	-	-	-	19,631
Advances	1,000,000	-	-	-	354,137	1,354,137
Library Endowment	-	-	-	-	1,000,000	1,000,000
<b>Restricted for:</b>						
Community Benefit	698,270	-	-	-	-	698,270
Low/Mod Housing	-	-	1,483,791	-	-	1,483,791
Public Safety	-	-	-	-	380,270	380,270
Street Work	-	-	-	-	5,180,966	5,180,966
Lighting and Landscaping	-	-	-	-	2,180,173	2,180,173
Housing Grants	-	-	-	-	4,404,252	4,404,252
Sewer Maintenance	-	-	-	3,679,215	-	3,679,215
Development Impact Fees	-	-	-	-	15,458,111	15,458,111
Library Equipment	-	-	-	-	63,973	63,973
<b>Committed to:</b>						
Operating Contingency	3,107,478	-	-	-	-	3,107,478
Economic Stabilization Reserve	4,661,216	-	-	-	-	4,661,216
Various Projects	119,534	-	-	-	-	119,534
<b>Assigned to:</b>						
Equipment Replacement	-	-	-	-	4,452,009	4,452,009
Future Refuse Retirement/OPEB	4,226,697	-	-	-	-	4,226,697
Continuing Appropriations	42,634	-	-	-	-	42,634
<b>Unassigned:</b>	8,162,654	(1,101,175)			(123,987)	6,937,492
<b>Total Fund Balance</b>	<b>\$22,038,414</b>	<b>\$ (1,101,175)</b>	<b>\$1,483,791</b>	<b>\$3,679,215</b>	<b>\$33,349,904</b>	<b>\$59,450,149</b>

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**8) FUND BALANCES/NET POSITION - Continued**

**Prior Period Adjustments**

The prior period adjustment in the Statement of Revenues, Expenses, and Changes in Net Position for the Internal Service Fund of \$336,716 is to capitalize assets that were expensed in the prior year.

The prior period adjustment of (\$184,328) in the Statement of Activities for the Governmental Activities is to record unearned revenue for revenues that were recognized in prior years.

**9) EMPLOYEE BENEFITS**

**A) City Employees Retirement Plan**

Plan Description

The City of Hemet's Employee Retirement Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Retirement Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City of Hemet selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance.

CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 8% (9% for safety employees) of their annual covered salary. The City of Hemet pays 5% of these required contributions on behalf of its employees. The City of Hemet is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012/13 was 20.466% for miscellaneous employees, and 38.088% for safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2012 to June 30, 2013 has been determined by an actuarial valuation of the plan as of June 20, 2010. The contribution rate indicated for the period is 38.088% of payroll for the safety plan and 20.466% of payroll for the miscellaneous plan.

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**9) EMPLOYEE BENEFITS - Continued**

In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2013, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2012 to June 30, 2013.

A summary of principle assumptions and methods used to determine the ARC is shown below:

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Valuation Date	June 30, 2010	June 30, 2010
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	20 Years as of the Valuation Date	20 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market	15 Year Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.75% (net of administration expenses)	7.75% (net of administration expenses)
Projected Salary Increases	3.55% to 14.45% depending on Age, Service, and type of employment	3.55% to 13.15% depending on Age, Service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30-year period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Trend information for City of Hemet Employee Retirement Plan**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 2,371,278	100%	\$ 0
6/30/12	\$ 5,276,227	100%	\$ 0
6/30/13	\$ 5,231,127	100%	\$ 0

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**9) EMPLOYEE BENEFITS - Continued**

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the miscellaneous and safety plans were 80.7% and 74.5% funded, respectively. The combined actuarial accrued liability for benefits was \$208.3 million, and the actuarial value of assets was \$160.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$47.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$20.0 million, and the ratio of the UAAL to the covered payroll was 238%.

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

**B) Post-Employment Benefit Plan**

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 Ogden Benefits Administration. To be eligible for retiree medical benefits, an employee must retire under PERS and enroll in medical benefits through the CalPERS Health Program. The City's plan does not issue a publicly available financial report.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**9) EMPLOYEE BENEFITS - Continued**

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

Annual Required Contribution	\$ 4,185,000
Interest on Net Pension Obligation (Asset)	217,000
Adjustment to Annual Required Contribution	<u>(538,000)</u>
Annual OPEB Cost	3,864,000
Contributions Made	<u>(3,113,000)</u>
Increase (Decrease) in Net Pension Obligation (Asset)	751,000
Net OPEB Obligation (Asset) Beginning of Year	<u>6,774,000</u>
Net OPEB Obligation (Asset) End of Year	<u><u>\$ 7,525,000</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

<u>THREE-YEAR TREND INFORMATION FOR CRHP</u>			
<u>Fiscal Year</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/11	\$ 4,183,000	56.5%	\$ 5,378,000
6/30/12	\$ 4,235,000	67.0%	\$ 6,774,000
6/30/13	\$ 3,864,000	80.5%	\$ 7,525,000

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2013, was as follows (dollar amounts in thousands):

Actuarial Accrued Liability (AAL)	\$ 69,957
Actuarial Value of Plan Assets	\$ 0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 69,957
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 17,002
UAAL as a Percentage of Covered Payroll	411%

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

**City of Hemet**  
**Notes to Financial Statements**  
Year Ended June 30, 2013

**9) EMPLOYEE BENEFITS - Continued**

Actuarial Methods and Assumptions

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

The actual cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.00% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.5% initially in 2014 decreasing to 5% after 7 years, and a dental and vision cost trend rate of 3% per year. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years on a closed basis.

**10) ENDOWMENTS**

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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Hemet**  
**Schedule of Funding Progress**  
Year Ended June 30, 2013

**Schedule of Funding Progress for CalPERS Miscellaneous Plan**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
06/30/09	\$ 65,279,379	\$ 79,547,481	\$ 14,268,102	82.1%	\$ 11,247,507	126.9%
06/30/10	\$ 68,507,380	\$ 83,736,408	\$ 15,229,028	81.8%	\$ 11,562,891	131.7%
06/30/11	\$ 71,874,937	\$ 89,080,919	\$ 17,205,982	80.7%	\$ 10,567,061	162.8%

**Schedule of Funding Progress for CalPERS Safety Plan**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
06/30/09	\$ 79,831,549	\$ 104,594,574	\$ 24,763,025	76.3%	\$ 11,326,087	218.6%
06/30/10	\$ 83,992,069	\$ 110,130,030	\$ 26,137,961	76.3%	\$ 10,604,681	246.5%
06/30/11	\$ 88,776,534	\$ 119,236,919	\$ 30,460,385	74.5%	\$ 9,502,174	320.6%

**Schedule of Funding Progress for OPEB**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
01/01/09	\$ -	\$ 62,415,000	\$ 62,415,000	0%	\$ 22,133,000	282%
01/01/11	\$ -	\$ 70,638,000	\$ 70,638,000	0%	\$ 18,227,000	388%
01/01/13	\$ -	\$ 69,957,000	\$ 69,957,000	0%	\$ 17,002,000	411%

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 19,691,100	\$ 19,731,100	\$ 22,816,539	\$ 3,085,439
Licenses and Permits	1,545,700	1,557,700	1,597,853	40,153
Intergovernmental Revenue	4,755,700	4,715,700	4,944,954	229,254
Charges for Services	2,167,200	2,164,400	2,126,625	(37,775)
Fines and Forfeitures	239,800	339,800	404,223	64,423
Investment Income	232,800	232,800	34,657	(198,143)
Miscellaneous	81,900	81,900	196,056	114,156
<b>Total Revenues</b>	<b>28,714,200</b>	<b>28,823,400</b>	<b>32,120,907</b>	<b>3,297,507</b>
<b>EXPENDITURES</b>				
Current:				
General Government	2,311,600	2,038,392	1,818,838	219,554
Public Safety	22,188,900	22,843,622	23,032,664	(189,042)
Community Development	3,560,100	4,096,683	3,966,473	130,210
Parks	867,700	867,480	790,227	77,253
Libraries	1,220,400	1,228,600	1,159,262	69,338
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>30,148,700</b>	<b>31,074,777</b>	<b>30,767,464</b>	<b>307,313</b>
Excess (Deficiency) of Revenues over Expenditures	(1,434,500)	(2,251,377)	1,353,443	3,604,820
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,650,000	1,650,000	5,907,359	4,257,359
Transfers Out	(415,000)	(415,000)	(713,018)	(298,018)
Transfer to Successor Agency Fiduciary Fund	-	-	(2,208,772)	(2,208,772)
<b>Total Other Financing Sources (Uses)</b>	<b>1,235,000</b>	<b>1,235,000</b>	<b>2,985,569</b>	<b>1,750,569</b>
Net Change in Fund Balances	(199,500)	(1,016,377)	4,339,012	5,355,389
Fund Balance, Beginning of Year	17,699,402	17,699,402	17,699,402	
Fund Balance, End of Year	<u>\$ 17,499,902</u>	<u>\$ 16,683,025</u>	<u>\$ 22,038,414</u>	<u>\$ 5,355,389</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Public Safety CFD Special Revenue Fund**  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 350,000	\$ 350,000	\$ 444,115	\$ 94,115
Investment Income	-	-	-	-
Total Revenues	<u>350,000</u>	<u>350,000</u>	<u>444,115</u>	<u>94,115</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	<u>624,300</u>	<u>624,300</u>	<u>628,554</u>	<u>(4,254)</u>
Total Expenditures	<u>624,300</u>	<u>624,300</u>	<u>628,554</u>	<u>(4,254)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(274,300)</u>	<u>(274,300)</u>	<u>(184,439)</u>	<u>89,861</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>395,000</u>	<u>395,000</u>	<u>395,004</u>	<u>4</u>
Total Other Financing Sources (Uses)	<u>395,000</u>	<u>395,000</u>	<u>395,004</u>	<u>4</u>
Net Change in Fund Balances	120,700	120,700	210,565	89,865
Fund Balance, Beginning of Year	<u>(1,311,740)</u>	<u>(1,311,740)</u>	<u>(1,311,740)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (1,191,040)</u></u>	<u><u>\$ (1,191,040)</u></u>	<u><u>\$ (1,101,175)</u></u>	<u><u>\$ 89,865</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Housing Authority Special Revenue Fund**  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	4	4
Total Revenues	-	-	4	4
<b>EXPENDITURES</b>				
Current:				
General Governmental	-	-	-	-
Community Development	-	-	-	-
Public Works	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	4	4
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	4	4
Fund Balance, Beginning of Year	1,483,787	1,483,787	1,483,787	-
Fund Balance, End of Year	<u>\$ 1,483,787</u>	<u>\$ 1,483,787</u>	<u>\$ 1,483,791</u>	<u>\$ 4</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Sewer and Storm Drain Special Revenue Fund**  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	2,683,000	2,683,000	2,834,031	151,031
Investment Income	8,000	8,000	6,402	(1,598)
Miscellaneous	-	-	-	-
Total Revenues	<u>2,691,000</u>	<u>2,691,000</u>	<u>2,840,433</u>	<u>149,433</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	-	-	-	-
Sanitation	1,959,100	2,043,598	1,753,987	289,611
Capital Outlay	-	228,423	210,194	(18,229)
Total Expenditures	<u>1,959,100</u>	<u>2,272,021</u>	<u>1,964,181</u>	<u>307,840</u>
Excess (Deficiency) of Revenues over Expenditures	<u>731,900</u>	<u>418,979</u>	<u>876,252</u>	<u>457,273</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	(310,000)	(309,996)	4
Total Other Financing Sources (Uses)	<u>-</u>	<u>(310,000)</u>	<u>(309,996)</u>	<u>4</u>
Net Change in Fund Balances	731,900	108,979	566,256	457,277
Fund Balance, Beginning of Year	<u>3,112,959</u>	<u>3,112,959</u>	<u>3,112,959</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,844,859</u></u>	<u><u>\$ 3,221,938</u></u>	<u><u>\$ 3,679,215</u></u>	<u><u>\$ 457,277</u></u>

**City of Hemet**  
**Notes to Required Supplementary Information**  
Year Ended June 30, 2013

**BUDGETS AND BUDGETARY ACCOUNTING**

The City uses the following procedures in establishing the budgetary data reflected in the financial statements: After January 1, department heads prepare estimates for required appropriations for the fiscal year commencing the following July 1. The proposed budget includes estimated expenditures and forecasted revenues for the fiscal year. The data is presented to the City Manager for review. The City Manager submits to the City Council a proposed operating budget for the upcoming fiscal year. The operating budget includes a summary of the proposed expenditures and financial resources of the City, as well as historical data for the preceding two fiscal periods. Public hearings are conducted to obtain taxpayer comments. The City Council is normally expected to adopt the budget prior to the beginning of the next fiscal period through passage of an adopting resolution. This appropriated budget covers substantially all City expenditures. There were no significant non-budgeted financial activities. All appropriated amounts are as originally adopted or as amended by the City Council and not subject to continuing appropriation lapse at year end. During the year ended June 30, 2013, the City increased its total budget for expenditures in the General Fund and major special revenue funds by \$1,238,998.

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, Capital Projects, and Debt Service funds. Formal budgetary control is not employed for Debt Service funds because effective budgetary control is alternatively achieved through debt indenture provisions. 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 generally accepted accounting principles (GAAP). Annual appropriated budgets are legally adopted for the General, Special Revenue, Capital Projects, and Debt Service fund types.

**EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The following funds reported total expenditures in excess of total appropriations for the year ended June 30, 2013:

Public Safety CFD Special Revenue Fund     \$ 4,254

## **SUPPLEMENTARY INFORMATION**

## **City of Hemet Non-Major Governmental Funds**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for revenue derived from specific taxes or other dedicated revenue sources (other than for major capital projects) that are restricted by law or administrative action for expenditures for specified purposes.

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

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

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

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

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

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

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

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

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

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

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

**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.

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

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

**City of Hemet**  
**Non-Major Governmental Funds - Continued**

**SPECIAL REVENUE FUNDS - Continued**

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

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

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

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

**CAPITAL PROJECTS FUNDS**

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

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

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

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

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

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

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

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

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

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

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

**City of Hemet  
Non-Major Governmental Funds - Continued**

**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.

**City of Hemet**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<b>ASSETS</b>				
Cash and Investments	\$ 7,754,124	\$ 20,552,978	\$ 1,071,802	\$ 29,378,904
Receivables:				
Accounts	220,484	192,607	-	413,091
Interest	238,213	-	926	239,139
Due from Other Governments	948,985	-	-	948,985
Due from Other Funds	467,834	-	-	467,834
Due from Fiduciary Fund	-	103,773	-	103,773
Advances to Other Funds	-	354,137	-	354,137
Notes Receivable	6,676,352	-	-	6,676,352
Allowance for Forgivable Notes	(3,800,260)	-	-	(3,800,260)
Land Held for Resale	593,919	-	-	593,919
<b>Total Assets</b>	<b>\$ 13,099,651</b>	<b>\$ 21,203,495</b>	<b>\$ 1,072,728</b>	<b>\$ 35,375,874</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 610,779	\$ 109,096	\$ -	\$ 719,875
Accrued Salaries and Benefits	31,064	402	-	31,466
Deposits	99,159	475,603	8,755	583,517
Due to Other Funds	260,278	-	-	260,278
Advances from Other Funds	-	354,137	-	354,137
<b>Total Liabilities</b>	<b>1,001,280</b>	<b>939,238</b>	<b>8,755</b>	<b>1,949,273</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	76,697	-	-	76,697
<b>Total Deferred Inflows of Resources</b>	<b>76,697</b>	<b>-</b>	<b>-</b>	<b>76,697</b>
<b>FUND BALANCE (DEFICITS)</b>				
Nonspendable	-	354,137	1,000,000	1,354,137
Restricted	12,145,661	15,458,111	63,973	27,667,745
Assigned	-	4,452,009	-	4,452,009
Unassigned	(123,987)	-	-	(123,987)
<b>Total Fund Balances</b>	<b>12,021,674</b>	<b>20,264,257</b>	<b>1,063,973</b>	<b>33,349,904</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</b>	<b>\$ 13,099,651</b>	<b>\$ 21,203,495</b>	<b>\$ 1,072,728</b>	<b>\$ 35,375,874</b>

**City of Hemet**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
Year Ended June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Funds Funds	Total
<b>REVENUES</b>				
Taxes and Assessments	\$ 1,448,453	\$ -	\$ -	\$ 1,448,453
Intergovernmental	3,810,267	567,199	-	4,377,466
Charges for Services	2,857,960	1,245,853	-	4,103,813
Investment Income	26,131	50,949	13,357	90,437
Miscellaneous	29,208	111,962	-	141,170
Total Revenues	<u>8,172,019</u>	<u>1,975,963</u>	<u>13,357</u>	<u>10,161,339</u>
<b>EXPENDITURES</b>				
Current:				
General Government	129,976	-	-	129,976
Public Safety	305,560	-	-	305,560
Community Development	1,097,294	-	-	1,097,294
Public Works	4,801,281	117,611	-	4,918,892
Libraries	-	88,501	-	88,501
Capital Outlay	4,692,241	1,132,643	-	5,824,884
Total Expenditures	<u>11,026,352</u>	<u>1,338,755</u>	<u>-</u>	<u>12,365,107</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,854,333)</u>	<u>637,208</u>	<u>13,357</u>	<u>(2,203,768)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	332,400	298,010	-	630,410
Transfers Out	-	(81,004)	-	(81,004)
Total Other Financing Sources (Uses)	<u>332,400</u>	<u>217,006</u>	<u>-</u>	<u>549,406</u>
Net Change in Fund Balances	(2,521,933)	854,214	13,357	(1,654,362)
Fund Balance, Beginning of Year	<u>14,543,607</u>	<u>19,410,043</u>	<u>1,050,616</u>	<u>35,004,266</u>
Fund Balance, End of Year	<u>\$ 12,021,674</u>	<u>\$ 20,264,257</u>	<u>\$ 1,063,973</u>	<u>\$ 33,349,904</u>

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**City of Hemet**  
**Combining Balance Sheet**  
**Non-major Special Revenue Funds**  
June 30, 2013

	<u>Public Safety/Towing</u>	<u>Gas Tax</u>	<u>Measure A</u>	<u>Article 3</u>
<b>ASSETS</b>				
Cash and Investments	\$ 20,250	\$ 2,515,562	\$ 1,740,056	\$ -
Receivables:				
Accounts	1,782	4,693	-	-
Interest	-	-	-	-
Due from Other Governments	-	297,584	385,141	24,983
Due from Other Funds	107,032	-	351,014	-
Notes Receivable	-	-	-	-
Allowance for Forgivable Notes	-	-	-	-
Land Held for Resale	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 129,064</u>	<u>\$ 2,817,839</u>	<u>\$ 2,476,211</u>	<u>\$ 24,983</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,403	\$ 20,310	\$ 269,848	\$ -
Accrued Salaries and Benefits	1,578	17,268	706	-
Deposits	-	-	-	-
Due to Other Funds	-	-	-	24,983
	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,983</u>
Total Liabilities	<u>2,981</u>	<u>37,578</u>	<u>270,554</u>	<u>24,983</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICITS)</b>				
Restricted	126,083	2,780,261	2,205,657	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>126,083</u>	<u>2,780,261</u>	<u>2,205,657</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 129,064</u>	<u>\$ 2,817,839</u>	<u>\$ 2,476,211</u>	<u>\$ 24,983</u>

<u>Air Pollution Reduction</u>	<u>Lighting and Landscaping Maintenance</u>	<u>ISTEA</u>	<u>Post Prop 218 Lighting</u>	<u>Post Prop 218 Landscaping</u>	<u>Asset Seizure</u>	<u>Public Safety Grants</u>
\$ 278,763	\$ 295,268	\$ -	\$ 531,824	\$ 1,409,968	\$ 151,954	\$ -
25,297	-	-	-	-	-	-
-	-	-	-	-	-	-
-	78,239	-	3,651	21,048	-	61,642
-	-	-	-	-	9,788	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 304,060</u>	<u>\$ 373,507</u>	<u>\$ -</u>	<u>\$ 535,475</u>	<u>\$ 1,431,016</u>	<u>\$ 161,742</u>	<u>\$ 61,642</u>
\$ 109,012	\$ 63,204	\$ -	\$ 4,595	\$ 32,671	\$ -	\$ -
-	1,666	-	287	4,427	-	-
-	-	-	-	52,975	46,184	-
-	-	25,240	-	-	-	32,304
<u>109,012</u>	<u>64,870</u>	<u>25,240</u>	<u>4,882</u>	<u>90,073</u>	<u>46,184</u>	<u>32,304</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
195,048	308,637	-	530,593	1,340,943	115,558	29,338
-	-	(25,240)	-	-	-	-
<u>195,048</u>	<u>308,637</u>	<u>(25,240)</u>	<u>530,593</u>	<u>1,340,943</u>	<u>115,558</u>	<u>29,338</u>
<u>\$ 304,060</u>	<u>\$ 373,507</u>	<u>\$ -</u>	<u>\$ 535,475</u>	<u>\$ 1,431,016</u>	<u>\$ 161,742</u>	<u>\$ 61,642</u>

Continued

**City of Hemet**  
**Combining Balance Sheet**  
**Non-major Special Revenue Funds - Continued**  
June 30, 2013

	<u>COPS AB 3229</u>	<u>Local Law Enforcement Block Grant</u>	<u>Community Development Block Grant</u>	<u>General Plan</u>
<b>ASSETS</b>				
Cash and Investments	\$ 109,521	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	-	188,712	-
Interest	-	-	-	-
Due from Other Governments	-	76,697	-	-
Due from Other Funds	-	-	-	-
Notes Receivable	-	-	-	-
Allowance for Forgivable Notes	-	-	-	-
Land Held for Resale	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 109,521</u>	<u>\$ 76,697</u>	<u>\$ 188,712</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 230	\$ -	\$ 105,352	\$ -
Accrued Salaries and Benefits	-	-	4,356	-
Deposits	-	-	-	-
Due to Other Funds	-	80,180	79,004	18,567
	<u>-</u>	<u>80,180</u>	<u>79,004</u>	<u>18,567</u>
Total Liabilities	<u>230</u>	<u>80,180</u>	<u>188,712</u>	<u>18,567</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	76,697	-	-
	<u>-</u>	<u>76,697</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>76,697</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICITS)</b>				
Restricted	109,291	-	-	-
Unassigned	-	(80,180)	-	(18,567)
	<u>-</u>	<u>(80,180)</u>	<u>-</u>	<u>(18,567)</u>
Total Fund Balances	<u>109,291</u>	<u>(80,180)</u>	<u>-</u>	<u>(18,567)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 109,521</u>	<u>\$ 76,697</u>	<u>\$ 188,712</u>	<u>\$ -</u>

<u>HOME Program</u>	<u>CalHome Grant</u>	<u>2001 - 2008 Home Grant</u>	<u>NSP Program</u>	<u>Totals</u>
\$ 126,762	\$ 29,205	\$ 448,473	\$ 96,518	\$ 7,754,124
-	-	-	-	220,484
-	-	238,213	-	238,213
-	-	-	-	948,985
-	-	-	-	467,834
1,126,476	550,259	4,710,742	288,875	6,676,352
-	-	(3,800,260)	-	(3,800,260)
-	-	-	593,919	593,919
<u>\$ 1,253,238</u>	<u>\$ 579,464</u>	<u>\$ 1,597,168</u>	<u>\$ 979,312</u>	<u>\$ 13,099,651</u>
\$ -	\$ -	\$ -	\$ 4,154	\$ 610,779
-	-	-	776	31,064
-	-	-	-	99,159
-	-	-	-	260,278
-	-	-	4,930	1,001,280
-	-	-	-	76,697
-	-	-	-	76,697
1,253,238	579,464	1,597,168	974,382	12,145,661
-	-	-	-	(123,987)
<u>1,253,238</u>	<u>579,464</u>	<u>1,597,168</u>	<u>974,382</u>	<u>12,021,674</u>
<u>\$ 1,253,238</u>	<u>\$ 579,464</u>	<u>\$ 1,597,168</u>	<u>\$ 979,312</u>	<u>\$ 13,099,651</u>

**City of Hemet**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
Year Ended June 30, 2013

	Public Safety/Towing	Gas Tax	Measure A	Article 3
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 1,448,453	\$ -
Intergovernmental Revenue	-	1,795,155	-	24,983
Charges for Services	60,580	-	450	-
Investment Income	837	4,902	6,768	-
Miscellaneous	-	7,103	-	-
	<u>61,417</u>	<u>1,807,160</u>	<u>1,455,671</u>	<u>24,983</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	40,880	-	-	-
Community Development	-	-	-	-
Public Works	-	2,027,127	-	-
Capital Outlay	12,141	8,865	4,016,148	24,983
	<u>53,021</u>	<u>2,035,992</u>	<u>4,016,148</u>	<u>24,983</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,396</u>	<u>(228,832)</u>	<u>(2,560,477)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	330,000	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>330,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>330,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	8,396	101,168	(2,560,477)	-
Fund Balances, Beginning of Year	<u>117,687</u>	<u>2,679,093</u>	<u>4,766,134</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 126,083</u>	<u>\$ 2,780,261</u>	<u>\$ 2,205,657</u>	<u>\$ -</u>

<u>Air Pollution Reduction</u>	<u>Lighting and Landscaping Maintenance</u>	<u>ISTEA</u>	<u>Post Prop 218 Lighting</u>	<u>Post Prop 218 Landscaping</u>	<u>Asset Seizure</u>	<u>Public Safety Grants</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96,613	-	-	-	-	-	610,123
-	2,017,588	-	101,670	649,472	-	-
1,619	-	-	3,871	2,932	1,486	-
-	10,404	-	-	11,701	-	-
<u>98,232</u>	<u>2,027,992</u>	<u>-</u>	<u>105,541</u>	<u>664,105</u>	<u>1,486</u>	<u>610,123</u>
-	-	-	-	-	-	-
-	-	-	-	-	3,385	231,984
-	-	-	-	-	-	-
-	1,394,722	-	178,049	1,197,139	-	-
<u>80,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,079</u>	<u>29,343</u>
<u>80,913</u>	<u>1,394,722</u>	<u>-</u>	<u>178,049</u>	<u>1,197,139</u>	<u>56,464</u>	<u>261,327</u>
<u>17,319</u>	<u>633,270</u>	<u>-</u>	<u>(72,508)</u>	<u>(533,034)</u>	<u>(54,978)</u>	<u>348,796</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,319	633,270	-	(72,508)	(533,034)	(54,978)	348,796
<u>177,729</u>	<u>(324,633)</u>	<u>(25,240)</u>	<u>603,101</u>	<u>1,873,977</u>	<u>170,536</u>	<u>(319,458)</u>
<u>\$ 195,048</u>	<u>\$ 308,637</u>	<u>\$ (25,240)</u>	<u>\$ 530,593</u>	<u>\$ 1,340,943</u>	<u>\$ 115,558</u>	<u>\$ 29,338</u>

Continued

**City of Hemet**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
Year Ended June 30, 2013

	COPS AB 3229	Local Law Enforcement Block Grant	Community Development Block Grant	General Plan
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	150,007	284,348	586,453	-
Charges for Services	-	-	-	28,200
Investment Income	691	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>150,698</b>	<b>284,348</b>	<b>586,453</b>	<b>28,200</b>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	129,976	-
Public Safety	29,311	-	-	-
Community Development	-	-	456,478	-
Public Works	-	-	-	4,244
Capital Outlay	105,724	361,045	-	-
<b>Total Expenditures</b>	<b>135,035</b>	<b>361,045</b>	<b>586,454</b>	<b>4,244</b>
Excess (Deficiency) of Revenues Over Expenditures	15,663	(76,697)	(1)	23,956
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	2,400	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>2,400</b>	<b>-</b>
Net Change in Fund Balances	15,663	(76,697)	2,399	23,956
Fund Balances, Beginning of Year	93,628	(3,483)	(2,399)	(42,523)
Fund Balances, End of Year	<u>\$ 109,291</u>	<u>\$ (80,180)</u>	<u>\$ -</u>	<u>\$ (18,567)</u>

<u>HOME Program</u>	<u>CalHome Grant</u>	<u>2001 - 2008 Home Grant</u>	<u>NSP Program</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,448,453
-	296	150,000	112,289	3,810,267
-	-	-	-	2,857,960
752	-	2,273	-	26,131
-	-	-	-	29,208
<u>752</u>	<u>296</u>	<u>152,273</u>	<u>112,289</u>	<u>8,172,019</u>
-	-	-	-	129,976
-	-	-	-	305,560
43,016	93,553	5,741	498,506	1,097,294
-	-	-	-	4,801,281
-	-	-	-	4,692,241
<u>43,016</u>	<u>93,553</u>	<u>5,741</u>	<u>498,506</u>	<u>11,026,352</u>
<u>(42,264)</u>	<u>(93,257)</u>	<u>146,532</u>	<u>(386,217)</u>	<u>(2,854,333)</u>
-	-	-	-	332,400
-	-	-	-	-
-	-	-	-	332,400
(42,264)	(93,257)	146,532	(386,217)	(2,521,933)
<u>1,295,502</u>	<u>672,721</u>	<u>1,450,636</u>	<u>1,360,599</u>	<u>14,543,607</u>
<u>\$ 1,253,238</u>	<u>\$ 579,464</u>	<u>\$ 1,597,168</u>	<u>\$ 974,382</u>	<u>\$ 12,021,674</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Public Safety/Towing Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Charges for Services	\$ 75,000	\$ 60,580	\$ (14,420)
Investment Income	500	837	337
Miscellaneous	-	-	-
Total Revenues	<u>75,500</u>	<u>61,417</u>	<u>(14,083)</u>
<b>EXPENDITURES</b>			
Current:			
General Government		-	-
Public Safety	52,606	40,880	11,726
Capital Outlay	<u>32,700</u>	<u>12,141</u>	<u>20,559</u>
Total Expenditures	<u>85,306</u>	<u>53,021</u>	<u>32,285</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(9,806)</u>	<u>8,396</u>	<u>18,202</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(9,806)	8,396	18,202
Fund Balance, Beginning of Year	<u>117,687</u>	<u>117,687</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 107,881</u></u>	<u><u>\$ 126,083</u></u>	<u><u>\$ 18,202</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Gas Tax Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Licenses and Permits	\$ -	\$ -	\$ -
Intergovernmental Revenue	1,927,800	1,795,155	(132,645)
Investment Income	2,000	4,902	2,902
Miscellaneous	-	7,103	7,103
	<u>1,929,800</u>	<u>1,807,160</u>	<u>(122,640)</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
Public Works	2,130,591	2,027,127	103,464
Capital Outlay	8,845	8,865	(20)
	<u>2,139,436</u>	<u>2,035,992</u>	<u>103,444</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	<u>(209,636)</u>	<u>(228,832)</u>	<u>(19,196)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	330,000	330,000	-
Transfers Out	-	-	-
	<u>330,000</u>	<u>330,000</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	120,364	101,168	(19,196)
Fund Balances, Beginning of Year	<u>2,679,093</u>	<u>2,679,093</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,799,457</u>	<u>\$ 2,780,261</u>	<u>\$ (19,196)</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Measure A Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 1,216,000	\$ 1,448,453	\$ 232,453
Investment Income	20,000	6,768	(13,232)
Charges for Services	-	450	450
	<u>1,236,000</u>	<u>1,455,671</u>	<u>219,671</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	-	-	-
Capital Outlay	4,160,000	4,016,148	143,852
	<u>4,160,000</u>	<u>4,016,148</u>	<u>143,852</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,924,000)	(2,560,477)	363,523
Fund Balance, Beginning of Year	4,766,134	4,766,134	-
Fund Balance, End of Year	<u>\$ 1,842,134</u>	<u>\$ 2,205,657</u>	<u>\$ 363,523</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Article 3 Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	24,983	24,983
	<u>-</u>	<u>24,983</u>	<u>24,983</u>
Total Revenues	<u>-</u>	<u>24,983</u>	<u>24,983</u>
<b>EXPENDITURES</b>			
Current:			
Public Works		-	-
Capital Outlay	-	24,983	(24,983)
	<u>-</u>	<u>24,983</u>	<u>(24,983)</u>
Total Expenditures	<u>-</u>	<u>24,983</u>	<u>(24,983)</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Air Pollution Reduction Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	80,000	96,613	16,613
Investment Income	1,000	1,619	619
Total Revenues	<u>81,000</u>	<u>98,232</u>	<u>17,232</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	-	-	-
Capital Outlay	153,223	80,913	72,310
Total Expenditures	<u>153,223</u>	<u>80,913</u>	<u>72,310</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(72,223)</u>	<u>17,319</u>	<u>89,542</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(72,223)	17,319	89,542
Fund Balance, Beginning of Year	<u>177,729</u>	<u>177,729</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 105,506</u></u>	<u><u>\$ 195,048</u></u>	<u><u>\$ 89,542</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Lighting/Landscaping Maintenance Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Charges for Services	1,901,700	2,017,588	115,888
Investment Income	-	-	-
Miscellaneous	-	10,404	10,404
Total Revenues	<u>1,901,700</u>	<u>2,027,992</u>	<u>126,292</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	1,537,412	1,394,722	142,690
Capital Outlay	-	-	-
Total Expenditures	<u>1,537,412</u>	<u>1,394,722</u>	<u>142,690</u>
Excess (Deficiency) of Revenues over Expenditures	<u>364,288</u>	<u>633,270</u>	<u>268,982</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	364,288	633,270	268,982
Fund Balance, Beginning of Year	<u>(324,633)</u>	<u>(324,633)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 39,655</u>	<u>\$ 308,637</u>	<u>\$ 268,982</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - ISTEA Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	29,124	-	(29,124)
Investment Income	-	-	-
Total Revenues	<u>29,124</u>	<u>-</u>	<u>(29,124)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>29,124</u>	<u>-</u>	<u>(29,124)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	29,124	-	(29,124)
Fund Balance, Beginning of Year	<u>(25,240)</u>	<u>(25,240)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,884</u></u>	<u><u>\$ (25,240)</u></u>	<u><u>\$ (29,124)</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Post Prop 218 Lighting Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Charges for Services	106,800	101,670	(5,130)
Investment Income	-	3,871	3,871
Miscellaneous	-	-	-
Total Revenues	<u>106,800</u>	<u>105,541</u>	<u>(1,259)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	241,671	178,049	63,622
Capital Outlay	-	-	-
Total Expenditures	<u>241,671</u>	<u>178,049</u>	<u>63,622</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(134,871)</u>	<u>(72,508)</u>	<u>62,363</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(134,871)	(72,508)	62,363
Fund Balance, Beginning of Year	<u>603,101</u>	<u>603,101</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 468,230</u>	<u>\$ 530,593</u>	<u>\$ 62,363</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Post Prop 218 Landscape Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Charges for Services	642,200	649,472	7,272
Investment Income	-	2,932	2,932
Miscellaneous	-	11,701	11,701
Total Revenues	<u>642,200</u>	<u>664,105</u>	<u>21,905</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	1,520,437	1,197,139	323,298
Capital Outlay	-	-	-
Total Expenditures	<u>1,520,437</u>	<u>1,197,139</u>	<u>323,298</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(878,237)</u>	<u>(533,034)</u>	<u>345,203</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(878,237)	(533,034)	345,203
Fund Balance, Beginning of Year	<u>1,873,977</u>	<u>1,873,977</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 995,740</u>	<u>\$ 1,340,943</u>	<u>\$ 345,203</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Asset Seizure Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-
Investment Income	-	1,486	1,486
Miscellaneous	-	-	-
Total Revenues	<u>-</u>	<u>1,486</u>	<u>1,486</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	25,753	3,385	22,368
Capital Outlay	-	53,079	(53,079)
Total Expenditures	<u>25,753</u>	<u>56,464</u>	<u>(30,711)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(25,753)</u>	<u>(54,978)</u>	<u>(29,225)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(25,753)	(54,978)	(29,225)
Fund Balance, Beginning of Year	<u>170,536</u>	<u>170,536</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 144,783</u>	<u>\$ 115,558</u>	<u>\$ (29,225)</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Public Safety Grants Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	717,296	610,123	(107,173)
Investment Income	-	-	-
Total Revenues	<u>717,296</u>	<u>610,123</u>	<u>(107,173)</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	403,607	231,984	171,623
Capital Outlay	<u>81,498</u>	<u>29,343</u>	<u>52,155</u>
Total Expenditures	<u>485,105</u>	<u>261,327</u>	<u>223,778</u>
Excess (Deficiency) of Revenues over Expenditures	<u>232,191</u>	<u>348,796</u>	<u>116,605</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	232,191	348,796	116,605
Fund Balance, Beginning of Year	<u>(319,458)</u>	<u>(319,458)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (87,267)</u></u>	<u><u>\$ 29,338</u></u>	<u><u>\$ 116,605</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - COPS/AB 3229 Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	468,722	150,007	(318,715)
Investment Income	-	691	691
Total Revenues	<u>468,722</u>	<u>150,698</u>	<u>(318,024)</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	71,418	29,311	42,107
Capital Outlay	<u>236,002</u>	<u>105,724</u>	<u>130,278</u>
Total Expenditures	<u>307,420</u>	<u>135,035</u>	<u>172,385</u>
Excess (Deficiency) of Revenues over Expenditures	<u>161,302</u>	<u>15,663</u>	<u>(145,639)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	161,302	15,663	(145,639)
Fund Balance, Beginning of Year	<u>93,628</u>	<u>93,628</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 254,930</u></u>	<u><u>\$ 109,291</u></u>	<u><u>\$ (145,639)</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Local Law Enforcement Block Grant Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	322,789	284,348	(38,441)
Total Revenues	<u>322,789</u>	<u>284,348</u>	<u>(38,441)</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	-	-	-
Capital Outlay	389,249	361,045	28,204
Total Expenditures	<u>389,249</u>	<u>361,045</u>	<u>28,204</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(66,460)</u>	<u>(76,697)</u>	<u>(10,237)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(66,460)	(76,697)	(10,237)
Fund Balance, Beginning of Year	<u>(3,483)</u>	<u>(3,483)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (69,943)</u></u>	<u><u>\$ (80,180)</u></u>	<u><u>\$ (10,237)</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Community Development Block Grant Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	586,453	586,453
Total Revenues	<u>-</u>	<u>586,453</u>	<u>586,453</u>
<b>EXPENDITURES</b>			
Current:			
General Governmental	129,976	129,976	-
Community Development	647,356	456,478	190,878
Capital Outlay	-	-	-
Total Expenditures	<u>777,332</u>	<u>586,454</u>	<u>190,878</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(777,332)</u>	<u>(1)</u>	<u>777,331</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	2,400	2,400
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,400</u>	<u>2,400</u>
Net Change in Fund Balances	(777,332)	2,399	779,731
Fund Balance, Beginning of Year	<u>-</u>	<u>(2,399)</u>	<u>(2,399)</u>
Fund Balance, End of Year	<u><u>\$ (777,332)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 777,332</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Plan Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Charges for Services	22,500	28,200	5,700
Investment Income	1,000	-	(1,000)
Total Revenues	<u>23,500</u>	<u>28,200</u>	<u>4,700</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	3,588	4,244	(656)
Capital Outlay	-	-	-
Total Expenditures	<u>3,588</u>	<u>4,244</u>	<u>(656)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>19,912</u>	<u>23,956</u>	<u>4,044</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	19,912	23,956	4,044
Fund Balance, Beginning of Year	<u>(42,523)</u>	<u>(42,523)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (22,611)</u></u>	<u><u>\$ (18,567)</u></u>	<u><u>\$ 4,044</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - HOME Program Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Investment Income	-	752	752
Total Revenues	<u>-</u>	<u>752</u>	<u>752</u>
<b>EXPENDITURES</b>			
Current:			
Community Development	-	43,016	(43,016)
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>43,016</u>	<u>(43,016)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(42,264)</u>	<u>(42,264)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(42,264)	(42,264)
Fund Balance, Beginning of Year	<u>1,295,502</u>	<u>1,295,502</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,295,502</u></u>	<u><u>\$ 1,253,238</u></u>	<u><u>\$ (42,264)</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - CalHome Grant Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	296	296
Total Revenues	<u>-</u>	<u>296</u>	<u>296</u>
<b>EXPENDITURES</b>			
Current:			
Community Development	2,600	93,553	(90,953)
Public Works	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,600</u>	<u>93,553</u>	<u>(90,953)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,600)</u>	<u>(93,257)</u>	<u>(90,657)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,600)	(93,257)	(90,657)
Fund Balance, Beginning of Year	<u>672,721</u>	<u>672,721</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 670,121</u></u>	<u><u>\$ 579,464</u></u>	<u><u>\$ (90,657)</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - 2001- 2008 Home Grant Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	150,000	150,000
Investment Income	-	2,273	2,273
Miscellaneous	-	-	-
Total Revenues	<u>-</u>	<u>152,273</u>	<u>152,273</u>
<b>EXPENDITURES</b>			
Current:			
Community Development	208,199	5,741	202,458
Public Works	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>208,199</u>	<u>5,741</u>	<u>202,458</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(208,199)</u>	<u>146,532</u>	<u>354,731</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(208,199)	146,532	354,731
Fund Balance, Beginning of Year	<u>1,450,636</u>	<u>1,450,636</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,242,437</u>	<u>\$ 1,597,168</u>	<u>\$ 354,731</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Neighborhood Stabilization Program Grant Special Revenue Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	2,797,054	112,289	(2,684,765)
Investment Income	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>2,797,054</u>	<u>112,289</u>	<u>(2,684,765)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	-	-	-
Capital Outlay	1,010,814	498,506	512,308
Total Expenditures	<u>1,010,814</u>	<u>498,506</u>	<u>512,308</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,786,240</u>	<u>(386,217)</u>	<u>(2,172,457)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,786,240	(386,217)	(2,172,457)
Fund Balance, Beginning of Year	<u>1,360,599</u>	<u>1,360,599</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,146,839</u>	<u>\$ 974,382</u>	<u>\$ (2,172,457)</u>

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**City of Hemet**  
**Combining Balance Sheet**  
**Non-major Capital Projects Funds**  
June 30, 2013

	<u>Public Meeting Facilities</u>	<u>General Facilities</u>	<u>Flood Control</u>	<u>Law Enforcement Facilities</u>
<b>ASSETS</b>				
Cash and Investments	\$ 574,705	\$ 1,559,569	\$ 2,624,629	\$ 476,028
Accounts Receivable	-	-	-	-
Advances to Other Funds	-	-	354,137	-
Due From Fiduciary Fund	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 574,705</u>	<u>\$ 1,559,569</u>	<u>\$ 2,978,766</u>	<u>\$ 476,028</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ 26,900
Accrued Salaries and Benefits	-	-	-	-
Deposits	-	-	-	-
Advances from Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,900</u>
Fund Balances:				
Nonspendable	-	-	354,137	-
Restricted	574,705	1,559,569	2,624,629	449,128
Assigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>574,705</u>	<u>1,559,569</u>	<u>2,978,766</u>	<u>449,128</u>
Total Liabilities and Fund Balances	<u>\$ 574,705</u>	<u>\$ 1,559,569</u>	<u>\$ 2,978,766</u>	<u>\$ 476,028</u>

<u>Park Development</u>	<u>Valley Wide DVL Park</u>	<u>Library Facilities</u>	<u>Equipment Replacement</u>	<u>General Capital</u>
\$ 946,928	\$ 297,235	\$ 1,288,909	\$ 4,326,894	\$ 8,564
-	-	-	192,607	-
-	-	-	-	-
103,773	-	-	-	-
<u>\$ 1,050,701</u>	<u>\$ 297,235</u>	<u>\$ 1,288,909</u>	<u>\$ 4,519,501</u>	<u>\$ 8,564</u>
\$ -	\$ -	\$ 4,854	\$ 67,492	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	4,854	67,492	-
-	-	-	-	-
1,050,701	297,235	1,284,055	-	8,564
-	-	-	4,452,009	-
<u>1,050,701</u>	<u>297,235</u>	<u>1,284,055</u>	<u>4,452,009</u>	<u>8,564</u>
<u>\$ 1,050,701</u>	<u>\$ 297,235</u>	<u>\$ 1,288,909</u>	<u>\$ 4,519,501</u>	<u>\$ 8,564</u>

Continued

**City of Hemet**  
**Combining Balance Sheet**  
**Non-major Capital Projects Funds - Continued**  
June 30, 2013

	Fire Facilities	Bridges/Streets/ Traffic Facilities	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 3,910,553	\$ 4,538,964	\$ 20,552,978
Accounts Receivable	-	-	192,607
Advances to Other Funds	-	-	354,137
Due From Fiduciary Fund	-	-	103,773
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u><u>\$ 3,910,553</u></u>	<u><u>\$ 4,538,964</u></u>	<u><u>\$ 21,203,495</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ -	\$ 9,850	\$ 109,096
Accrued Salaries and Benefits	-	402	402
Deposits	-	475,603	475,603
Advance from Other Funds	354,137	-	354,137
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>354,137</u>	<u>485,855</u>	<u>939,238</u>
Fund Balances:			
Nonspendable	-	-	354,137
Restricted	3,556,416	4,053,109	15,458,111
Assigned	-	-	4,452,009
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>3,556,416</u>	<u>4,053,109</u>	<u>20,264,257</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances	<u><u>\$ 3,910,553</u></u>	<u><u>\$ 4,538,964</u></u>	<u><u>\$ 21,203,495</u></u>

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**City of Hemet**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Capital Projects Funds**  
Year Ended June 30, 2013

	Public Meeting Facilities	General Facilities	Flood Control	Law Enforcement Facilities
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	78,811	210,716	54,830
Investment Income	4,006	2,914	4,829	3,790
Miscellaneous	-	-	62	-
	<u>4,006</u>	<u>81,725</u>	<u>215,607</u>	<u>58,620</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
Libraries	-	-	-	-
Capital Outlay	-	-	-	141,450
	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,450</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,006</u>	<u>81,725</u>	<u>215,607</u>	<u>(82,830)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	4,006	81,725	215,607	(82,830)
Fund Balances, Beginning of Year	<u>570,699</u>	<u>1,477,844</u>	<u>2,763,159</u>	<u>531,958</u>
Fund Balances, End of Year	<u><u>\$ 574,705</u></u>	<u><u>\$ 1,559,569</u></u>	<u><u>\$ 2,978,766</u></u>	<u><u>\$ 449,128</u></u>

<u>Park Development</u>	<u>Valley Wide DVL Park</u>	<u>Library Facilities</u>	<u>Equipment Replacement</u>	<u>General Capital</u>
\$ -	\$ -	\$ -	\$ 527,285	\$ -
136,582	26,602	69,090	225,108	-
6,805	1,970	2,477	8,039	-
-	-	-	111,838	-
<u>143,387</u>	<u>28,572</u>	<u>71,567</u>	<u>872,270</u>	<u>-</u>
-	-	-	-	-
-	-	88,501	-	-
<u>976</u>	<u>-</u>	<u>-</u>	<u>818,310</u>	<u>-</u>
<u>976</u>	<u>-</u>	<u>88,501</u>	<u>818,310</u>	<u>-</u>
<u>142,411</u>	<u>28,572</u>	<u>(16,934)</u>	<u>53,960</u>	<u>-</u>
-	-	-	298,010	-
-	-	-	(81,004)	-
-	-	-	217,006	-
<u>142,411</u>	<u>28,572</u>	<u>(16,934)</u>	<u>270,966</u>	<u>-</u>
<u>908,290</u>	<u>268,663</u>	<u>1,300,989</u>	<u>4,181,043</u>	<u>8,564</u>
<u>\$ 1,050,701</u>	<u>\$ 297,235</u>	<u>\$ 1,284,055</u>	<u>\$ 4,452,009</u>	<u>\$ 8,564</u>

Continued

**City of Hemet**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Capital Projects Funds - Continued**  
Year Ended June 30, 2013

	Fire Facilities	Bridges/Streets/ Traffic Facilities	Totals
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 39,914	\$ 567,199
Charges for Services	64,001	380,113	1,245,853
Investment Income	7,516	8,603	50,949
Miscellaneous	-	62	111,962
	<u>71,517</u>	<u>428,692</u>	<u>1,975,963</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	37,501	80,110	117,611
Libraries	-	-	88,501
Capital Outlay	-	171,907	1,132,643
	<u>37,501</u>	<u>252,017</u>	<u>1,338,755</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>34,016</u>	<u>176,675</u>	<u>637,208</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	298,010
Transfers Out	-	-	(81,004)
	<u>-</u>	<u>-</u>	<u>217,006</u>
Net Change in Fund Balances	34,016	176,675	854,214
Fund Balances, Beginning of Year	<u>3,522,400</u>	<u>3,876,434</u>	<u>19,410,043</u>
Fund Balances, End of Year	<u><u>\$ 3,556,416</u></u>	<u><u>\$ 4,053,109</u></u>	<u><u>\$ 20,264,257</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Public Meeting Facilities Capital Projects Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	-	-	-
Investment Income	2,000	4,006	2,006
Total Revenues	<u>2,000</u>	<u>4,006</u>	<u>2,006</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	-	-	-
Libraries	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,000</u>	<u>4,006</u>	<u>2,006</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,000	4,006	2,006
Fund Balance, Beginning of Year	<u>570,699</u>	<u>570,699</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 572,699</u></u>	<u><u>\$ 574,705</u></u>	<u><u>\$ 2,006</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Facilities Capital Projects Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	60,000	78,811	18,811
Investment Income	30,000	2,914	(27,086)
Miscellaneous	-	-	-
Total Revenues	<u>90,000</u>	<u>81,725</u>	<u>(8,275)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	18,200	-	18,200
Capital Outlay	-	-	-
Total Expenditures	<u>18,200</u>	<u>-</u>	<u>18,200</u>
Excess (Deficiency) of Revenues over Expenditures	<u>71,800</u>	<u>81,725</u>	<u>9,925</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	71,800	81,725	9,925
Fund Balance, Beginning of Year	<u>1,477,844</u>	<u>1,477,844</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,549,644</u></u>	<u><u>\$ 1,559,569</u></u>	<u><u>\$ 9,925</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Flood Control Capital Projects Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	95,000	210,716	115,716
Investment Income	40,000	4,829	(35,171)
Miscellaneous	-	62	62
Total Revenues	<u>135,000</u>	<u>215,607</u>	<u>80,607</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	-	-	-
Capital Outlay	<u>684,254</u>	<u>-</u>	<u>684,254</u>
Total Expenditures	<u>684,254</u>	<u>-</u>	<u>684,254</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(549,254)</u>	<u>215,607</u>	<u>764,861</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(549,254)	215,607	764,861
Fund Balance, Beginning of Year	<u>2,763,159</u>	<u>2,763,159</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,213,905</u></u>	<u><u>\$ 2,978,766</u></u>	<u><u>\$ 764,861</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Law Enforcement Facilities Capital Projects Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	40,000	54,830	14,830
Investment Income	500	3,790	3,290
Total Revenues	<u>40,500</u>	<u>58,620</u>	<u>18,120</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	-	-	-
Capital Outlay	537,975	141,450	396,525
Total Expenditures	<u>537,975</u>	<u>141,450</u>	<u>396,525</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(497,475)</u>	<u>(82,830)</u>	<u>414,645</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(497,475)	(82,830)	414,645
Fund Balance, Beginning of Year	<u>531,958</u>	<u>531,958</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 34,483</u></u>	<u><u>\$ 449,128</u></u>	<u><u>\$ 414,645</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Park Development Capital Projects Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	100,000	136,582	36,582
Investment Income	7,000	6,805	(195)
Total Revenues	<u>107,000</u>	<u>143,387</u>	<u>36,387</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	-	-	-
Capital Outlay	55,857	976	54,881
Total Expenditures	<u>55,857</u>	<u>976</u>	<u>54,881</u>
Excess (Deficiency) of Revenues over Expenditures	<u>51,143</u>	<u>142,411</u>	<u>91,268</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	51,143	142,411	91,268
Fund Balance, Beginning of Year	<u>908,290</u>	<u>908,290</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 959,433</u></u>	<u><u>\$ 1,050,701</u></u>	<u><u>\$ 91,268</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Valley Wide DVL Park Capital Projects Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	20,000	26,602	6,602
Investment Income	500	1,970	1,470
Total Revenues	<u>20,500</u>	<u>28,572</u>	<u>8,072</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	-	-	-
Capital Outlay	262,900	-	(262,900)
Total Expenditures	<u>262,900</u>	<u>-</u>	<u>262,900</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(242,400)</u>	<u>28,572</u>	<u>270,972</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(242,400)	28,572	270,972
Fund Balance, Beginning of Year	<u>268,663</u>	<u>268,663</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 26,263</u></u>	<u><u>\$ 297,235</u></u>	<u><u>\$ 270,972</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Library Facilities Capital Projects Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	60,000	69,090	9,090
Investment Income	8,000	2,477	(5,523)
Total Revenues	<u>68,000</u>	<u>71,567</u>	<u>3,567</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	-	-	-
Libraries	160,556	88,501	72,055
Capital Outlay	25,000	-	25,000
Total Expenditures	<u>185,556</u>	<u>88,501</u>	<u>97,055</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(117,556)</u>	<u>(16,934)</u>	<u>100,622</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(117,556)	(16,934)	100,622
Fund Balance, Beginning of Year	<u>1,300,989</u>	<u>1,300,989</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,183,433</u>	<u>\$ 1,284,055</u>	<u>\$ 100,622</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Equipment Replacement Capital Projects Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ 527,285	\$ 527,285
Charges for Services	225,100	225,108	8
Investment Income	4,000	8,039	4,039
Miscellaneous	-	111,838	111,838
Total Revenues	<u>229,100</u>	<u>872,270</u>	<u>643,170</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	-	-	-
Capital Outlay	<u>670,426</u>	<u>818,310</u>	<u>(147,884)</u>
Total Expenditures	<u>670,426</u>	<u>818,310</u>	<u>(147,884)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(441,326)</u>	<u>53,960</u>	<u>495,286</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	298,010	298,010
Transfers Out	<u>-</u>	<u>(81,004)</u>	<u>(81,004)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>217,006</u>	<u>217,006</u>
Net Change in Fund Balances	(441,326)	270,966	712,292
Fund Balance, Beginning of Year	<u>4,181,043</u>	<u>4,181,043</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$3,739,717</u></u>	<u><u>\$ 4,452,009</u></u>	<u><u>\$ 712,292</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Capital Capital Projects Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	-	-	-
Investment Income	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	-	-	-
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
General Governmental	-	-	-
Public Works	-	-	-
Capital Outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	8,564	8,564	-
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	<u>\$ 8,564</u>	<u>\$ 8,564</u>	<u>\$ -</u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Fire Facilities Capital Projects Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 336,122	\$ -	\$ (336,122)
Charges for Services	45,000	64,001	19,001
Investment Income	4,000	7,516	3,516
Miscellaneous	-	-	-
Total Revenues	<u>385,122</u>	<u>71,517</u>	<u>(313,605)</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	-	-	-
Public Works	-	37,501	(37,501)
Capital Outlay	<u>771,345</u>	<u>-</u>	<u>771,345</u>
Total Expenditures	<u>771,345</u>	<u>37,501</u>	<u>733,844</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(386,223)</u>	<u>34,016</u>	<u>420,239</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(386,223)	34,016	420,239
Fund Balance, Beginning of Year	<u>3,522,400</u>	<u>3,522,400</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,136,177</u></u>	<u><u>\$ 3,556,416</u></u>	<u><u>\$ 420,239</u></u>

**City of Hemet**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Bridges/Streets Traffic Facilities Capital Projects Fund**  
Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 948,743	\$ 39,914	\$ (908,829)
Charges for Services	200,000	380,113	180,113
Investment Income	35,000	8,603	(26,397)
Miscellaneous	-	62	62
Total Revenues	<u>1,183,743</u>	<u>428,692</u>	<u>(755,051)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	83,384	80,110	3,274
Capital Outlay	<u>335,656</u>	<u>171,907</u>	<u>163,749</u>
Total Expenditures	<u>419,040</u>	<u>252,017</u>	<u>167,023</u>
Excess (Deficiency) of Revenues over Expenditures	<u>764,703</u>	<u>176,675</u>	<u>(588,028)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	764,703	176,675	(588,028)
Fund Balance, Beginning of Year	<u>3,876,434</u>	<u>3,876,434</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 4,641,137</u></u>	<u><u>\$ 4,053,109</u></u>	<u><u>\$ (588,028)</u></u>

**City of Hemet  
Balance Sheet  
Non-major Permanent Funds  
June 30, 2013**

	<u>LaSalle Library Endowment</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and Investments	\$ 1,071,802	\$ 1,071,802
Interest Receivable	926	926
	<u>926</u>	<u>926</u>
Total Assets	<u>\$ 1,072,728</u>	<u>\$ 1,072,728</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Deposits	\$ 8,755	\$ 8,755
	<u>8,755</u>	<u>8,755</u>
Total Liabilities	<u>8,755</u>	<u>8,755</u>
Fund Balances:		
Nonspendable	1,000,000	1,000,000
Restricted	63,973	63,973
	<u>63,973</u>	<u>63,973</u>
Total Fund Balances	<u>1,063,973</u>	<u>1,063,973</u>
Total Liabilities and Fund Balances	<u>\$ 1,072,728</u>	<u>\$ 1,072,728</u>

**City of Hemet**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Permanent Funds**  
Year Ended June 30, 2013

	<u>LaSalle Library Endowment</u>	<u>Total</u>
<b>REVENUES</b>		
Investment Income	<u>\$ 13,357</u>	<u>\$ 13,357</u>
Total Revenues	<u>13,357</u>	<u>13,357</u>
<b>EXPENDITURES</b>		
Current:		
Libraries	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>13,357</u>	<u>13,357</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	<u>-</u>	<u>-</u>
Transfers Out	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	13,357	13,357
Fund Balance, Beginning of Year	<u>1,050,616</u>	<u>1,050,616</u>
Fund Balance, End of Year	<u><u>\$ 1,063,973</u></u>	<u><u>\$ 1,063,973</u></u>

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## **City of Hemet Internal Service Funds**

### **INTERNAL SERVICE FUNDS**

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

**Workers' Compensation** - Accounts for the financial transactions of a self-insured workers' compensation program

**Medical Insurance** - 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.

**OPEB** - Accounts for financial transactions of a self-insured employer retiree medical, dental and vision insurance program.

**City of Hemet**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
June 30, 2013

	<u>Admin. Services</u>	<u>Workers' Compensation Admin</u>	<u>Medical Insurance Admin</u>
<b>ASSETS</b>			
Current:			
Cash and Investments	\$ 2,519,025	\$ 1,438,957	\$ 820,174
Accounts Receivable	1,328	-	-
Inventory	161,068	-	-
	<u>2,681,421</u>	<u>1,438,957</u>	<u>820,174</u>
Property, Plant and Equipment:			
Construction in Progress	509,466	-	-
Capital Assets	4,406,058	-	-
Less Accumulated Depreciation	<u>(3,823,263)</u>	<u>-</u>	<u>-</u>
	<u>1,092,261</u>	<u>-</u>	<u>-</u>
	<u>3,773,682</u>	<u>1,438,957</u>	<u>820,174</u>
<b>LIABILITIES</b>			
Accounts Payable	336,620	2,177	-
Accrued Salaries and Benefits	22,345	1,449	-
Claims and Judgments Payable	<u>-</u>	<u>52,045</u>	<u>34,393</u>
	<u>358,965</u>	<u>55,671</u>	<u>34,393</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,092,261	-	-
Unrestricted	<u>2,322,456</u>	<u>1,383,286</u>	<u>785,781</u>
	<u>\$ 3,414,717</u>	<u>\$ 1,383,286</u>	<u>\$ 785,781</u>

<u>Liability Insurance</u>	<u>OPEB</u>	<u>Total</u>
\$ 1,315,969	\$ 828,711	\$ 6,922,836
-	567	1,895
-	-	161,068
<u>1,315,969</u>	<u>829,278</u>	<u>7,085,799</u>
-	-	509,466
-	-	4,406,058
-	-	(3,823,263)
-	-	<u>1,092,261</u>
<u>1,315,969</u>	<u>829,278</u>	<u>8,178,060</u>
5,394	511	344,702
795	-	24,589
<u>480,146</u>	<u>16,882</u>	<u>583,466</u>
<u>486,335</u>	<u>17,393</u>	<u>952,757</u>
-	-	1,092,261
<u>829,634</u>	<u>811,885</u>	<u>6,133,042</u>
<u>\$ 829,634</u>	<u>\$ 811,885</u>	<u>\$ 7,225,303</u>

**City of Hemet**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
Year Ended June 30, 2013

	Admin. Services	Workers' Compensation Admin	Medical Insurance Admin
<b>OPERATING REVENUE</b>			
Charges for Services	\$ 6,087,578	\$ 1,012,047	\$ 262,231
Total Operating Revenue	<u>6,087,578</u>	<u>1,012,047</u>	<u>262,231</u>
<b>OPERATING EXPENSES</b>			
Personal Services	3,358,964	212,320	13,999
Parts and Supplies	451,148	-	-
Maintenance	1,021,918	-	-
Utilities	538,281	-	-
Contracts, Rents and Leases	232,187	-	-
Insurance	90,700	1,194,439	332,881
Claims and Judgments	-	12,158	-
Depreciation	108,935	-	-
Total Operating Expenses	<u>5,802,133</u>	<u>1,418,917</u>	<u>346,880</u>
Operating Income (Loss)	<u>285,445</u>	<u>(406,870)</u>	<u>(84,649)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>			
Miscellaneous	-	-	5,000
Total Nonoperating Revenue (Expenses)	<u>-</u>	<u>-</u>	<u>5,000</u>
Income (Loss) Before Transfers and Capital Contributions	285,445	(406,870)	(79,649)
Capital Contributions	110,971	-	-
Transfers In	11,180	-	-
Transfers Out	<u>(461,180)</u>	<u>(400,000)</u>	<u>-</u>
Change in Net Position	(53,584)	(806,870)	(79,649)
Net Position, Beginning	3,131,585	2,190,156	865,430
Prior Period Adjustment	<u>336,716</u>	<u>-</u>	<u>-</u>
Net Position, Ending	<u>\$ 3,414,717</u>	<u>\$ 1,383,286</u>	<u>\$ 785,781</u>

<u>Liability Insurance</u>	<u>OPEB</u>	<u>Total</u>
<u>\$ 828,500</u>	<u>\$ 2,989,593</u>	<u>\$ 11,179,949</u>
<u>828,500</u>	<u>2,989,593</u>	<u>11,179,949</u>
95,422	-	3,680,705
-	-	451,148
-	-	1,021,918
-	-	538,281
30,397	-	262,584
282,175	-	1,900,195
87,092	3,112,842	3,212,092
<u>-</u>	<u>-</u>	<u>108,935</u>
<u>495,086</u>	<u>3,112,842</u>	<u>11,175,858</u>
<u>333,414</u>	<u>(123,249)</u>	<u>4,091</u>
<u>95,358</u>	<u>6,476</u>	<u>106,834</u>
<u>95,358</u>	<u>6,476</u>	<u>106,834</u>
428,772	(116,773)	110,925
-	-	110,971
-	-	11,180
<u>-</u>	<u>(2,400)</u>	<u>(863,580)</u>
428,772	(119,173)	(630,504)
400,862	931,058	7,519,091
<u>-</u>	<u>-</u>	<u>336,716</u>
<u>\$ 829,634</u>	<u>\$ 811,885</u>	<u>\$ 7,225,303</u>

## City of Hemet Agency Funds

### AGENCY FUNDS

**Pass Thru Fees** - Accounts for the developer fees collected by the City on behalf of the County of Riverside. Those fees are remitted periodically to the County.

**Payroll Deposits** - Accounts for amounts held by the City on behalf of its employees for payment of taxes, insurance, and other voluntary deductions.

**Heartland 1999 - 1 CFD 2006 Refunding Series** - Accounts for the financial transacting of a special tax bond issue which is financing the off-site improvements of a housing community and a golf course.

**City of Hemet**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
June 30, 2013

	Pass Thru Fees	Payroll Deposits	Heartland CFD 2006	Total Agency Funds
<b>ASSETS</b>				
Cash and Investments	\$ 20,472	\$ 17,436	\$ -	\$ 37,908
Accounts Receivables	-	4,307	23,220	27,527
Due from Other Funds	148,164	400,000	-	548,164
Cash and Investments with Fiscal Agent	-	-	3,617,228	3,617,228
	<u>\$ 168,636</u>	<u>\$ 421,743</u>	<u>\$ 3,640,448</u>	<u>\$ 4,230,827</u>
Total Assets	<u>\$ 168,636</u>	<u>\$ 421,743</u>	<u>\$ 3,640,448</u>	<u>\$ 4,230,827</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 168,636	\$ 421,743	\$ -	\$ 590,379
Due to Other Funds	-	-	548,164	548,164
Deposits	-	-	3,092,284	3,092,284
	<u>\$ 168,636</u>	<u>\$ 421,743</u>	<u>\$ 3,640,448</u>	<u>\$ 4,230,827</u>
Total Liabilities	<u>\$ 168,636</u>	<u>\$ 421,743</u>	<u>\$ 3,640,448</u>	<u>\$ 4,230,827</u>

**City of Hemet**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Pass Thru Fees Agency Fund**  
Year Ended June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
Cash and Investments	\$ 82,183	\$ 1,406,575	\$ 1,468,286	\$ 20,472
Due from Other Funds	-	148,164	-	148,164
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 82,183</u>	<u>\$ 1,554,739</u>	<u>\$ 1,468,286</u>	<u>\$ 168,636</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 54,363	\$ 1,530,995	\$ 1,455,971	\$ 129,387
Deposits	27,820	1,404,916	1,393,487	39,249
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>\$ 82,183</u>	<u>\$ 2,935,911</u>	<u>\$ 2,849,458</u>	<u>\$ 168,636</u>

**City of Hemet**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Payroll Deposits Agency Fund**  
Year Ended June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
Cash and Investments	\$ 364,959	\$ 45,480,874	\$ 45,828,397	\$ 17,436
Due from Other Funds	-	400,000	-	400,000
Accounts Receivable	1,522	60,838	58,053	4,307
	<u>1,522</u>	<u>60,838</u>	<u>58,053</u>	<u>4,307</u>
Total Assets	<u>\$ 366,481</u>	<u>\$ 45,941,712</u>	<u>\$ 45,886,450</u>	<u>\$ 421,743</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 361,521	\$ 60,512,275	\$ 60,452,053	\$ 421,743
Deposits	4,960	-	4,960	-
	<u>4,960</u>	<u>-</u>	<u>4,960</u>	<u>-</u>
Total Liabilities	<u>\$ 366,481</u>	<u>\$ 60,512,275</u>	<u>\$ 60,457,013</u>	<u>\$ 421,743</u>

**City of Hemet**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Heartland CFD 2006 Agency Fund**  
Year Ended June 30, 2013

	Beginning Balance	Additions	Deletions	Ending Balance
<b>ASSETS</b>				
Accounts Receivables	\$ 3,228	\$ 23,220	\$ 3,228	\$ 23,220
Cash and Investments with Fiscal Agent	<u>3,506,926</u>	<u>1,220,712</u>	<u>1,110,410</u>	<u>3,617,228</u>
Total Assets	<u><u>\$ 3,510,154</u></u>	<u><u>\$ 1,243,932</u></u>	<u><u>\$ 1,113,638</u></u>	<u><u>\$ 3,640,448</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
Due to Other Funds	\$ -	\$ 548,164	\$ -	\$ 548,164
Deposits	<u>3,510,154</u>	<u>1,056,872</u>	<u>1,474,742</u>	<u>3,092,284</u>
Total Liabilities	<u><u>\$ 3,510,154</u></u>	<u><u>\$ 1,605,036</u></u>	<u><u>\$ 1,474,742</u></u>	<u><u>\$ 3,640,448</u></u>

## **STATISTICAL SECTION**

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net Investment in Capital Assets	\$ 296,427	\$ 316,435	\$ 322,266	\$ 317,653	\$ 330,174	\$ 327,965	\$ 323,329	\$ 320,323	\$ 332,523	\$ 326,964
Restricted	11,501	9,878	10,165	17,464	18,754	22,937	32,078	58,734	42,003	\$ 33,450
Unrestricted	14,456	4,696	7,639	24,411	27,282	28,462	24,332	327	14,792	\$ 24,524
Total governmental activities net position	<u>\$ 322,383</u>	<u>\$ 331,009</u>	<u>\$ 340,070</u>	<u>\$ 359,528</u>	<u>\$ 376,210</u>	<u>\$ 379,364</u>	<u>\$ 379,739</u>	<u>\$ 379,384</u>	<u>\$ 389,318</u>	<u>\$ 384,938</u>
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$ 8,285	\$ 8,069	\$ 8,170	\$ 7,240	\$ 6,380	\$ 6,657	\$ 5,281	\$ 4,624	\$ 3,694	\$ 4,114
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,023	6,433	3,652	3,757	6,267	7,901	10,292	10,985	14,171	7,559
Total business-type activities net position	<u>\$ 15,309</u>	<u>\$ 14,502</u>	<u>\$ 11,822</u>	<u>\$ 10,997</u>	<u>\$ 12,647</u>	<u>\$ 14,558</u>	<u>\$ 15,573</u>	<u>\$ 15,609</u>	<u>\$ 17,865</u>	<u>\$ 11,673</u>
<b>Primary government</b>										
Net Investment in Capital Assets	\$ 304,712	\$ 324,504	\$ 330,437	\$ 324,893	\$ 336,554	\$ 334,622	\$ 328,610	\$ 324,947	\$ 336,217	\$ 331,078
Restricted	11,501	9,878	10,165	17,464	18,754	22,937	32,078	58,734	42,003	33,450
Unrestricted	21,479	11,128	11,291	28,168	33,549	36,363	34,624	11,312	28,963	32,082
Total primary government net position	<u>\$ 337,692</u>	<u>\$ 345,511</u>	<u>\$ 351,892</u>	<u>\$ 370,525</u>	<u>\$ 388,856</u>	<u>\$ 393,922</u>	<u>\$ 395,312</u>	<u>\$ 394,994</u>	<u>\$ 407,183</u>	<u>\$ 396,611</u>

\* Reflects data since the implementation of GASB 34

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 446	\$ 883	\$ 351	\$ 1,379	\$ 1,402	\$ 1,417	\$ 1,471	\$ 929	\$ 1,870	\$ 2,047
Public Safety	20,760	23,984	28,491	31,986	31,794	30,881	27,482	27,348	26,114	25,449
Community development	3,359	3,896	5,275	7,408	6,142	5,718	7,100	7,287	4,367	5,064
Public Works	6,215	12,515	18,111	1,739	2,350	11,312	13,343	12,379	11,700	15,807
Sanitation	1,359	1,574	2,144	2,042	2,026	1,793	1,858	2,381	1,596	1,754
Parks	743	791	865	985	994	810	849	763	617	790
Libraries	2,025	2,201	2,432	2,741	2,488	2,177	2,046	1,787	1,689	1,600
Interest and related charges on long-term debt	905	927	1,003	921	1,079	1,007	934	760	363	-
Total governmental activities expenses	35,811	46,770	58,674	49,202	48,276	55,114	55,083	53,633	48,317	52,510
Business-type activities:										
Refuse	7,790	9,279	11,345	11,240	10,334	10,148	10,018	10,516	5,059	276
Water	5,784	6,440	8,304	7,709	7,087	6,513	6,716	7,132	8,881	8,918
Total business-type activities expenses	13,574	15,719	19,649	18,949	17,421	16,660	16,735	17,647	13,940	9,194
Total primary government expense	\$ 49,384	\$ 62,490	\$ 78,322	\$ 68,151	\$ 65,697	\$ 71,774	\$ 71,818	\$ 71,280	\$ 62,257	\$ 61,704
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 785	\$ 1,117	\$ 1,116	\$ 993	\$ 769	\$ 1,095	\$ 3,754	\$ 2,797	\$ 1,031	\$ 1,494
Public safety	866	705	791	880	892	577	573	964	1,185	902
Community development	5,262	7,828	7,196	5,974	3,799	2,882	2,047	1,118	795	602
Public Works	2,290	2,577	3,028	3,363	3,558	4,812	3,271	5,878	4,743	4,314
Sanitation	1,916	2,156	2,629	2,785	2,820	2,977	2,555	2,794	2,788	2,758
Other activities	109	138	167	182	229	106	82	53	50	36
Operating grants and contributions	5,458	6,159	7,991	6,991	6,235	5,837	6,645	3,503	3,219	1,981
Capital grants and contributions	7,409	6,558	12,010	8,987	8,533	5,458	6,275	8,718	6,445	5,321
Total government activities program revenues	24,094	27,239	34,929	30,155	26,834	23,746	25,201	25,825	20,255	17,409
Business-type activities										
Charges for services:										
Refuse	8,016	8,883	10,503	11,209	11,401	11,058	10,697	9,978	4,160	117
Water	5,674	5,596	6,067	6,540	7,375	7,497	7,539	7,403	7,768	7,549
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	267	314	66	-	-	-	-	-	-
Total business-type activities program revenues	13,690	14,746	16,884	17,815	18,776	18,555	18,236	17,381	11,928	7,666
Total primary government program revenue	\$ 37,785	\$ 41,985	\$ 51,813	\$ 47,969	\$ 45,610	\$ 42,301	\$ 43,437	\$ 43,206	\$ 32,183	\$ 25,076

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense)/revenue	\$ (19,532)	\$ (23,745)	\$ (23,745)	\$ (19,047)	\$ (21,443)	\$ (31,368)	\$ (29,882)	\$ (27,808)	\$ (28,061)	\$ (35,101)
Governmental activities	(973)	(2,764)	(2,764)	(1,134)	-	-	1,501	(266)	(2,012)	(1,527)
Business-type activities	\$ (20,505)	\$ (26,509)	\$ (26,509)	\$ (20,181)	\$ (21,443)	\$ (31,368)	\$ (28,381)	\$ (28,074)	\$ (30,073)	\$ (36,628)
Total primary government net expense										
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 6,647	\$ 7,766	\$ 8,673	\$ 11,548	\$ 15,048	15,670	12,061	10,648	7,813	7,343
Transient occupancy taxes	425	483	606	849	992	947	621	603	586	626
Sales taxes	8,030	8,366	9,885	11,211	11,716	10,229	7,320	9,436	9,426	10,118
Motor vehicle in lieu taxes	3,542	2,847	5,001	4,992	5,910	6,690	5,373	5,179	4,783	4,829
Franchise and other taxes	2,144	2,442	2,577	3,535	3,484	3,531	1,077	1,422	3,354	4,730
Investment income	330	366	951	652	1,204	1,052	510	493	572	132
Miscellaneous	116	209	214	39	244	23	7	149	448	264
Gain (loss) on sale/disposal of assets	(129)	-	-	-	-	-	-	-	-	-
Capital contributions	6	29	-	-	-	-	-	-	-	-
Transfers	(17)	(17)	(16)	(20)	(92)	(18)	571	-	(2,185)	2,527
Total governmental activities	21,093	22,491	27,891	32,806	38,505	38,124	27,540	27,929	24,797	30,568
Business-type activities										
Investment income	105	102	150	65	216	277	85	56	183	12
Gain (loss) on sale/disposal of assets	(177)	-	-	-	-	-	-	-	1,830	-
Capital contributions	15	579	-	-	-	-	-	-	-	-
Miscellaneous										
Transfers	17	17	16	20	92	18	(571)	91	70	59
Total business-type activities	(40)	698	166	85	309	295	(486)	146	4,268	(4,736)
Total primary government	\$ 21,053	\$ 23,189	\$ 28,058	\$ 32,891	\$ 38,814	\$ 38,419	\$ 27,054	\$ 28,075	\$ 29,065	\$ 25,903
<b>Change in Net Position</b>										
Governmental activities	\$ 1,561	\$ (1,254)	\$ 4,146	\$ 9,061	\$ 19,458	\$ 16,681	\$ (2,342)	\$ 121	\$ 7,190	\$ (4,532)
Business-type activities	(1,013)	(2,066)	(2,598)	(2,680)	(826)	1,650	1,015	(120)	2,256	(6,192)
Total primary government	\$ 548	\$ (3,320)	\$ 1,548	\$ 6,382	\$ 18,633	\$ 18,332	\$ (1,326)	\$ 1	\$ 9,446	\$ (10,725)

\*Reflects data since the implementation of GASB 34

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 186	\$ 277	\$ 222	\$ 4,516	\$ 4,942	\$ 1,261	\$ 2,364			
Unreserved	5,771	8,481	9,333	5,588	2,788	2,559	209	1,019	3,221	1,020
Nonspendable**										698
Restricted**										7,888
Committed**										4,269
Assigned**										8,163
Unassigned**								1,679	6,724	8,163
Total general fund	\$ 5,957	\$ 8,758	\$ 9,555	\$ 10,104	\$ 7,730	\$ 3,820	\$ 2,573	\$ 2,697	\$ 17,699	\$ 22,038
All other governmental funds										
Reserved	\$ 15,762	\$ 11,863	\$ 8,424	\$ 13,177	\$ 15,024	\$ 15,677	\$ 20,189			
Unreserved, reported in:										
Special revenue funds	1,380	1,948	3,880	6,992	10,983	15,155	13,654			
Capital projects funds	9,491	11,083	13,583	10,444	12,388	16,693	22,971			
Nonspendable**								1,354	1,354	1,354
Restricted**								51,960	34,784	32,831
Committed**										
Assigned**										
Unassigned, reported in:**								6,309	4,181	4,452
Special revenue funds								(2,468)	(2,029)	(1,225)
Capital projects funds										
Total all other governmental fund	\$ 26,633	\$ 24,894	\$ 25,887	\$ 30,613	\$ 38,394	\$ 47,526	\$ 56,814	\$ 57,155	\$ 38,289	\$ 37,412

\*Reflects data since the implementation of GASB 34

\*\*In Fiscal Year 2010/2011, GASB Statement 54 required that Fund Balance be enhanced to provide clearer fund balance classifications.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$ 21,260	\$ 24,123	\$ 27,685	\$ 32,051	\$ 30,943	\$ 27,273	\$ 23,068	\$ 23,362	\$ 22,502	\$ 24,265
Licenses and permits	2,652	4,482	3,946	3,215	1,712	1,803	1,363	2,175	1,536	1,598
Intergovernmental revenues	5,928	8,102	11,773	11,699	12,011	11,099	11,787	14,710	11,113	9,322
Charges for services	14,622	15,370	21,203	16,658	15,092	14,217	12,464	11,812	9,924	9,509
Fines and forfeitures	405	351	385	386	360	327	218	600	511	404
Investment income	622	951	979	2,144	2,166	1,520	877	493	572	132
Other contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	1,085	1,641	1,785	2,527	2,692	2,112	2,210	159	468	337
Total revenues	<u>46,574</u>	<u>55,020</u>	<u>67,754</u>	<u>68,680</u>	<u>64,976</u>	<u>58,351</u>	<u>51,987</u>	<u>53,311</u>	<u>46,625</u>	<u>45,566</u>
<b>Expenditures</b>										
General government	160	727	175	1,163	1,304	1,097	1,027	1,601	1,983	1,949
Public safety	19,967	23,473	27,899	30,726	31,078	30,027	25,883	24,807	24,610	23,967
Community development	3,428	3,944	5,442	7,437	6,276	5,707	2,630	7,196	4,617	5,064
Public works	4,602	6,051	8,660	5,506	5,037	5,481	6,138	5,651	5,501	4,919
Sanitation	1,341	1,580	2,183	2,045	2,059	1,924	1,802	1,957	1,785	1,754
Parks	748	836	933	990	1,021	805	823	763	647	790
Libraries	1,744	1,938	2,234	2,454	2,254	1,821	1,669	1,420	1,441	1,248
Capital outlay	7,990	14,034	16,881	10,250	9,070	4,813	3,495	6,410	3,900	6,035
Debt service										
Principal	958	691	482	1,631	345	360	375	390	405	-
Interest	968	926	1,000	1,041	1,079	1,003	937	697	342	-
SERAF Obligation							4,425	911	-	-
Fiscal-administrative charges	41	5	8	10	4	7	3	3	3	-
Total expenditures	<u>41,946</u>	<u>54,205</u>	<u>65,897</u>	<u>63,255</u>	<u>59,526</u>	<u>53,047</u>	<u>49,208</u>	<u>51,807</u>	<u>45,234</u>	<u>45,725</u>
Excess (deficiency) of revenues over expenditures	<u>4,628</u>	<u>815</u>	<u>1,858</u>	<u>5,425</u>	<u>5,451</u>	<u>5,305</u>	<u>2,780</u>	<u>1,504</u>	<u>1,392</u>	<u>(159)</u>
<b>Other financing sources (uses)</b>										
Transfers in	2,461	3,144	3,798	7,443	2,845	3,034	3,569	5,038	6,696	6,933
Transfers out	(2,516)	(3,162)	(3,866)	(7,593)	(2,889)	(3,117)	(2,953)	(4,010)	(8,977)	(3,313)
Issuance of debt	1,500	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,445</u>	<u>(18)</u>	<u>(68)</u>	<u>(150)</u>	<u>(43)</u>	<u>(83)</u>	<u>616</u>	<u>1,028</u>	<u>(2,281)</u>	<u>3,620</u>
Net change in fund balances	<u>\$ 6,073</u>	<u>\$ 797</u>	<u>\$ 1,790</u>	<u>\$ 5,275</u>	<u>\$ 5,407</u>	<u>\$ 5,221</u>	<u>\$ 3,396</u>	<u>\$ 2,532</u>	<u>\$ (889)</u>	<u>\$ 3,461</u>
Debt service as a percentage of noncapital expenditures	5.79%	4.04%	3.04%	5.06%	2.83%	2.84%	12.56%	4.41%	1.82%	0.00%

\* Reflects data since the implementation of GASB 34

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
2004	3,371
2005	3,325
2006	4,589
2007	6,118
2008	6,144
2009	5,797
2010	4,850
2011	4,437
2012	4,611
2013	7,127

\*Reflects data since the implementation of GASB 34

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

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

Fiscal Year	City				Redevelopment				Highest Direct Tax Rate
	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
2004	2,728,798,684	105,809,142	(134,404,203)	2,700,203,623	819,504,440	59,778,944	(22,991,094)	856,292,290	0.24552
2005	3,122,839,457	116,191,604	(140,808,716)	3,098,222,345	929,149,696	64,356,300	(26,936,607)	966,569,389	0.24552
2006	3,760,093,030	128,843,912	(141,041,785)	3,747,895,157	1,085,138,951	67,181,222	(25,347,524)	1,126,972,649	0.24552
2007	4,735,323,023	140,094,511	(143,902,282)	4,731,515,252	1,386,488,321	74,247,501	(27,029,158)	1,433,706,664	0.24552
2008	5,524,246,122	154,911,432	(159,536,967)	5,519,620,587	1,623,497,110	80,385,410	(31,025,848)	1,672,856,672	0.24552
2009	5,361,185,825	183,698,140	(157,121,829)	5,387,762,136	1,576,142,470	87,430,895	(28,268,577)	1,635,304,788	0.24552
2010	4,481,845,081	181,495,343	(174,541,484)	4,488,798,940	1,347,521,671	82,733,031	(29,470,067)	1,400,784,635	0.24552
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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>City Direct Rates:</b>										
City of Hemet Basic Area	0.24552	0.24552	0.24552	0.24552	0.24552	0.24552	0.24552	0.24552	0.24552	0.24552
<b>Overlapping Rates:</b>										
Hemet Unified School	0.30653	0.30653	0.30653	0.30653	0.30653	0.30653	0.30653	0.30653	0.30653	0.30653
County General	0.25433	0.25433	0.25433	0.25433	0.25433	0.25433	0.25433	0.25433	0.25433	0.25433
Eastern Municipal Water District	0.04435	0.04435	0.04435	0.04435	0.04435	0.04435	0.04435	0.04435	0.04435	0.04435
Flood control Zone 4	0.03923	0.03923	0.03923	0.03923	0.03923	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	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	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	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	0.01455	0.01455	0.01455	0.01455	0.01455
San Jacinto Valley Cemetery	0.00458	0.00458	0.00458	0.00458	0.00458	0.00458	0.00458	0.00458	0.00458	0.00458
Flood Control Administration	0.00238	0.00238	0.00238	0.00238	0.00238	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	0.00020	0.00020	0.00020	0.00020	0.00020
Proposition 13 Rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<b>Bond issues:</b>										
Hemet Unified School District Debt Sv	0.05321	0.05324	0.04875	0.03939	0.081648	0.09156 *	0.09476 *	0.11177	0.12536	0.12525
Metropolitan Water District Debt Sv	0.00610	0.00580	0.00520	0.00469	0.004499	0.0075 *	0.0043 *	0.0037	0.0037	0.0035
<b>Total Rate</b>	<b>1.05931</b>	<b>1.05904</b>	<b>1.05395</b>	<b>1.04408</b>	<b>1.08615</b>	<b>1.09906</b>	<b>1.09906</b>	<b>1.11547</b>	<b>1.12906</b>	<b>1.12875</b>

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

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

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

City of Hemet  
Principal Property Taxpayers  
June 30, 2013

Taxpayer	2013			2004		
	Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Assessed Value	Rank	Percent of Total City Taxable Assessed Value
PHH Real Estate	\$ 42,297,360	1	1.01%	-	-	-
Freedom Properties Hemet	39,580,728	2	0.95%	-	-	-
Granite Village West LP	39,355,981	3	0.94%	-	-	-
MCS Hemet Valley Center	32,638,259	4	0.78%	-	-	-
Deutsch Engineered Connect Devices Inc	29,894,505	5	0.72%	-	-	-
James J. Femino	28,160,213	6	0.67%	-	-	-
Merrill Gardens	26,621,388	7	0.64%	-	-	-
Walmart Real Estate Business Trust	25,660,386	8	0.61%	-	-	-
Time Warner NY Cable LLC	22,650,696	9	0.54%	-	-	-
Johns M Sachs Inc	17,419,415	10	0.42%	-	-	-
Freedom Properties Hemet	-	-	-	\$ 34,175,728	1	1.27%
Merrill Gardens	-	-	-	24,884,400	2	0.92%
BHI Dover XVI	-	-	-	23,312,395	3	0.86%
James Femino	-	-	-	22,686,038	4	0.84%
John M Sachs Inc	-	-	-	21,691,541	5	0.80%
Donahue Schriber Realty Group	-	-	-	16,904,951	6	0.63%
Vintage Pointe Properties	-	-	-	11,337,039	7	0.42%
Hemet Retirement Residence LTD Liab	-	-	-	10,305,571	8	0.38%
TCI Cablevision of California, Inc	-	-	-	10,030,223	9	0.37%
American Stores Prop Inc.	-	-	-	9,760,919	10	0.36%
	<u>\$ 304,278,931</u>		<u>7.29%</u>	<u>\$ 185,088,805</u>		<u>6.85%</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
2004	3,071	6,332		3,194	6,259	100.54%	177	9,630	102.42%
2005	3,396	7,560		3,170	7,600	98.31%	154	10,925	99.71%
2006	4,099	8,934		4,401	10,011	110.58%	187	14,599	112.01%
2007	4,970	12,127		5,873	13,933	115.84%	245	20,051	117.27%
2008	5,646	14,527		5,705	15,043	102.85%	439	21,187	105.03%
2009	5,491	13,699		4,970	13,979	98.74%	827	19,776	103.05%
2010	4,633	11,308		4,733	10,841	97.70%	118	15,692	98.44%
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%

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				
2004	422	9,120	7,400	1,593	3,910	13	133	22,590		354	
2005	294	8,915	7,300	1,329	3,505	-	91	21,434	1.49%	323	
2006	156	8,700	7,195	1,286	3,080	-	45	20,461	1.31%	294	
2007	-	8,475	7,085	-	2,625	3,422	-	21,607	1.27%	302	
2008	-	8,240	6,975	-	2,150	2,986	-	20,351	1.17%	274	
2009	-	7,995	6,860	-	-	2,424	-	17,279	1.09%	231	
2010	-	7,740	6,740	-	-	1,972	-	16,452	1.12%	217	
2011	-	7,475	6,615	-	-	1,503	-	15,593	1.06%	197	
2012	-	*	*	-	-	286	-	286	0.02%	4	
2013	-	*	*	-	-	153	-	153		2	

NOTE:  
Personal Income data is not available for the 2004 year. This data was expected in 2009, but is not yet available.  
Personal Income data for 2013 is not yet available.  
\* 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
2004	63,800	0	16,520	16,520	0.46%	259
2005	66,455	0	16,215	16,215	0.40%	244
2006	69,544	0	15,895	15,895	0.33%	229
2007	71,705	0	15,560	15,560	0.25%	217
2008	74,185	0	15,215	15,215	0.21%	205
2009	74,931	0	14,855	14,855	0.21%	198
2010	75,820	0	14,480	14,480	0.25%	191
2011	79,309	0	14,090	14,090	0.26%	178
2012	80,089	0	**	-	0.00%	-
2013	80,877	0	**	-	0.00%	-

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

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

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

City of Hemet  
Direct and Overlapping Governmental Activities Debt  
as of June 30, 2013

2012-2013 Assessed Valuation: \$ 4,182,798,448

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2013	% Applicable (1)	City's Share of Debt 6/30/13
Metropolitan Water District	\$ 165,085,000	0.197%	\$ 325,217
Eastern Municipal Water District, I.D. No. 20	73,000	100.000%	73,000
Eastern Municipal Water District, I.D. No. 24	500,000	52.318%	261,590
Eastern Municipal Water District, I.D. No. U12	346,000	2.685%	9,290
Eastern Municipal Water District, I.D. No. U17	483,000	100.000%	483,000
Eastern Municipal Water District, I.D. No. U18	1,143,000	100.000%	1,143,000
Eastern Municipal Water District, I.D. No. U19	164,000	3.702%	6,071
Eastern Municipal Water District, I.D. No. U-20	134,000	3.779%	5,064
Eastern Municipal Water District, I.D. No. U21	172,000	12.648%	21,755
Hemet Unified School District	165,475,000	49.947%	82,649,798
San Jacinto Unified School District	43,735,786	6.175%	2,700,685
Hemet Unified School District Community Facilities District No. 2004-1	3,590,000	100.000%	3,590,000
Hemet Unified School District Community Facilities District No. 2005-2, 3 & 4	23,625,000	100.000%	23,625,000
San Jacinto Unified School District Community Facilities District No. 2005-4	2,265,000	32.708%	740,836
Eastern Municipal Water District Community Facilities District No. 2001-02	5,850,000	100.000%	5,850,000
Eastern Municipal Water District Community Facilities District No. 2004-27	8,280,000	100.000%	8,280,000
Eastern Municipal Water District Community Facilities District No. 2005-38	2,650,000	100.000%	2,650,000
City of Hemet Community Facilities District No. 1999-1	11,640,000	100.000%	11,640,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 144,054,306</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Riverside County General Fund Obligations	\$ 640,143,149	2.074%	\$ 13,278,643
Riverside County Pension Obligations	346,790,000	2.074%	7,192,425
Riverside County board of Education Certificates of Participation	3,900,000	2.074%	80,886
Mt San Jacinto Community College District General Fund Obligations	11,675,000	6.619%	772,768
Hemet Unified School District Certificates of Participation	59,220,000	49.947%	29,578,613
San Jacinto Unified School District Certificates of Participation	41,865,000	6.175%	2,585,164
Valley-Wide Recreation and Park District Certificates of Participation	160,000	29.627%	47,403
<b>City of Hemet</b>	<b>0</b>	<b>100.000%</b>	<b>0</b>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 53,535,902</b>
Less: Riverside County Administrative Center Authority (100% self-supporting from tax increment revenues)			225,957
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 53,309,945</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>	364,099,942	0.641-100%	18,380,863
<b>TOTAL DIRECT DEBT</b>			<b>\$0</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			215,971,072
<b>TOTAL NET OVERLAPPING DEBT</b>			215,745,115
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$ 215,971,072 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$ 215,745,115</b>

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2012-13 Assessed Valuations:

Total Overlapping Tax and Assessment Debt	3.44%
<b>Total Direct Debt</b>	<b>0.00%</b>
Gross Combined Total Debt	5.16%
Net Combined Total Debt	5.16%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,091,251,197):

Total Overlapping Tax Increment Debt	1.68%
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Source: California Municipal Statistics, Inc.

City of Hemet  
Legal Debt Margin Information  
Last Ten Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 101,257,636	\$ 115,967,000	\$ 140,546,068	\$ 177,431,822	\$ 206,985,772	\$ 202,041,080	\$ 168,329,960	\$ 157,681,797	\$ 155,923,565	\$ 156,603,119
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 101,257,636</u>	<u>\$ 115,967,000</u>	<u>\$ 140,546,068</u>	<u>\$ 177,431,822</u>	<u>\$ 206,985,772</u>	<u>\$ 202,041,080</u>	<u>\$ 168,329,960</u>	<u>\$ 157,681,797</u>	<u>\$ 155,923,565</u>	<u>\$ 156,603,119</u>

Total net debt applicable to the limit as a percentage of debt limit

Legal Debt Margin Calculation for Fiscal Year 2013:

Assessed Value	\$ 4,176,083,180
Debt limit (3.75% of assessed value)	<u>156,603,119</u>
Debt applicable to limit:	
General obligation bonds	0
Legal debt margin	<u>\$ 156,603,119</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				Coverage	
	Net Tax Increment	Debt Service Principal	Debt Service Interest	Coverage	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal		Debt Service Interest
2004	1,931	300	785	1.78	5,674	5,525	148	395	215	0.24
2005	2,271	305	774	2.11	5,596	6,060	(465)	405	195	(0.77)
2006	3,064	320	762	2.83	6,067	8,085	(2,018)	425	175	(3.36)
2007	4,369	335	751	4.02	6,540	7,509	(968)	455	154	(1.59)
2008	4,560	345	736	4.22	7,375	6,873	502	475	131	0.83
2009	4,067	360	722	3.76	7,497	6,385	1,111	2,150	106	0.49
2010	2,825	375	708	2.61	7,539	6,794	745	-	-	-
2011	2,727	385	692	2.53	Water Revenue Bond paid off in Fiscal year ending 6/30/2009					
2012	1,401	405	676	1.30						
2013	1,033	420	658	0.96						

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)
2004	63,800	-	-	7.80%
2005	66,455	\$ 1,439,954 (4)	\$ 21,668	6.80%
2006	69,544	1,567,103 (4)	22,534	6.70%
2007	71,705	1,698,144 (4)	23,682	7.30%
2008	74,185	1,732,764 (4)	23,357	10.60%
2009	74,931	1,558,055 (4)	20,793	17.60%
2010	75,820	1,474,537 (4)	19,448	17.90%
2011	79,309	1,471,637 (4)	18,556	16.20%
2012	80,089	1,477,935 (4)	18,454	14.30%
2013	80,877	*	*	12.80%

\*2013 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  
2013

Employer	Number of Employees	Percent of Total Employment
Hemet Unified School District	2,798	11.81%
Valley Health System	950	4.01%
TE Connectivity Previously Deutsch Co/Industrial Products	561 *	2.37%
County of Riverside (Various service centers)	469	1.98%
Walmart Supercenter	391	1.65%
Gosch Ford, Toyota, Hyundai & Inland Chevrolet	320	1.35%
City of Hemet	290	1.22%
Manorcare Health Services	278	1.17%
Village Healthcare Retirement	225	0.95%
Stater Bros	210 *	0.89%
McCrometer Inc.	199 *	0.84%
Home Depot	150	0.63%
Inland Empire Home Health & Hospice Previously Ramona VNA & Hospice	134 *	0.57%
Target	120 *	0.51%
Lowe's	125 *	0.53%
Winco Foods	115	0.49%

NOTE:

Comparative data has not been presented because prior data is 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

Function	<u>As of June 30:</u>							
	2006	2007	2008	2009	2010	2011	2012	2013
General Government	48	48	41	36	35	32	30	30
Community Development (Building, Planning, Engineering)	47	51	43	39	39	38	38	35
Library	23	27	23	17	16	15	13	13
Police								
Sworn	78	85	82	75	68	58	54	61
Non-sworn	37	37	33	31	31	31	27	28
Fire								
Firefighters and Officers	60	59	56	50	48	49	48	44
Civilians	2	4	3	3	1	3	1	3
Public Works								
Water	15	15	14	14	16	17	16	19
Sewer/Storm Drain/Street Sweeping	9	11	11	2	4	1	4	4
Refuse	33	33	25	26	24	24	2	1
Streets, Parks, LLMD	33	33	29	31	31	31	33	32
Facility & Equipment Maintenance	16	21	17	17	15	14	11	11
Clean City Youth	20	11	8	6	4	6	5	4
Administration	7	7	15	8	3	4	7	5
<b>TOTAL</b>	<b>428</b>	<b>442</b>	<b>400</b>	<b>355</b>	<b>335</b>	<b>323</b>	<b>289</b>	<b>290</b>

Source: City of Hemet Payroll Process Report - Active Employees

City of Hemet  
Operating Indicators  
by Function

Function:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Police</b>										
Calls for Service (1)	65,700	69,405	72,883	71,340	50,022	64,091	57,432	42,616	44,508	45,507
Arrests (1)	3,237	4,074	4,343	5,064	3,318	3,097	3,553	4,205	3,860	2,468
Sworn Officer's per 1000 population	1.17	1.25	1.27	1.17	1.1	1.0	0.84	0.83	0.79	0.82
<b>Fire</b>										
Calls for Service (1)	11,080	11,591	12,128	12,366	12,028	10,805	12,155	12,620	12,850	11,922
Fire/Explosion (included in total above)	361	305	314	282	253	244	288	240	228	224
Medical Aid (included in total above)	8,540	9,036	9,834	10,220	9,754	8,842	10,167	10,704	10,802	10,064
<b>Community Development</b>										
Permits: Single Family + Mobile set up	998	1,609	1,002	469	237	166	149	106	21	93
Conditional Use Permits applied/approved	21/19	18/4	9/0	21/2	28/12	13/8	9/3	12/11	7/4	8/4
Site Development Reviews applied/approved	38/35	26/22	27/4	19/10	10/2	6/5	1/2	4/1	3/1	9/7
<b>Library</b>										
Number of items checked out	331,443	398,140	463,544	482,110	492,665	437,175	412,718	428,459	428,601	381,047
Number of Cardholders	64,238	55,795	67,122	79,056	88,752	87,834	112,192	116,012	112,000	128,209
Total items in collection	94,484	103,475	104,528	99,423	98,625	82,018	101,752	102,902	106,211	92,680
<b>Simpson Senior Center</b>										
Citizens served through:										
Simpson Center	44,230	49,870	53,000	55,787	58,332	57,693	57,000 *	N/A	N/A	N/A
Lunch Program	21,750	24,000	26,700	28,540	27,872	27,872	28,000 *	N/A	N/A	N/A
Prime of Life	30,090	33,120	35,400	36,200	37,000	23,000	23,000 *	N/A	N/A	N/A
<b>Public Works</b>										
Trees trimmed	1,068	1,132	1,264	1,500	1,837	1,996	1,781	1,537	2,117	2,400
Poured Sidewalk (sq ft)	122,189	135,765	150,850	165,500	181,500	150,000	134,450	151,280	164,920	178,742
Asphalt remove and replace (sq ft)	18,000	24,000	32,000	40,000	50,000	3,037,500	3,060,000	5,242,600	6,623,400	7,326,600
Striping painted (linear ft)	112,500	150,000	200,000	210,000	220,500	223,500	218,000	1,044,862	1,056,000	0
Equipment CHP 90 day inspections/maint	194	200	206	211	236	238	224	N/A	N/A	N/A
Equipment light duty preventative maint	54	56	58	61	852	834	861	N/A	N/A	N/A
Buildings maintained (sq ft)	260,625	267,027	276,393	285,907	285,907	285,907	285,907	N/A	N/A	N/A
Miscellaneous service requests	4,118	3,620	3,906	4,101	4,306	4,507	3,520	4,760	4,753	4,800
<b>Refuse collected:</b>										
Commercial tons	21,746	24,849	25,311	28,011	22,864	23,207	17,846	18,038	7,052	N/A
Residential tons	21,991	25,125	25,633	29,605	23,262	23,610	23,056	23,545	12,915	N/A
Roll-off tons	9,059	10,362	10,717	16,055	10,260	10,415	7,375	8,112	3,541	N/A
Green Waste tons	3,675	2,526	3,412	4,905	4,638	4,707	7,725	7,808	2,988	N/A
Commingled Recyclable tons	3,572	3,404	3,380	4,508	4,506	4,504	4,024	2,118	912	N/A
Cardboard tons	1,059	1,043	1,005	1,198	1,035	1,050	1,170	1,890	619	N/A
<b>Water</b>										
Number of active accounts	9,287	9,332	9,405	9,212	8,996	9,001	9,325	9,145	9,112	9,214
Water introduced into the System (acre ft)	5,780	5,365	5,394	5,374	4,576	4,919	4,206	4,293	4,484	3,953
1 acre foot=325.851 gallons										

\* These numbers are estimated

In Fiscal Year 09/10, the City contracted with YMCA and most currently Valley Wide Recreation to run the Simpson Center and all services associated with it.

N/A is data that was not available

Source: Various departments within City of Hemet

City of Hemet  
Capital Asset Statistics  
by Function

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	5	5	5	5	4	4	4	4	4
Recreation and Culture:										
Number of parks	9	9	9	9	9	9	10	10	10	10
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes	94,484	103,475	104,528	99,423	98,625	82,018	101752	102902	106211	92680
Public Works:										
Area of City (square miles)	26	26	26	26	26	26	26	26	26	26
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	3600	3600	3600	3600	3600
Number of water accounts	9,287	9,332	9,405	9,212	8,996	9001	9423	9145	9112	9214
Miles of water mains	120	120	120	120	120	120	120	120	120	120
Number of refuse accounts	N/A	N/A	20,001	20,593	23,504	23454	23548	23548	0	0
Number of vehicles (city wide)	283	296	300	300	295	298	300	300	257	238

N/A = not available  
Source: Various City Departments

City of Hemet  
Water, Refuse, and Sewer Rates

Effective	1/21/2002	7/1/2003	7/1/2005	3/1/2007	7/1/2007	7/1/2008	7/1/2009	7/1/2010	7/1/2011	7/1/2012	7/1/2013
	Bimonthly										
<b>Water</b>											
Low Water Usage Rates											
0-1000 CF	\$ 33.68	\$ 38.00	\$ 42.00	\$ 46.20	\$ 50.80	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00
Normal Water Usage Rates											
Base Water Rates											
5/8" Meter	25.74	29.06	31.76	34.94	38.44	42.28	42.28	42.28	42.28	42.28	42.28
3/4" Meter	27.72	31.32	34.26	37.68	41.44	45.58	45.58	45.58	45.58	45.58	45.58
1" Meter	33.10	37.46	41.00	45.10	49.62	54.58	54.58	54.58	54.58	54.58	54.58
2" Meter	85.18	96.82	106.30	116.94	128.64	141.50	141.50	141.50	141.50	141.50	141.50
Consumption Water Rates per 100 CF											
0-600 CF	1.37	1.57	1.73	1.90	2.09	2.30	2.30	2.30	2.30	2.30	2.30
'601-1200 CF	1.50	1.70	1.87	2.06	2.27	2.50	2.50	2.50	2.50	2.50	2.50
'1201-over CF	1.72	1.96	2.16	2.38	2.62	2.88	2.88	2.88	2.88	2.88	2.88
<b>Refuse</b>											
Standard cart (60 gallon)	24.06	26.50	29.20	30.70	30.70	30.70	30.70	30.70	30.70	30.70	-
Large cart (90 gallon)	28.68	31.50	34.70	36.50	36.50	36.50	36.50	36.50	36.50	36.50	-
<b>Sewer</b>											
City sewer and storm drain	10.40	11.26	13.98	15.04	15.04	15.04	15.04	15.04	15.04	15.04	15.04
Increase February 1, 2004		12.24									
Increase February 1, 2005		12.84									
Increase February 1, 2006			14.44								

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 Nine Years  
(in 100 Cubic Feet)

Type of Customer	Calendar Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Single Family Residential	1,026,988	845,928	793,174	1,240,052	889,529	578,755	656,432	712,947	807,603
Multi-Family Residential	538,104	461,834	467,397	416,413	498,880	496,734	429,042	513,087	551,677
Commercial/Institutional	519,968	502,145	503,339	509,716	527,331	444,644	341,292	403,410	475,449
Landscape Irrigation	139,308	109,111	116,562	178,597	168,463	158,942	76,907	109,569	230,049
<b>Total</b>	<b>2,224,368</b>	<b>1,919,018</b>	<b>1,880,472</b>	<b>2,344,778</b>	<b>2,084,203</b>	<b>1,679,075</b>	<b>1,503,673</b>	<b>1,739,013</b>	<b>2,064,778</b>

Source: City of Hemet Water Department