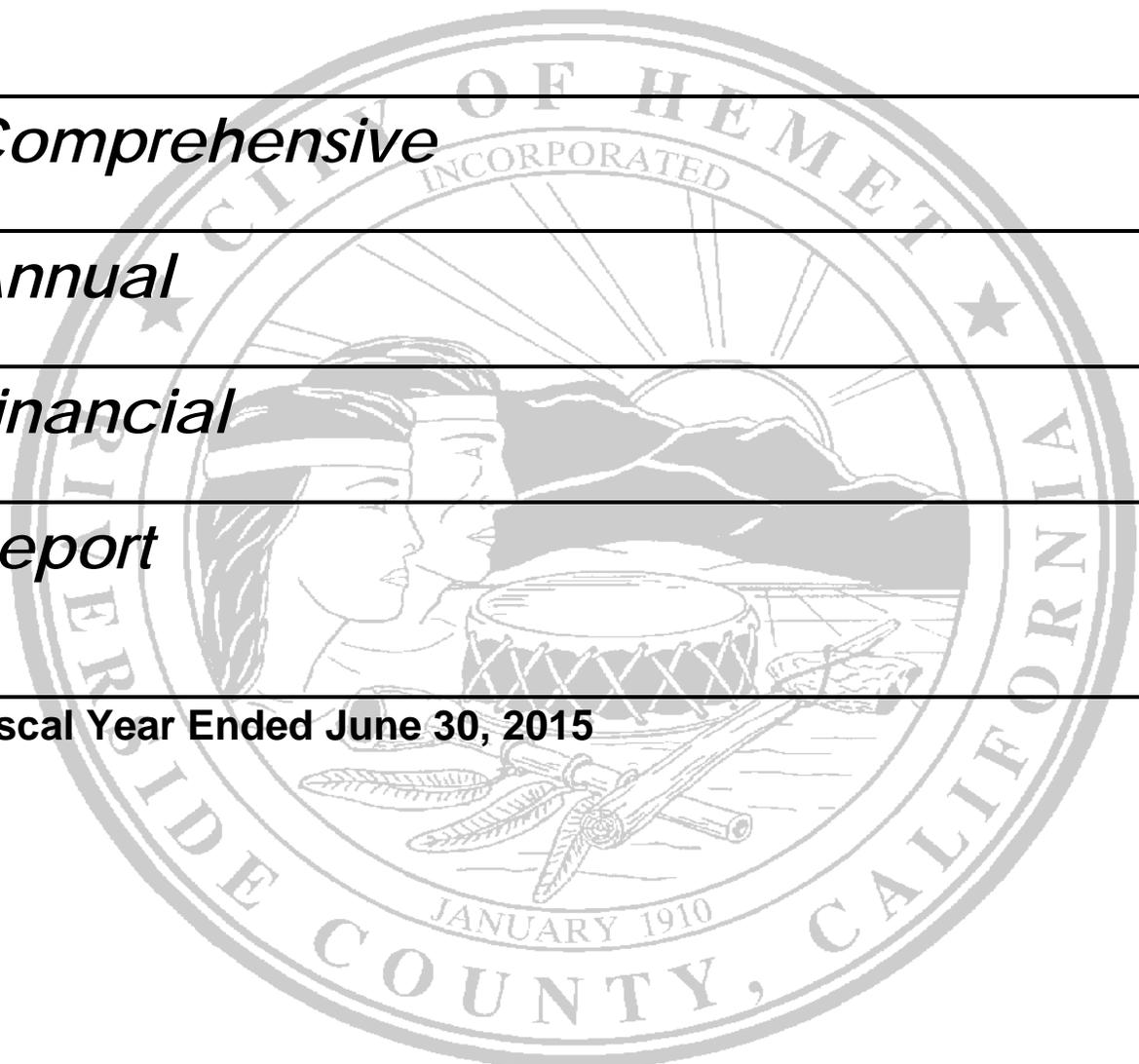

Comprehensive

Annual

Financial

Report

Fiscal Year Ended June 30, 2015



H *City of*
emet
California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
June 30, 2015**

**CITY OF HEMET
CALIFORNIA**



Linda Krupa – Mayor

Bonnie Wright – Vice Mayor

Shellie Milne – Council Member

Paul Raver – Council Member

Robert Youssef – Council Member

Prepared by the City of Hemet Finance Department

City of Hemet
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Hemet

445 EAST FLORIDA AVE • HEMET, CALIFORNIA 92543 • (951)765-2301

March 28, 2016

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

It is the policy of the City of Hemet to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Hemet for the fiscal year ended June 30, 2015.

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

The City's financial statements have been audited by The Pun Group, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 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, 2015 was fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

federal awards. These reports are available in the City's separately issued Single Audit Report.

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

Profile of the City of Hemet, California

The City of Hemet, incorporated in 1910, is located at the foot of the San Jacinto Mountains in the western region of Riverside County. The City currently occupies a land area of approximately 28 square miles and serves an estimated population of 83,000 residents. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Hemet has operated under the council-manager form of government since 1910. Policymaking and legislative authority are vested in a City Council consisting of the Mayor and four council members elected at-large. The City Council is responsible for, among other things, passing ordinances, adopting the annual budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and for appointing the heads of various departments. Council members are elected on a non-partisan basis and serve four-year staggered terms, with two or three council members elected every two years. The Mayor is selected in December by the City Council to serve a one-year term.

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

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

The development of the City of Hemet's annual operating budget begins with the submission of appropriation requests by all departments in March. These requests are the starting point for developing a proposed budget. The City Manager reviews the budget requests with the departments and the finance division in order to compile

recommendations. The City Manager then presents these recommendations in the form of a proposed budget to the entire council for review prior to the final City Council meeting in June. The Council is required to hold public meetings on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may approve transfers of appropriations within a 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.

Economic Condition and Outlook

The City of Hemet is located in the Inland Empire (Metropolitan Statistical Area – “MSA”), which consists of Riverside and San Bernardino Counties. Unemployment in the MSA is currently at 8.4%, (preliminary, as of December 2015), down 1.3% for the same period the previous year, and there have been modest improvements in the real estate and home building sectors. The Inland Empire MSA is projected to grow in future years as land values continue to remain well below those in Los Angeles, Orange and San Diego Counties. The City of Hemet's fiscal condition at the end of fiscal year 2014-15 reflected the continued recovery in the national and state economies.

General Fund revenues for fiscal year 2014-2015 were approximately \$1.3 million higher than the previous fiscal year. This was mainly due to a slight increase in Sales Tax and License and Permit revenues.

- Sales tax, the largest single revenue source in the General Fund, increased by approximately 5%, from \$10.5 million in fiscal year 2013-2014 to approximately \$11 million in fiscal year 2014-2015 (an increase of \$538,204) due to new and increased retail and auto sales.
- Development fees increased by approximately 9% (\$222,032) in fiscal year 2014-2015 to \$2.4 million. The continued stabilization of the housing market and an increase in non-residential development is the primary basis of this increase.
- Property taxes decreased by \$540,000 in fiscal year 2014-2015. This decrease was a result of one-time property tax distributions from the dissolution of the Hemet Redevelopment Agency received in fiscal year 2013-2014. The City anticipates additional 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

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

As of June 30, 2015, the total General Fund ending balance, spendable and non-spendable, was \$16.9 million. This is a decrease of \$2 million largely due to the structural deficit adopted in the annual budget.

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

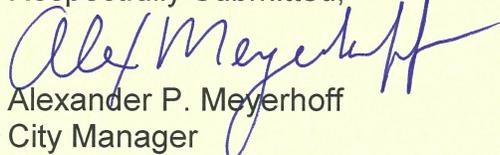
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hemet for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. In order to receive this prestigious award, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must also satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year. We believe our current Comprehensive Annual Financial Report conforms to the GFOA Certificate of Achievement Program; however, due to the timing of the completion of the CAFR the City of Hemet will not be submitting it for review and consideration.

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

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

Respectfully Submitted,


Alexander P. Meyerhoff
City Manager


Jessica A. Hurst
Deputy City Manager/Administrative Services



Government Finance Officers Association

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

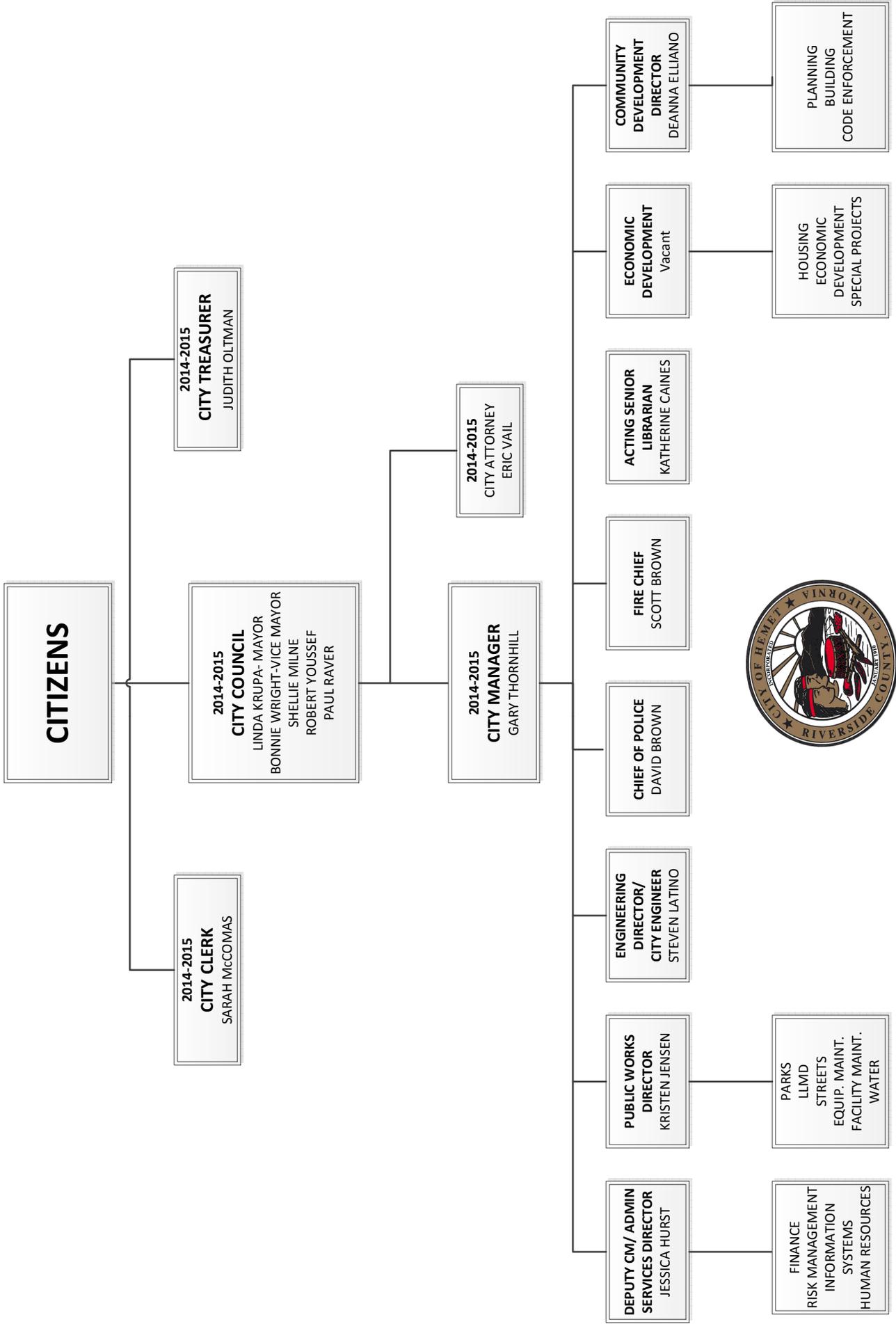
Presented to

**City of Hemet
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



**City of Hemet
Organizational Chart
2014-2015**

PRINCIPAL OFFICIALS OF THE CITY OF HEMET, CALIFORNIA

June 30, 2015

Elected and Administrative Officials

City Council

Linda Krupa
Bonnie Wright
Shellie Milne
Robert Youssef
Paul Raver

Mayor
Vice Mayor
Councilmember
Councilmember
Councilmember

Other Elected Officials

Judith Oltman

City Treasurer

Administrative Officials

Gary Thornhill
Eric Vail
Jessica Hurst

Deanna Elliano

David Brown
Kristen Jensen
Scott Brown
Steven Latino

Katherine Caines

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

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hemet, California (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Financial Condition

As discussed in Note 16 to the basic financial statements, the City has suffered significant reductions in net position from operations for the past year, which raises uncertainties regarding future operations. As of June 30, 2015, the City's governmental activities had an unrestricted net position (deficit) of \$(53,711,456). Management's plans regarding those matters are also described in the Management's Discussion and Analysis. The basic financial statements do not include any adjustments that might result from the outcome of these uncertainties. Our opinion is not modified with respect to this matter.

Implementation of GASB Statement No. 68 and 71

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The adoption of these standards required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2014 as described in Note 15 to the basic financial statements. In addition, net pension liability is reported in the Statement of Net Position in the amount of \$65,190,374 as of the measurement date. Net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2013 which was then rolled-forward by the actuaries to June 30, 2014, the measurement date for California Public Employee Retirement System ("CalPERS") plans. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule-General Fund, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions, and the Schedules of Funding Progress-Other Postemployment Benefits on pages 5 to 16 and 85 to 91, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

The Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
March 28, 2016

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CITY OF HEMET Management's Discussion and Analysis

The following discussion and analysis of the financial performance of the City of Hemet provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

Significant Change in Financial Reporting

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Reporting the City as a Whole

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

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

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

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

Reporting the City's Most Significant Funds

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

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

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

Reporting the City's Fiduciary Responsibilities

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Table 1 Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2015</u>	<u>2014</u> <small>(As Restated)</small>	<u>2015</u>	<u>2014</u> <small>(As Restated)</small>	<u>2015</u>	<u>2014</u> <small>(As Restated)</small>
Current and other assets	\$ 73.1	\$ 72.6	\$ 9.6	\$ 10.0	\$ 82.7	\$ 82.6
Capital assets	<u>324.3</u>	<u>326.7</u>	<u>3.7</u>	<u>4.1</u>	<u>328.0</u>	<u>330.8</u>
Total assets	\$ 397.4	\$ 399.3	\$ 13.3	\$ 14.1	\$ 410.7	\$ 413.4
Deferred outflows of resources:						
Pension contribution made after measurement date	<u>\$ 6.2</u>	<u>\$ 5.7</u>	<u>\$ 0.4</u>	<u>\$ 0.3</u>	<u>\$ 6.6</u>	<u>\$ 6.0</u>
Total deferred outflows of resources	\$ 6.2	\$ 5.7	\$ 0.4	\$ 0.3	\$ 6.6	\$ 6.0
Long-term debt outstanding	\$ 72.0	\$ 82.1	\$ 3.5	\$ 4.3	\$ 75.5	\$ 86.4
Other liabilities	<u>10.8</u>	<u>8.5</u>	<u>2.2</u>	<u>2.1</u>	<u>13.0</u>	<u>10.6</u>
Total liabilities	\$ 82.8	\$ 90.6	\$ 5.7	\$ 6.4	\$ 88.5	\$ 97.0
Deferred inflows of resources:						
Pension related items	<u>\$ 11.3</u>	<u>\$ -</u>	<u>\$ 0.7</u>	<u>\$ -</u>	<u>\$ 12.0</u>	<u>\$ -</u>
Total deferred inflows of resources	\$ 11.3	\$ -	\$ 0.7	\$ -	\$ 12.0	\$ -
Net Position:						
Net Investment in Capital Assets	\$ 324.3	\$ 325.1	\$ 3.7	\$ 4.2	\$ 328.0	\$ 329.3
Restricted	39.0	37.0	-	-	39.0	37.0
Unrestricted	<u>(53.7)</u>	<u>(47.7)</u>	<u>3.6</u>	<u>3.9</u>	<u>(50.1)</u>	<u>(43.8)</u>
Total net position	<u>\$ 309.6</u>	<u>\$ 314.4</u>	<u>\$ 7.3</u>	<u>\$ 8.1</u>	<u>\$ 316.9</u>	<u>\$ 322.5</u>

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

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

Table 2
Changes in Net Position
(in Millions)

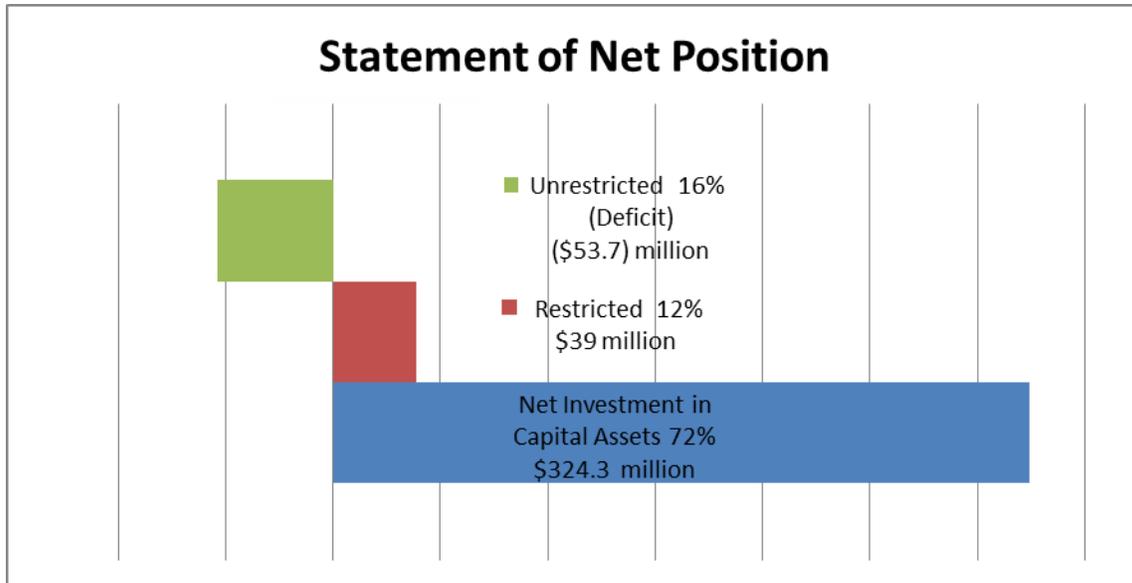
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program revenues:						
Charges for services	\$ 10.0	\$ 11.1	\$ 7.1	\$ 7.4	\$ 17.1	\$ 18.5
Operating grants/contributions	2.7	2.5	-	-	2.7	2.5
Capital grants/contributions	7.2	5.9	-	-	7.2	5.9
General revenues:						
Property taxes	5.7	6.2	-	-	5.7	6.2
Other taxes	22.8	21.6	-	-	22.8	21.6
Other general revenues	1.2	0.6	0.1	0.4	1.3	1.0
Total revenues	<u>\$ 49.6</u>	<u>\$ 47.9</u>	<u>\$ 7.2</u>	<u>\$ 7.8</u>	<u>\$ 56.8</u>	<u>\$ 55.7</u>
Program expenses						
General government	\$ 3.1	\$ 3.1	\$ -	\$ -	\$ 3.1	\$ 3.1
Public safety	28.9	28.3	-	-	28.9	28.3
Community development	5.3	6.6	-	-	5.3	6.6
Public works	12.1	11.8	-	-	12.1	11.8
Sanitation	2.2	1.9	-	-	2.2	1.9
Parks and library	2.7	2.7	-	-	2.7	2.7
Water and refuse	-	-	7.9	7.5	7.9	7.5
Total expenses	<u>\$ 54.3</u>	<u>\$ 54.4</u>	<u>\$ 7.9</u>	<u>\$ 7.5</u>	<u>\$ 62.2</u>	<u>\$ 61.9</u>
Excess (deficiency) before special items and transfers	\$ (4.7)	\$ (6.5)	\$ (0.7)	\$ 0.3	\$ (5.4)	\$ (6.2)
Beginning Net Position, as Restated	<u>\$ 314.4</u>	<u>\$ 320.9</u>	<u>\$ 8.1</u>	<u>\$ 7.8</u>	<u>\$ 322.5</u>	<u>\$ 328.7</u>
Ending Net Position	<u>\$ 309.7</u>	<u>\$ 314.4</u>	<u>\$ 7.4</u>	<u>\$ 8.1</u>	<u>\$ 317.1</u>	<u>\$ 322.5</u>

The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. The Net Position of the City's governmental activities decreased by 1.5% (from \$314.4 million to \$309.7 million, as stated) in 2015. **See Note 15 – Prior Period Adjustments** for additional information of the restated Net Position beginning balance. *Unrestricted* net position – the part of net position that can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased from a deficit of \$47.7 million in 2014 to a deficit of \$53.7 million in 2015. This decrease was primarily due to the City's ongoing annual expenditures exceeding the annual revenues, creating a structural deficit that contributed to the decrease in *Unrestricted* net position. The City adopted the budget where Fund Balance would be used to close the gap between expenditures and revenues.

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

The net position of the City’s business-type activities decreased by 7.5% (from \$8.1 million to \$7.4 million, as stated) in 2015. See Note 15 – Prior Period Adjustments for additional information of the restated Net Position beginning balance. This is mainly due to stagnant revenues from utility rates which have not been increased since 2008. The net position (financial position) of the City changed as a result of the revenue and expense fluctuations described below for the governmental and business-type activities of the City.

Total Net Position – Governmental Activities



Governmental Activities

Revenues for the City’s governmental activities saw an increase of \$1.7 million in 2015. Major categories contributing to revenue increases of \$1.2 million were General Revenues in Other Taxes, and Total Program Revenue of \$.4 million. A review of Primary Government revenues resulted in reclassification of governmental activity revenues. This reclassification more accurately pairs the governmental services provided with revenues received for those services. Although prior year revenue comparisons will appear to have great fluctuations in 2015 within each governmental activity due to this reclassification, revenues as stated increased by 2.6%. Expenses in governmental activities saw a decrease of < 1% or \$34,300. 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 \$54.3 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 \$34.4 million because some of the cost was paid by those who directly benefited from the programs (\$10.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$9.9 million).

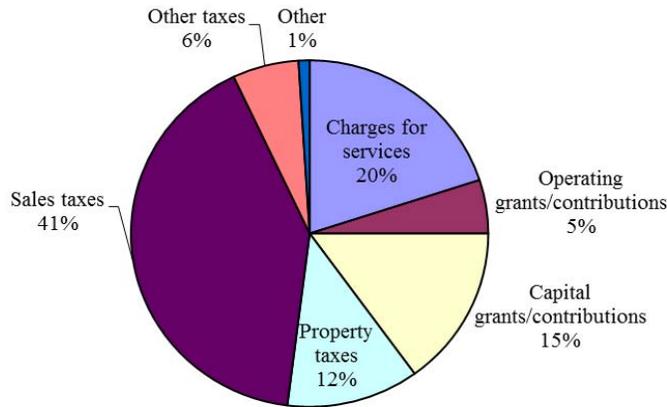
The reasons for significant changes in the revenues and expenses of the City’s governmental activities presented above are as follows:

- General revenues increased over the prior year in these categories and amounts: Transient occupancy taxes \$94,363, Sales taxes \$637,403, Motor vehicle in-lieu taxes \$401,977, Franchise and other taxes \$157,660.
- Governmental activity Total Program Revenue saw an increase in revenue of \$502,230, of that amount Operating Grants and Contributions increased \$287,601. The City is continuing to pursue and apply for operating grants to reduce operating costs.

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

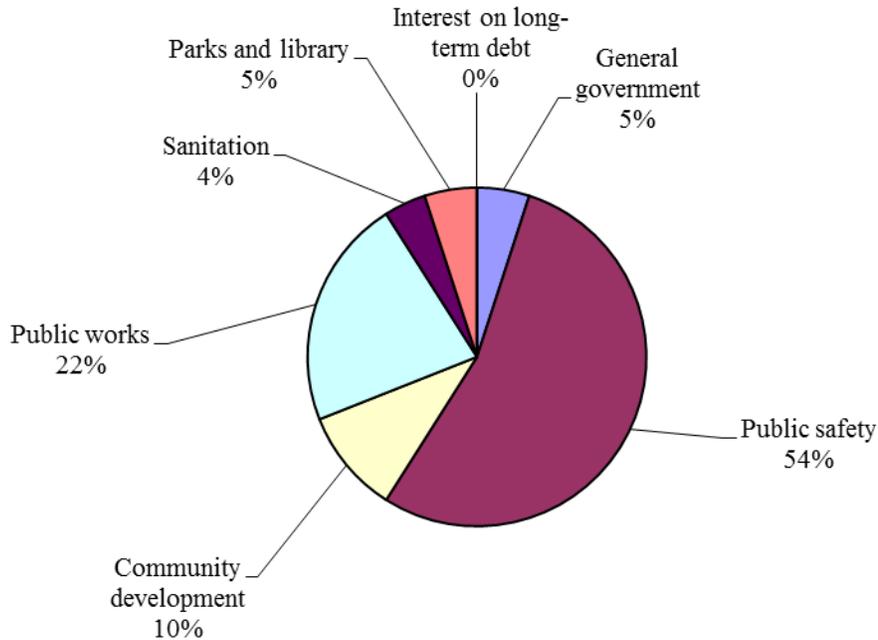
- Sales Tax revenues increased by \$637,403 due to the continued steady improvement in the local economy.
- Property tax revenues dropped \$540,021, a decrease of 8.8% to \$5,666,616 in 2015 from 2014 property tax revenues of \$6,206,637. This revenue decrease was primarily due to a negotiated agreement between the City of Hemet Successor Agency and the Riverside County Auditor-Controller's Office. This agreement redirected tax funds due to the General Fund of \$616,738 to the County for revisions to SB 211 and Health and Safe Code (HSC) 33401 calculations, a County CAP correction for project 02-2405, and a correction to the fiscal year 2011-12 ROPS pass-through and residual allocations. The negotiated agreement continues through January 2018 when the current balance due the County of \$815,424 will be repaid.

Revenues by Source – Governmental Activities



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

Expenses by Function – Governmental Activities



Business-Type Activities

The City's business-type activities had a decrease in revenues of \$280,996 in 2015 compared to 2014, mainly due to water conservation efforts. The long established water rates and continuing drought also contributed to the revenue decrease. Recent Council review and subsequent action to update water rates is intended to position the business-type activity revenues to cover the costs of providing services and generate funds for capital improvements to utility infrastructure.

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

MAJOR FUNDS

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

Major Governmental Funds. The **General Fund** is the chief operating fund of the city. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8.2 million, while total fund balance was \$16.9 million. Fund balance decreased \$2 million in 2015 mainly due to the budgetary structural deficit. Fund balance was utilized to close the gap between expenditures and revenues.

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

- General Fund revenues increased \$1.5 million in 2015 from 2014. The most significant revenue increases over 2014 were Operating Grants and Contributions with an increase of \$287,601, and Capital Grants and Contributions with an increase of \$1,361,788. The most significant decrease was Charges for Services which decreased \$1.1 million from the prior year.
- General Fund expenditures increased 3% by \$974,919 from 2014. Of this amount, Public Safety expenditures increased 4%, up \$907,809 from 2014 as a result of increased salary and fringe benefit costs. The Fire Department's Paramedic Program initial year of operating costs of \$84,000 are included in Public Safety expenditures.
- All other General Fund activities had decreased expenditures of 3%, \$673,000 less than 2014.

Major Special Revenue Fund. The Hemet Housing Authority grants loans for building and rehabilitation of multi-family units for individuals, small families, the elderly, the disabled and veterans, the targeted households for assistance. These loans have 55 year term limits of repayment. The Housing Authority will continue to monitor these loans as specified by the loaning government agency documents.

Major Enterprise Funds. Total net position of the **Water Fund** at the end of the year amounted to \$7.3 million, a decrease of 9% from 2014. Water restrictions mandated by the on-going drought conditions contributed to this revenue decrease. **Note 16 - Financial Condition** explains the **Water Fund** net position decrease in more detail.

GENERAL FUND BUDGET

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

- Tax revenues were budgeted to increase 2% in 2015 and exceeded budget projections. This was primarily due to an increase in Sales Tax of \$758,380.
- Building and engineering revenues exceeded budgeted revenues by \$364,955 in the current fiscal year.
- General Fund expenditures came in under budget in the current fiscal year. Careful monitoring of the budget and spending implemented by all departments city wide minimized the increase in expenditures.

Subsequent to this Fiscal Year's report, in Fiscal Year 2015-2016, the City has taken several steps toward reducing and eventually eliminating the structural deficit.

In October 2015, City Administrators presented the Council with a 5-year Projection to establish a framework for development of future year budget requests in an effort to maintain a balanced budget.

- This document makes several assumptions for the expenditure of funds. There are no cost increases for staffing, with the exception of PERS, built into the plan.

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

- Staff reviewed every revenue source to ensure all projections were up-to-date using the latest available information. It was determined that sales tax receipts are expected to reach pre-recession levels by 2018. Property Tax receipts are also rebounding due in part to the increasing number of real estate transactions and continued development.

Another major step taken to reduce the structural deficit has been a substantial reduction in costs for retiree medical benefits, identified as the single greatest threat to the City's long term financial viability. On September 8, 2015, the City Council approved a retiree medical benefit incentive plan to address the issue of steeply rising costs, especially related to the non-HMO plans, while ensuring the sustainability of this benefit. This Council action included the discontinuation of the highest costing medical plans, which represented over 60% of the annual cost of benefits, as of September 1, 2016. Outreach efforts have resulted in a 62% decrease in enrollment in the highest costing plans, an anticipated savings of \$1 million in the current fiscal year alone.

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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 11.8	\$ 11.8	\$ -	\$ -	\$ 11.8	\$ 11.8
Rights of way	190.5	190.5	-	-	190.5	190.5
Buildings and improvements	14.3	14.9	3.1	3.4	17.4	18.3
Machinery and equipment	4.1	4.1	0.6	0.7	4.7	4.8
Infrastructure	99.1	103.6	-	-	99.1	103.6
Construction in progress	<u>4.5</u>	<u>1.8</u>	<u>-</u>	<u>-</u>	<u>4.5</u>	<u>1.8</u>
Total	<u>\$ 324.3</u>	<u>\$ 326.7</u>	<u>\$ 3.7</u>	<u>\$ 4.1</u>	<u>\$ 328.0</u>	<u>\$ 330.8</u>

The most significant City infrastructure projects completed in 2015 were the completion of the widening of Sanderson Avenue from Menlo to Esplanade, and from Acacia to BNSF railroad tracks. These projects totaled \$780,655. Additional information on the City's capital assets can be found in the notes to the financial statements. (**Note 6** - Changes in Capital Assets)

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

LONG-TERM DEBT

The net adjustment to long-term debt for claims payable was an increase of \$835,914. The net adjustment to long-term debt for compensated absences was an increase of \$51,987.

Outstanding Debt
(in millions)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u> <u>(As Restated)</u>	<u>2015</u>	<u>2014</u> <u>(As Restated)</u>	<u>2015</u>	<u>2014</u> <u>(As Restated)</u>
OPEB	\$ 9.3	\$ 8.4	\$ -	\$ -	\$ 9.3	\$ 8.4
Compensated absences	2.4	2.5	.2	.2	2.6	2.7
Claims Payable	1.4	.6	-	-	1.4	.6
Aggregate Net Pension liabilities	<u>61.7</u>	<u>73.6</u>	<u>3.5</u>	<u>4.3</u>	<u>65.2</u>	<u>77.9</u>
Total Long-Term Liabilities	<u>\$74.8</u>	<u>\$85.1</u>	<u>\$3.7</u>	<u>\$ 4.5</u>	<u>\$78.5</u>	<u>\$89.6</u>

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

Contacting the City's Financial Management

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Hemet
Statement of Net Position
June 30, 2015

ASSETS	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 61,178,546	\$ 8,395,556	\$ 69,574,102
Cash with fiscal agent	82,476	-	82,476
Receivables:			
Accounts	1,267,547	1,162,749	2,430,296
Taxes	844,460	-	844,460
Interest	934,128	-	934,128
Due from other governments	2,639,596	78,646	2,718,242
Due from Successor Agency	16,932	-	16,932
Inventories	12,783	-	12,783
Prepaid items	12,589	5,399	17,988
Notes receivable, net	4,070,770	-	4,070,770
Land held for resale	2,076,419	-	2,076,419
Total current assets	<u>73,136,246</u>	<u>9,642,350</u>	<u>82,778,596</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	206,849,538	32,975	206,882,513
Depreciable, net	117,493,964	3,706,940	121,200,904
Total capital assets, net	<u>324,343,502</u>	<u>3,739,915</u>	<u>328,083,417</u>
Total noncurrent assets	<u>324,343,502</u>	<u>3,739,915</u>	<u>328,083,417</u>
Total assets	<u>397,479,748</u>	<u>13,382,265</u>	<u>410,862,013</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contribution made after measurement date	6,236,954	352,500	6,589,454
Total deferred outflows of resources	<u>6,236,954</u>	<u>352,500</u>	<u>6,589,454</u>

City of Hemet
Statement of Net Position (Continued)
June 30, 2015

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	2,617,852	177,850	2,795,702
Accrued salaries and benefits	422,936	26,436	449,372
Accrued liabilities	68,119	5,399	73,518
Deposits	2,650,147	1,554,686	4,204,833
Unearned Revenue	2,188,967	-	2,188,967
Accrued Interest	-	214,199	214,199
Compensated absences, due within one year	2,254,081	184,806	2,438,887
Claims payable, due within one year	565,632	-	565,632
Total current liabilities	10,767,734	2,163,376	12,931,110
Noncurrent liabilities:			
Compensated absences - due in more than one year	150,443	6,569	157,012
Claims payable - due in more than one year	870,451	-	870,451
Other postemployment benefit liabilities	9,256,053	-	9,256,053
Aggregate net pension liability	61,716,524	3,473,850	65,190,374
Total noncurrent liabilities	71,993,471	3,480,419	75,473,890
Total liabilities	82,761,205	5,643,795	88,405,000
DEFERRED INFLOWS OF RESOURCES			
Unamortized earnings in excess of expected earnings on pension plan investments	11,317,701	744,770	12,062,471
Total deferred inflows of resources	11,317,701	744,770	12,062,471
NET POSITION			
Net investment in capital assets	324,343,502	3,739,915	328,083,417
Restricted for:			
Public access channel	1,074,879	-	1,074,879
Community development	7,177,295	-	7,177,295
Public works	23,893,685	-	23,893,685
Public safety	905,059	-	905,059
Sanitation	4,860,604	-	4,860,604
Libraries:			
Expendable	94,228	-	94,228
Nonexpendable	1,000,000	-	1,000,000
Total restricted	39,005,750	-	39,005,750
Unrestricted (Deficit)	(53,711,456)	3,606,285	(50,105,171)
Total net position	\$ 309,637,796	\$ 7,346,200	\$ 316,983,996

City of Hemet
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 3,053,131	\$ 600,111	\$ -	\$ -	\$ 600,111
Public safety	28,946,511	680,879	1,889,702	500,453	3,071,034
Community development	5,324,764	3,196,637	830,250	435,854	4,462,741
Public Works	12,139,367	2,577,465	-	6,105,059	8,682,524
Sanitation	2,201,325	2,875,575	-	-	2,875,575
Parks	843,486	-	-	170,001	170,001
Libraries	1,854,517	43,978	21,676	-	65,654
Total governmental activities	<u>54,363,101</u>	<u>9,974,645</u>	<u>2,741,628</u>	<u>7,211,367</u>	<u>19,927,640</u>
Business-type activities:					
Water	7,919,382	7,089,911	-	-	7,089,911
Total business-type activities	<u>7,919,382</u>	<u>7,089,911</u>	<u>-</u>	<u>-</u>	<u>7,089,911</u>
Total primary government	<u>\$ 62,282,483</u>	<u>\$ 17,064,556</u>	<u>\$ 2,741,628</u>	<u>\$ 7,211,367</u>	<u>\$ 27,017,551</u>

City of Hemet
Statement of Activities (Continued)
For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (2,453,020)	\$ -	\$ (2,453,020)
Public safety	(25,875,477)	-	(25,875,477)
Community development	(862,023)	-	(862,023)
Public Works	(3,456,843)	-	(3,456,843)
Sanitation	674,250	-	674,250
Parks	(673,485)	-	(673,485)
Libraries	(1,788,863)	-	(1,788,863)
Total governmental activities	(34,435,461)	-	(34,435,461)
Business-type activities:			
Water	-	(829,471)	(829,471)
Total business-type activities	-	(829,471)	(829,471)
Total primary government	(34,435,461)	(829,471)	(35,264,932)
General Revenues:			
Taxes:			
Property taxes	5,666,616	-	5,666,616
Transient occupancy taxes	737,730	-	737,730
Sales taxes	11,680,380	-	11,680,380
Motor vehicle in-lieu taxes	5,397,799	-	5,397,799
Franchise and other taxes	5,032,927	-	5,032,927
Total taxes	28,515,452	-	28,515,452
Investment income	554,044	58,758	612,802
Miscellaneous	598,918	61,176	660,094
Total general revenues	29,668,414	119,934	29,788,348
Change in net position	(4,767,047)	(709,537)	(5,476,584)
Net position - beginning of year, as Restated (Note 15)	314,404,843	8,055,737	322,460,580
Net position - end of year	\$ 309,637,796	\$ 7,346,200	\$ 316,983,996

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The Governmental Funds of the City are outlined below:

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

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

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City of Hemet
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds			Nonmajor Governmental Funds	Total
	General	Housing			
	Fund	Authority			
ASSETS					
Cash and investments	\$ 19,126,284	\$ 22,744	\$ 35,982,900	\$ 55,131,928	
Cash with fiscal agent	5,990	-	76,486	82,476	
Accounts receivable	92,416	3,500	934,440	1,030,356	
Property taxes receivable, net	844,460	-	-	844,460	
Interest receivable	225,141	398,608	310,379	934,128	
Due from other governments	1,528,705	-	1,110,891	2,639,596	
Due from other funds	50,247	-	1,050,973	1,101,220	
Due from the Successor Agency	16,932	-	-	16,932	
Inventories	300	-	-	300	
Prepaid items	12,589	-	-	12,589	
Notes receivable, net	-	1,994,426	2,076,344	4,070,770	
Advances to other funds	-	-	354,137	354,137	
Land held for resale	-	1,482,500	593,919	2,076,419	
Total assets	\$ 21,903,064	\$ 3,901,778	\$ 42,490,469	\$ 68,295,311	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 315,172	\$ -	\$ 1,893,440	\$ 2,208,612	
Accrued salaries and benefits	340,224	-	53,450	393,674	
Accrued liabilities	68,119	-	-	68,119	
Deposits	2,074,047	5,733	570,367	2,650,147	
Due to other funds	-	-	1,101,220	1,101,220	
Advances from other funds	-	-	354,137	354,137	
Unearned revenue	2,188,967	-	-	2,188,967	
Total liabilities	4,986,529	5,733	3,972,614	8,964,876	
Fund Balances:					
Nonspendable	12,889	-	1,000,000	1,012,889	
Restricted	1,074,879	3,896,045	33,034,826	38,005,750	
Committed	7,288,352	-	-	7,288,352	
Assigned	314,462	-	4,758,829	5,073,291	
Unassigned	8,225,953	-	(275,800)	7,950,153	
Total fund balances	16,916,535	3,896,045	38,517,855	59,330,435	
Total liabilities, deferred inflows of resources and fund balances	\$ 21,903,064	\$ 3,901,778	\$ 42,490,469	\$ 68,295,311	

City of Hemet
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds		\$ 59,330,435
Amounts reported for governmental activities in the Statement of Net Position were reported differently because:		
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.		
Nondepreciable, net of \$0 reported in Internal Service Funds	\$ 206,849,538	
Depreciable, net of \$1,110,894 reported in the Internal Service Funds	<u>116,383,070</u>	323,232,608
Compensated absences were not due and payable in the current period; therefore, they were not reported in the Governmental Funds Balance Sheet.		
		(2,404,524)
Other postemployment benefit liabilities are not due and payable in the current period; therefore, are not reported in the governmental funds.		
		(9,256,053)
Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:		
Pension contributions made during the year after the measurement date, net of \$333,815 reported in Internal Service Fund.	5,903,139	
Aggregate net pension liability, net of \$(3,289,711) reported in Internal Service Fund.	(58,426,813)	
Actual earnings in excess of expected earnings on pension plan investments, net of \$(705,292) reported in Internal Service Fund.	<u>(10,612,409)</u>	(63,136,083)
Internal Service Funds were used by management to charge the costs of certain activities, such as insurance and equipment replacement to individual funds. The assets and liabilities of the Internal Service Funds were included in the governmental activities in the Government-Wide Statement of Net Position.		
		<u>1,871,413</u>
Net Position of Governmental Activities		<u><u>\$ 309,637,796</u></u>

City of Hemet
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds			Total
	General Fund	Housing Authority	Nonmajor Governmental Funds	
REVENUES:				
Taxes	\$ 28,515,452	\$ -	\$ 1,567,685	\$ 30,083,137
Licenses and permits	2,118,972	-	-	2,118,972
Intergovernmental revenues	462,469	-	6,175,043	6,637,512
Charges for services	2,699,110	-	6,267,431	8,966,541
Fines and forfeitures	378,673	-	-	378,673
Investment Income	273,176	241	284,627	558,044
Miscellaneous	165,493	-	481,046	646,539
Total revenues	34,613,345	241	14,775,832	49,389,418
EXPENDITURES:				
Current:				
General government	2,681,416	56	130,427	2,811,899
Public safety	26,667,739	-	1,349,342	28,017,081
Community development	4,267,324	-	980,403	5,247,727
Public works	-	-	5,562,407	5,562,407
Sanitation	-	-	2,161,687	2,161,687
Parks	845,852	-	4,099	849,951
Libraries	1,300,434	-	118,277	1,418,711
Capital outlay	77,187	-	4,698,837	4,776,024
Total expenditures	35,839,952	56	15,005,479	50,845,487
REVENUES OVER (UNDER) EXPENDITURES	(1,226,607)	185	(229,647)	(1,456,069)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,231,067	1,231,067
Transfers out	(770,004)	-	(461,063)	(1,231,067)
Proceed from sale of assets	-	-	7,524	7,524
Total other financing sources (uses)	(770,004)	-	777,528	7,524
NET CHANGES IN FUND BALANCES	(1,996,611)	185	547,881	(1,448,545)
FUND BALANCES:				
Beginning of year, as Restated (Note 15)	18,913,146	3,895,860	37,969,974	60,778,980
End of year	<u>\$ 16,916,535</u>	<u>\$ 3,896,045</u>	<u>\$ 38,517,855</u>	<u>\$ 59,330,435</u>

City of Hemet
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (1,448,545)

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

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

Total capital outlay expenditures reported in governmental funds	\$ 4,776,024	
Construction in progress transferred from Internal Service Fund	343,608	
Less: repair and maintenance expenditures	<u>(14,115)</u>	5,105,517

Depreciation expense of capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds except for \$139,974 reported in the Internal Service Fund. (7,422,497)

The net effect on disposal of capital assets. 109,655

Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds. (46,535)

Changes in net other postemployment benefit assets reported in the Statement of Activities do not use current financial resources and, therefore, are not reported as an expenditures in governmental funds. (901,053)

Compensated absences were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in the governmental funds. 65,441

Certain pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 1,031,060

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities. (1,260,090)

Change in Net Position of Governmental Activities \$ (4,767,047)

PROPRIETARY FUND FINANCIAL STATEMENTS

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PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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City of Hemet
Statement of Net Position
Proprietary Funds
June 30, 2015

	Governmental	
	Business-type Activities	Activities
	Water Enterprise Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 8,395,556	\$ 6,046,618
Accounts receivable	1,162,749	237,191
Due from other governments	78,646	-
Due from other funds	-	517,271
Inventories	-	12,483
Prepaid Items	5,399	-
Total current assets	9,642,350	6,813,563
Noncurrent assets:		
Nondepreciable capital assets	32,975	-
Depreciable capital assets, net of accumulated depreciation	3,706,940	1,110,894
Total noncurrent assets	3,739,915	1,110,894
Total assets	13,382,265	7,924,457
DEFERRED OUTFLOWS OF RESOURCES		
Pension contribution after measurement date	352,500	333,815
Total deferred outflows of resources	352,500	333,815
LIABILITIES		
Current liabilities:		
Accounts payable	177,850	409,240
Accrued salaries and benefits	26,436	29,262
Accrued liabilities	5,399	-
Interest payable	214,199	-
Deposits	1,554,686	-
Due to other funds	-	517,271
Compensated absences, due within one year	184,806	-
Claims payable, due within one year	-	565,632
Total current liabilities	2,163,376	1,521,405
Long-term liabilities:		
Compensated absences, due in more than one year	6,569	-
Claims payable, due in more than one year	-	870,451
Net pension liabilities	3,473,850	3,289,711
Total long-term liabilities	3,480,419	4,160,162
Total liabilities	5,643,795	5,681,567
DEFERRED INFLOWS OF RESOURCES		
Unamortized earnings in excess of projected earnings on pension plan investments	744,770	705,292
Total deferred inflows of resources	744,770	705,292
NET POSITION		
Investment in capital assets	3,739,915	1,110,894
Unrestricted	3,606,285	760,519
Total net position	\$ 7,346,200	\$ 1,871,413

See accompanying Notes to the Basic Financial Statements.

City of Hemet
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities	Governmental
	Water Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 7,089,911	\$ 12,865,650
Total operating revenues	7,089,911	12,865,650
OPERATING EXPENSES:		
Personal services	2,570,387	3,867,465
Parts and supplies	218,834	1,070,869
Maintenance	1,575,286	971,360
Utilities	458,338	621,359
Water purchases	12,665	-
Contracts, rents, and leases	127,895	227,690
Insurance	112,600	2,474,909
Claims and judgments	-	4,661,677
General office	535,800	-
Enterprise assessments	1,876,308	-
Depreciation	431,269	139,974
Total operating expenses	7,919,382	14,035,303
OPERATING INCOME (LOSS)	(829,471)	(1,169,653)
NONOPERATING REVENUES (EXPENSES):		
Investment income	58,758	-
Miscellaneous	61,176	253,171
Total nonoperating revenues (expenses)	119,934	253,171
LOSS BEFORE TRANSFERS	(709,537)	(916,482)
TRANSFERS:		
Transfers in	-	626,896
Transfers out	-	(970,504)
Total transfers	-	(343,608)
Change in net position	(709,537)	(1,260,090)
NET POSITION:		
Beginning of the year, as Restated (Note 15)	8,055,737	3,131,503
End of the year	\$ 7,346,200	\$ 1,871,413

City of Hemet
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for services from customers or other funds	\$ 7,275,976	\$ 12,760,065
Cash received from insurance recovery	-	17,507
Cash payments to suppliers for goods and services	(4,796,808)	(2,310,251)
Cash payments to employees for services	(2,634,405)	(3,937,612)
Cash payment for insurance	(112,600)	(6,300,672)
Net cash used in operating activities	(267,837)	229,037
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash paid to other funds	-	(343,608)
Net cash used in capital and related financing activities	-	(343,608)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	626,896
Cash paid to other funds	-	(626,896)
Net cash provided by noncapital financing activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	67,231	-
Net cash provided by investing activities	67,231	-
Net decrease in cash and cash equivalents	(200,606)	(114,571)
CASH AND CASH EQUIVALENTS:		
Beginning of year	8,596,162	6,161,189
End of year	\$ 8,395,556	\$ 6,046,618
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (829,471)	\$ (1,169,653)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	431,269	139,974
Miscellaneous revenue	61,176	253,171
(Increase) decrease in accounts receivable	129,354	176,022
(Increase) decrease in due from other funds	-	(517,271)
(Increase) decrease in inventories	-	162,297
(Increase) decrease in deferred outflows of resources related to pension	(43,994)	(41,662)
Increase (decrease) in accounts payable	8,318	(98,541)
Increase (decrease) in accrued wages and benefits payable	337	3,538
Increase (decrease) in due to other funds	-	517,271
Increase (decrease) in deposits	(4,465)	-
Increase (decrease) in claims payable	-	835,914
Increase (decrease) in compensated absences	13,454	-
Increase (decrease) in net pension liabilities	(778,585)	(737,315)
Increase (decrease) in deferred inflows of resources related to pension	744,770	705,292
Total adjustments	561,634	1,398,690
Net cash used in operating activities	\$ (267,837)	\$ 229,037

See accompanying Notes to the Basic Financial Statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

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FIDUCIARY FUND FINANCIAL STATEMENTS

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

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

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City of Hemet
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ -	\$ 294,142
Cash with fiscal agent	40,111	
Accounts receivable	-	15,426
Notes receivable	168,309	-
Land held for resale	2,208,773	-
Restricted Assets:		
Investments with fiscal agent	-	1,353,716
Total assets	2,417,193	\$ 1,663,284
LIABILITIES		
Current liabilities:		
Accounts payable	1,383	\$ 1,157,281
Accrued salaries and benefits	390	-
Deposits	-	506,003
Due to City of Hemet	16,932	-
Interest payable	100,037	-
Bonds payable, due within one year	580,000	-
Total current liabilities	698,742	1,663,284
Noncurrent liabilities:		
Bonds payable, due in more than one year	11,276,880	-
Total noncurrent liabilities	11,276,880	-
Total liabilities	11,975,622	\$ 1,663,284
NET POSITION		
Net position held in trust for Successor Agency	\$ (9,558,429)	

City of Hemet
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Tax increment	\$ 1,242,236
Investment income	99
Total additions	1,242,335
DEDUCTIONS	
Administrative costs	250,000
Interest and fiscal charges	917,385
Total deduction	1,167,385
CHANGE IN NET POSITION	74,950
NET POSITION	
Beginning of year	(9,633,379)
End of year	\$ (9,558,429)

City of Hemet
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

Note 1 – Reporting Entity

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.

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

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

Hemet Housing Authority

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

Note 2 – Summary of Significant Accounting Policy

A. Basis of Presentation

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

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

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policy (Continued)

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

Government-Wide and Fund Financial Statements

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

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

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

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

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

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

Government Fund Financial Statements

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

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Government Fund Financial Statements (Continued)

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

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

The City reports the following major Governmental 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.

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

Proprietary Fund Financial Statements

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

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

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

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

The City reports the following major proprietary funds:

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Fiduciary Fund Financial Statements

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

The City reports the following fiduciary funds:

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

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

C. Cash and Investments

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

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned from pooled investments is allocated to those various funds based on each fund's average cash and investment balance.

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

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

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

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Receivables

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

E. Inventories and Prepaid Items

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

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

F. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

G. 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.

H. 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.

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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

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

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

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

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

J. Due to Other Governments

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

K. Compensated Absences

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

L. 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.

M. 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.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

N. Pension

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

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Measurement Period	July 1, 2013 to June 30, 2014

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

O. Deferred Outflows/Inflows of Resources

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

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

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

P. Net Position

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

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

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

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

P. Net Position (Continued)

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

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

Q. Fund Balances

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

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

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

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

The City's committed fund balance includes:

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

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

Q. Fund Balances (Continued)

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

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

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

R. Property Tax Calendar

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

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

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

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

S. Use of Estimates

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Cash and Investments

At June 30, 2015, Cash and investments are classified in the accompanying financial statements as follows:

	<u>Government-Wide Statemet of Net Position</u>			<u>Statement of</u>	
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Fiduciary</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Net Position</u>	
Cash and Investments	\$ 61,178,546	\$ 8,395,556	\$ 69,574,102	\$ 294,142	\$ 69,868,244
Cash with Fiscal Agent	82,476	-	82,476	40,111	122,587
Investments with Fiscal Agent	-	-	-	1,353,716	1,353,716
Total Cash and Investments	<u>\$ 61,261,022</u>	<u>\$ 8,395,556</u>	<u>\$ 69,656,578</u>	<u>\$ 1,687,969</u>	<u>\$ 71,344,547</u>

At June 30, 2015, Cash and Investments consist of the following:

Cash on Hand	\$ 10,150
Deposits with Financial Institutions	10,238,556
Investments	59,742,125
Investments with fiscal agent	<u>1,353,716</u>
Total Cash and Investments	<u>\$ 71,344,547</u>

A. Demand Deposits

The carrying amount of the City's cash deposits were \$10,238,556 at June 30, 2015. Bank balances before reconciling items were \$11,566,222 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

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

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

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

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Cash and Investments (Continued)

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

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

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

C. 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.

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

D. Risk Disclosures

Disclosures Relating to Interest Rate Risk

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

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

Authorized Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Government Sponsored					
Enterprise Securities	\$ 9,480,280	\$ -	\$ -	\$ 9,480,280	\$ -
LAIF	25,272,333	25,272,333	-	-	-
Money Market Mutual Funds	1,755,611	1,755,611	-	-	-
Municipal Obligations	10,709,272	3,003,895	-	3,238,679	4,466,698
Non-negotiable CD	1,745,783	247,467	1,498,316	-	-
Negotiable CD	5,751,386	745,415	253,336	4,752,635	-
Medium-Term Notes	5,027,460	-	-	5,027,460	-
Held by Fiscal Agent:					
Money Market Mutual Funds	1,353,716	1,353,716	-	-	-
Total	\$ 61,095,841	\$ 32,378,437	\$ 1,751,652	\$ 22,499,054	\$ 4,466,698

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
U.S. Government Sponsored							
Enterprise Securities	\$ 9,480,280	N/A	\$ -	\$ 9,480,280	\$ -	\$ -	\$ -
LAIF	25,272,333	N/A	-	-	-	25,272,333	-
Money Market Mutual Funds	1,755,611	AAA	1,755,611	-	-	-	-
Municipal Obligations	10,709,272	A	1,248,524	4,384,238	3,072,610	-	2,003,900
Non-negotiable CD	1,745,783	N/A	-	-	-	1,745,783	-
Negotiable CD	5,751,386	N/A	-	-	-	5,751,386	-
Medium-Term Notes	5,027,460	A	-	3,024,000	2,003,460	-	-
Held by Fiscal Agent:							
Money Market Mutual Funds	1,353,716	AAA	1,353,716	-	-	-	-
Total	\$ 61,095,841		\$ 4,357,851	\$ 16,888,518	\$ 5,076,070	\$ 32,769,502	\$ 2,003,900

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Cash and Investments (Continued)

D. Risk Disclosure (Continued)

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2015, the City deposits (bank balances were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California law.

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

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

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2015 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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

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

As of June 30, 2015, the City had \$25,272,333 invested in LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The credit quality rating of LAIF is unrated as of June 30, 2015.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 4 – Interfund Transactions

A. Due From and To Other Funds

The following represents the composition of due from and to other funds as of June 30, 2015:

	Due From other Funds			Total
	General Fund	Other Governmental Funds	Internal Service Funds	
Due to Other Funds				
Other Governmental Funds	\$ 50,247	\$ 1,050,973	\$ -	\$ 1,101,220
Internal Service Funds	-	-	517,271	517,271
Total	\$ 50,247	\$ 1,050,973	\$ 517,271	\$ 1,618,491

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

B. Advances To and From Other Funds

The Flood Control Facilities Fund has advanced \$354,137 to the Fire Facilities Fund for facility improvements.

C. Transfers In and Out

	Transfers Out			Total
	General Fund	Other Governmental Funds	Internal Service Funds	
Transfers In				
Governmental Activities	\$ -	\$ -	\$ 343,608	\$ 343,608
Other Governmental Funds	770,004	461,063	-	1,231,067
Internal Service Funds	-	-	626,896	626,896
Total	\$ 770,004	\$ 461,063	\$ 970,504	\$ 2,201,571

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

The General Fund transferred \$750,000 to the newly established Capital Projects Fund to build up the reserve for future capital projects, including \$597,000 for an information technology refresh to convert to Windows 10, \$85,000 for Police Department body cameras, and \$67,500 for traffic signal chargers on police cars.

The Other Government Fund - Equipment Replacement Capital Projects Fund transferred \$435,823 to the Other Governmental Funds – Indian Gaming Grants Special Revenue Fund for future Indian Gaming Grant project costs for the Police and Fire Departments.

The Internal Service Fund transferred \$343,608 to the governmental activities capital assets - construction in progress related to the Sisk Building Rebuild Project.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 5 – Notes Receivables

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

At June 30, 2015 the outstanding balance of notes receivable and the uncollectible balance on the loans that will be forgiven by the City, assuming all requirements are met were as following:

	Housing Authority Special Revenue Fund	Other Governmental Funds	Total
Notes Receivables	\$ 3,489,905	\$ 5,947,844	\$ 9,437,749
Less: Allowance for Forgivable Notes	(1,495,479)	(3,871,500)	(5,366,979)
Total	\$ 1,994,426	\$ 2,076,344	\$ 4,070,770

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for the governmental activities for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Transfers and Reclassification	Balance June 30, 2015
Capital Assets, Not Being Depreciated:					
Land and Improvements	\$ 11,839,690	\$ -	\$ -	\$ -	\$ 11,839,690
Rights of Way	190,468,181	-	-	-	190,468,181
CIP - Infrastructure	1,756,950	4,249,222	-	(1,464,505)	4,541,667
Total Capital Assets, Not Being Depreciated	204,064,821	4,249,222	-	(1,464,505)	206,849,538
Capital Assets Being Depreciated:					
Buildings and Improvements	25,997,424	-	-	-	25,997,424
Buildings and Improvements - ISF	75,899	-	-	-	75,899
Machinery and Equipment	31,490,982	856,295	(304,803)	85,344	32,127,818
Machinery and Equipment - ISF	5,143,316	-	-	-	5,143,316
Infrastructure					
Pavement	151,606,048	-	(346,431)	891,974	152,151,591
Medians	163,384	-	-	-	163,384
Sidewalks	17,439,371	-	(9,552)	188,989	17,618,808
Curb and Gutter	16,448,937	-	(9,706)	49,842	16,489,073
Traffic Signal	6,073,766	-	-	294,183	6,367,949
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	11,513,268	-	(158,041)	39,517	11,394,744
Total Capital Assets being Depreciated	274,646,405	856,295	(828,533)	1,549,849	276,224,016
Less Accumulated Depreciation:					
Buildings and Improvements	(11,065,867)	(626,463)	-	-	(11,692,330)
Buildings and Improvements - ISF	(68,606)	(1,469)	-	-	(70,075)
Machinery and Equipment	(28,649,880)	(685,976)	304,803	(85,344)	(29,116,397)
Machinery and Equipment - ISF	(3,899,741)	(138,505)	-	-	(4,038,246)
Infrastructure					
Pavement	(92,566,545)	(5,086,586)	618,065	-	(97,035,066)
Medians	(46,291)	(5,446)	-	-	(51,737)
Sidewalks	(3,777,663)	(233,657)	4,138	-	(4,007,182)
Curb and Gutter	(3,451,191)	(219,522)	9,206	-	(3,661,507)
Traffic Signal	(3,606,216)	(186,911)	-	-	(3,793,127)
Street Lights	(2,070,936)	(154,453)	-	-	(2,225,389)
Bridges	(898,287)	(57,684)	-	-	(955,971)
Street Trees	-	-	-	-	-
Storm Drain/Retention Basins	(1,919,202)	(165,799)	1,976	-	(2,083,025)
Total Accumulated Depreciation	(152,020,425)	(7,562,471)	938,188	(85,344)	(158,730,052)
Total Capital Assets Being Depreciated, Net	122,625,980	(6,706,176)	109,655	1,464,505	117,493,964
Capital Assets, Net	\$ 326,690,801	\$ (2,456,954)	\$ 109,655	\$ -	\$ 324,343,502

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Capital Assets (Continued)

A. Governmental Activities

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

Governmental Activities:	
General Government	\$ 104,729
Public Safety	548,029
Public works	6,417,938
Libraries	351,801
Internal Service	139,974
Total depreciation expense	<u><u>\$ 7,562,471</u></u>

B. Business-Type Activities

	Balance July 1, 2014	Additions	Transfers	Balance June 30, 2015
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	4,456,088	-	(85,344)	4,370,744
Total Capital Assets being Depreciated	<u>32,144,497</u>	<u>-</u>	<u>(85,344)</u>	<u>32,059,153</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(24,275,342)	(279,026)	-	(24,554,368)
Machinery and Equipment	(3,730,946)	(152,243)	85,344	(3,797,845)
Total Accumulated Depreciation	<u>(28,006,288)</u>	<u>(431,269)</u>	<u>85,344</u>	<u>(28,352,213)</u>
Total Capital Assets Being Depreciated, Net	<u>4,138,209</u>	<u>(431,269)</u>	<u>-</u>	<u>3,706,940</u>
Capital Assets, Net	<u><u>\$ 4,171,184</u></u>	<u><u>\$ (431,269)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,739,915</u></u>

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

Business-type Activities:	
Water	\$ 431,269
Total depreciation expense	<u><u>\$ 431,269</u></u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 7 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014 (As Restated)	Additions	Deletions	Balance June 30, 2015	Due Within One Year	Due in More than One Year
Governmental Activities:						
Compensated Absences	\$ 2,469,965	\$ 2,639,318	\$ (2,704,759)	\$ 2,404,524	\$ 2,254,081	\$ 150,443
Claims Payable	600,169	1,630,273	(794,359)	1,436,083	565,632	870,451
Other Postemployment Benefit	8,355,000	4,231,000	(3,329,947)	9,256,053	-	9,256,053
Aggregate Net Pension Liabilities (Note 9)	73,601,204	20,216,921	(32,101,601)	61,716,524	-	61,716,524
Total Governmental Activity Long-Term Liabilities	\$ 85,026,338	\$ 28,717,512	\$ (38,930,666)	\$ 74,813,184	\$ 2,819,713	\$ 71,993,471

Compensated Absences

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

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

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

B. Business-Type Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014 (As Restated)	Additions	Deletions	Balance June 30, 2015	Due Within One Year	Due in More than One Year
Business-type Activities						
Compensated Absences	\$ 177,921	\$ 206,479	\$ (193,025)	\$ 191,375	\$ 184,806	\$ 6,569
Aggregate Net Pension Liabilities (Note 9)	4,252,435	1,285,145	(2,063,730)	3,473,850	-	3,473,850
Total Business-type Activities Long-term Liabilities	\$ 4,430,356	\$ 1,491,624	\$ (2,256,755)	\$ 3,665,225	\$ 184,806	\$ 3,480,419

Compensated Absences

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Fund

Summary of changes in long-term liabilities for Fiduciary Fund for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year	Due in More than One Year
Fiduciary Fund:						
Bonds Payable:						
Subordinate Tax Allocation Bonds,						
1999 Series A	\$ 6,615,000	\$ -	\$ (6,615,000)	\$ -	\$ -	\$ -
Tax Allocation Bonds, 2002 Series A	6,205,000	-	(6,205,000)	-	-	-
2014 Tax Allocation Refunding Bonds	-	11,110,000	-	11,110,000	580,000	10,530,000
Total bonds payable	12,820,000	11,110,000	(12,820,000)	11,110,000	580,000	10,530,000
Bond Premium:						
2014 Tax Allocation Refunding Bonds	-	773,830	(26,950)	746,880	-	746,880
Total Fiduciary Fund						
Long-term Liabilities	\$ 12,820,000	\$ 11,883,830	\$ (12,846,950)	\$ 11,856,880	\$ 580,000	\$ 11,276,880

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 bonds were fully redeemed through issuance of 2014 Tax Allocation Refunding Bonds during the year ended June 30, 2015.

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 bonds were fully redeemed through issuance of 2014 Tax Allocation Refunding Bonds during the year ended June 30, 2015.

2014 Tax Allocation Refunding Bonds

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Fund

2014 Tax Allocation Refunding Bonds

The debt service to maturity is as follows:

June 30,	Principal	Interest	Total
2016	\$ 580,000	\$ 359,177	\$ 939,177
2017	470,000	411,194	881,194
2018	485,000	394,444	879,444
2019	505,000	374,644	879,644
2020	530,000	353,944	883,944
2021-2025	3,035,000	1,352,844	4,387,844
2026-2030	3,795,000	612,259	4,407,259
2031-2032	1,710,000	59,850	1,769,850
	<u>\$ 11,110,000</u>	<u>\$ 3,918,356</u>	<u>\$ 15,028,356</u>

The refunding resulted in saving of \$1,829,065 in debt service payments and economic gain based on present value of the saving is \$1,588,800.

D. Non-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 was paid off in February 2015.

CFO 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 CFO 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, 2015 is \$8,585,000.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Risk Management and Self Insurance Programs

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

Type	Limits	Deductible
Property	\$ 600,000,000 All risk and flood (portions of limits are shared)	\$ 5,000 All risk \$10,000 vehicles and mobile equipment \$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.

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

Insurance Type	Beginning Balance	Claims Incurred	Claim Payments	Ending Balance	Current Portion
2012 - 2013 Total	\$ 523,367	\$ 748,592	\$ (688,493)	\$ 583,466	\$ 583,466
2013 - 2014 Total	\$ 583,466	\$ 720,766	\$ (704,063)	\$ 600,169	\$ 600,169
2014 - 2015					
Dental - Vision	\$ 68,417	\$ 433,774	\$ (451,226)	\$ 50,965	\$ 50,965
Workers' Comp	82,175	-	(17,508)	64,667	64,667
Liability	449,577	1,196,499	(325,625)	1,320,451	450,000
2014 - 2015 Total	\$ 600,169	\$ 1,630,273	\$ (794,359)	\$ 1,436,083	\$ 565,632

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – City Employees Retirement Plan

Summary of changes in net pension liabilities and the related deferred outflows of resources and deferred inflows of resources for the year ended June 30, 2015 is as follow:

<u>Governmental Activities</u>	Balance July 1, 2014 (As Restated)	Additions	Deletions	Balance June 30, 2015
Deferred outflows of resources:				
Pension contribution after measurement date:				
CalPERS - Miscellaneous	\$ 1,882,560	\$ 2,151,020	\$ (1,882,560)	\$ 2,151,020
CalPERS - Safety	3,816,628	4,085,934	(3,816,628)	4,085,934
Total deferred outflows of resources	<u>\$ 5,699,188</u>	<u>\$ 6,236,954</u>	<u>\$ (5,699,188)</u>	<u>\$ 6,236,954</u>
Net pension liabilities:				
CalPERS - Miscellaneous	\$ 25,949,118	\$ 7,842,184	\$ (12,593,251)	\$ 21,198,051
CalPERS - Safety	47,652,086	12,374,737	(19,508,350)	40,518,473
Total net pension liabilities	<u>\$ 73,601,204</u>	<u>\$ 20,216,921</u>	<u>\$ (32,101,601)</u>	<u>\$ 61,716,524</u>
Deferred inflows of Resources:				
Difference in projected and actual earnings on pension investments:				
CalPERS - Miscellaneous	\$ -	\$ 5,680,900	\$ (1,136,180)	\$ 4,544,720
CalPERS - Safety	-	8,466,226	(1,693,245)	6,772,981
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 14,147,126</u>	<u>\$ (2,829,425)</u>	<u>\$ 11,317,701</u>
<u>Business-Type Activities</u>	Balance July 1, 2014 (As Restated)	Additions	Deletions	Balance June 30, 2015
Deferred outflows of resources:				
Pension contribution after measurement date:				
CalPERS - Miscellaneous	\$ 308,506	\$ 352,500	\$ (308,506)	\$ 352,500
Total deferred outflows of resources	<u>\$ 308,506</u>	<u>\$ 352,500</u>	<u>\$ (308,506)</u>	<u>\$ 352,500</u>
Net pension liabilities:				
CalPERS - Miscellaneous	\$ 4,252,435	\$ 1,285,145	\$ (2,063,730)	\$ 3,473,850
Total net pension liabilities	<u>\$ 4,252,435</u>	<u>\$ 1,285,145</u>	<u>\$ (2,063,730)</u>	<u>\$ 3,473,850</u>
Deferred inflows of Resources:				
Difference in projected and actual earnings on pension investments:				
CalPERS - Miscellaneous	\$ -	\$ 930,963	\$ (186,193)	\$ 744,770
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 930,963</u>	<u>\$ (186,193)</u>	<u>\$ 744,770</u>

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – City Employees Retirement Plan (Continued)

A. General Information about the Pension Plan

Plan Description

The City contributes to the California Public Employees' Retirement System ("CalPERS"), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Benefit Provided

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

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

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

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

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – City Employees Retirement Plan (Continued)

A. General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2013, the valuation date, the following employees were covered by the benefit terms:

	Plans	
	Miscellaneous	Safety
Active employees	170	103
Transferred and terminated employees	180	73
Retired Employees and Beneficiaries	233	147
Total	583	323

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014, the average active employee contribution rates were 7.960 and 9.043%% of annual pay, and the employer’s contribution rates were 22.707% and 42.474% of the annual payroll for Miscellaneous and Safety Plans, respectively.

B. Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014, the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – City Employees Retirement Plan (Continued)

B. Net Pension Liability (Continued)

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

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent, which is net of administrative expenses. An investment return excluding administrative expenses would have been 7.65 percent. Management has determined that using the lower discount rate has resulted in a slightly higher total pension liability and net pension liability and the difference was deemed immaterial to the financial statement. The long-term expected rate of return on pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	<u>100.00%</u>		

¹ An expected inflation of 2.5% used

² An expected inflation of 3.0% used

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – City Employees Retirement Plan (Continued)

C. Changes in the Net Pension Liability

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

	Miscellaneous Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2013 (Valuation Date)	\$ 98,107,413	\$ 67,905,860	\$ 30,201,553
Changes Recognized for the Measurement Period:			
Service Cost	1,873,983		1,873,983
Interest on the total pension liability	7,253,346		7,253,346
Changes of benefit terms	-		-
Difference between expected and actual experience	-		-
Changes of assumptions	-		-
Contributions from the employer		2,191,066	(2,191,066)
Contributions from employees		871,668	(871,668)
Net investment income, net of administrative expense		11,594,247	(11,594,247)
Benefit payments, including refunds of employee contributions	(4,666,256)	(4,666,256)	-
Net Changes during July 1, 2013 to June 30, 2014	\$ 4,461,073	\$ 9,990,725	\$ (5,529,652)
Balance at June 30, 2014 (Measurement Date)	\$ 102,568,486	\$ 77,896,585	\$ 24,671,901
	Safety Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2013 (Valuation Date)	\$ 133,631,163	\$ 85,979,077	\$ 47,652,086
Changes Recognized for the Measurement Period:			
Service Cost	2,495,555		2,495,555
Interest on the total pension liability	9,879,182		9,879,182
Changes of benefit terms	-		-
Difference between expected and actual experience	-		-
Changes of assumptions	-		-
Contributions from the employer		3,816,628	(3,816,628)
Contributions from employees		896,539	(896,539)
Net investment income, net of administrative expense		14,795,183	(14,795,183)
Benefit payments, including refunds of employee contributions	(6,313,012)	(6,313,012)	-
Net Changes during July 1, 2013 to June 30, 2014	\$ 6,061,725	\$ 13,195,338	\$ (7,133,613)
Balance at June 30, 2014 (Measurement Date)	\$ 139,692,888	\$ 99,174,415	\$ 40,518,473

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – City Employees Retirement Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Miscellaneous Plan	\$ 38,494,441	\$ 24,671,901	\$ 13,305,124
Safety Plan	\$ 60,261,594	\$ 40,518,473	\$ 24,407,626

Pension plan fiduciary net position

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

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

For the measurement period ending June 30, 2014, the City incurred a pension expense of \$1,950,904 and \$3,455,996 for the Miscellaneous and Safety Plans, respectively.

As of measurement date of June 30, 2014, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 2,503,520	\$ -
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	-	(5,289,490)
Total	\$ 2,503,520	\$ (5,289,490)
Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 4,085,934	\$ -
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	-	(6,772,981)
Total	\$ 4,085,934	\$ (6,772,981)

The amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – City Employees Retirement Plan (Continued)

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

The expected average remaining service lifetime (“EARSLS”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSLS for the 2013-14 measurement period is 2.8 and 3.9 years, which was obtained by dividing the total service years of 1,611 and 1,272 (the sum of remaining service lifetimes of the active employees) by 583 and 323 (the total number of participants: active, inactive, and retired) for Miscellaneous and Safety plan, respectively.

The \$2,503,520 and \$4,085,934 for Miscellaneous and Safety Plans, respectively, reported as deferred outflows of resources related to pension resulting from the City’s contributions subsequent to the measurement date during the year ended June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources	
	Miscellaneous Plan	Safety Plan
2015	\$ (1,322,373)	\$ (1,693,245)
2016	(1,322,373)	(1,693,245)
2017	(1,322,373)	(1,693,245)
2018	(1,322,371)	(1,693,246)
2019	-	-
Thereafter	-	-
	<u>\$ (5,289,490)</u>	<u>\$ (6,772,981)</u>

Note 10 – Other Postemployment Benefits

A. Plan Description

The City of Hemet Retiree Healthcare Plan administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Retiree medical health benefits are offered to eligible retirees through Aetna and Kaiser. Dental and vision benefits are provided by the City and administered by Group Management Services. To be eligible for retiree medical benefits, an employee must retire under CalPERS and enroll in medical benefits through the CalPERS Health Program. The City's plan does not issue a publicly available financial report.

B. Funding Policy

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Other Postemployment Benefits (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

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

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

Annual Required Contribution	\$	4,608,000
Interest on Net Pension Obligation (Asset)		273,000
Adjustment to Annual Required Contribution		(650,000)
Annual OPEB Cost		4,231,000
Contributions Made		(3,329,947)
Increase (Decrease) in Net Pension Obligation (Asset)		901,053
Net OPEB Obligation (Asset) Beginning of Year		8,355,000
Net OPEB Obligation (Asset) End of Year	\$	9,256,053

D. Three-Year Trend Information

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 3,864,000	80.5%	\$ 7,525,000
June 30, 2014	4,016,000	79.3%	8,355,000
June 30, 2015	4,231,000	78.7%	9,256,053

E. Funded Status and Funding Progress

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

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Other Postemployment Benefits (Continued)

F. Actuarial Methods and Assumptions

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

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 11 – Fund Balances

The detail information of the fund balances at June 30, 2015 is as follows:

	General Fund	Housing Authority	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventory	\$ 300	\$ -	\$ -	\$ 300
Prepays	12,589	-	-	12,589
Library Endowment	-	-	1,000,000	1,000,000
Total nonspendable	12,889	-	1,000,000	1,012,889
Restricted for:				
Public Access Channel	1,074,879	-	-	1,074,879
Low/Mod Housing	-	3,896,045	-	3,896,045
Public Safety	-	-	322,427	322,427
Street Work	-	-	7,790,038	7,790,038
Lighting and Landscaping	-	-	1,479,604	1,479,604
Housing Grants	-	-	3,226,875	3,226,875
Sewer Maintenance	-	-	4,860,604	4,860,604
Indian Gaming Capital Projects	-	-	287,384	287,384
Development Impact Fees	-	-	14,919,291	14,919,291
Library Equipment	-	-	94,228	94,228
General Plan	-	-	54,375	54,375
Total restricted	1,074,879	3,896,045	33,034,826	38,005,750
Committed to:				
Economic Stabilization Reserve	7,169,035	-	-	7,169,035
Various Projects	119,317	-	-	119,317
Total committed	7,288,352	-	-	7,288,352
Assigned to:				
Equipment Replacement	-	-	4,055,574	4,055,574
Capital Replacement	-	-	703,255	703,255
Continuing Appropriations	314,462	-	-	314,462
Total assigned	314,462	-	4,758,829	5,073,291
Unassigned:	8,225,953	-	(275,800)	7,950,153
Total Fund Balance	\$ 16,916,535	\$ 3,896,045	\$ 38,517,855	\$ 59,330,435

Note 12 – Endowment

The City received an endowment in 2002 for \$1,000,000. The principal amount of \$1,000,000 is to be held in perpetuity while interest earnings are to be used for the City's library as stated in the resolution accepting the endowment. The endowment activity is accounted for in the permanent fund of the City with the principal amount reflected in nonspendable fund balance. In the government-wide financial statements, the principal amount is included in restricted net position as non-expendable. At June 30, 2015, net appreciation on investment of the principal balance amounted to \$94,228, and is reported as restricted net position as expendable. California Senate Bill No. 1329 enacted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") that governing the ability to spend on the net appreciation of the endowment fund. The City also passed resolution No. 3715 to establish policy on the spending of investment income in that available funds may only be used to supplement normal budgeted City funds appropriated by the City for the operation and maintenance of the library and not to substitute for such funds. Available funds may be used for a variety of library purposes that enhances the functioning of the library after specifically approved on a case by case line-item basis by the City Council in advance of the expenditure.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 13 – Individual Fund Disclosure

A. Expenditures in Excess of Appropriations

The following funds report expenditures in excess of appropriations for the year ended June 30, 2015.

	Appropriation	Expenditures	Overage
Other Governmental Funds:			
Special Revenue Funds:			
Air Pollution Reduction	\$ -	\$ 4,234	\$ (4,234)
Asset Seizure	-	963	(963)
Public Safety Grants	19,213	411,871	(392,658)
Public Safety CFD	546,800	674,123	(127,323)
Citizen Option for Public Safety Programs	36,210	147,877	(111,667)
Community Development Block Grant	370,314	580,932	(210,618)
General Plan	-	99	(99)
HOME Program	5,000	112,641	(107,641)
CAL HOME Program	-	117,102	(117,102)
2001-2008 HOME Program	-	26,380	(26,380)
NSP Grant	142,910	353,966	(211,056)
Indian Gaming Grants	-	585,812	(585,812)
Capital Projects Funds:			
Public Meeting Facilities	-	37,483	(37,483)
General Facilities	-	4,984	(4,984)
Law Enforcement Facilities	460,811	550,177	(89,366)
Park Development	759	4,099	(3,340)
Valley Wide DVL Park	-	97,194	(97,194)
Fire Facilities	406,555	428,848	(22,293)

B. Deficit Net Positions and Fund Balances

Funds with deficit net positions and fund balances at June 30, 2015 are as follows:

Fiduciary Fund:	
Successor Agency Private Purpose Trust Fund	\$ (9,558,429)
Other Governmental Funds:	
Special Revenue Funds:	
Public Safety CFD	(195,459)
Local Law Enforcement Block Grant	(80,180)
Community Development Block Grant	(161)
Internal Service Fund:	
Admin Services Fund	(880,388)

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

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 14 – Commitments and Contingencies

A. Lawsuits

As of June 30, 2015 the City was involved in a number of damage suits incurred in the ordinary course of City operations. Estimated costs of these claims have been accrued as claims and judgments payable.

B. Federal and State Grant Programs

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

C. Department of Finance Review of Land

Included in the City's governmental activities capital assets are certain parcels of land with a purchased cost of \$1,594,725. Prior to the dissolution of redevelopment agencies as enacted by state law, the City Council and Board of Directors of the City and former redevelopment agency, approved the transfer of titles from the Hemet Redevelopment Agency to the City of Hemet for the parcels of land. The parcels of land are currently being used by the City for legitimate government purposes.

On August 12, 2014 the California State Controller's Office completed an Asset Transfer Review requiring title to the land parcels be transferred to the Successor Agency, to meet specific requirements of law, and then be sell back to the City. The City subsequently submitted a revised Long Range Property Management Plan to the California Department of Finance on October 30, 2015, which amended the disposition of property from sale to transfer to the City for governmental use. On December 31, 2015, the Department of Finance approved the amended Long-Range Property Management Plan. Management, in consultation with legal counsel, believes the Successor Agency will shortly deed the subject parcels to the City. The City's financial statements have not been adjusted to reflect the transfer of titles to the Successor Agency.

D. Construction Commitments

The estimated amount of remaining construction contract obligations at year-end is \$1,097,665.

City of Hemet
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 15 – Prior Period Adjustments

The City implemented GASB Statement No. 68 and No. 71 during the year ended June 30, 2015. The beginning net positions at July 1, 2014 were restated as follows:

	Governmental Activities	Business-type Activities	Proprietary Funds		Admin Service
			Water Enterprise Fund	Internal Service Fund	Internal Service Fund
Net Position at July 1, 2014	\$ 382,306,859	\$ 11,999,666	\$ 11,999,666	\$ 6,866,376	\$ 3,461,842
CalPERS Misc Plan:					
Aggregate net pension liabilities	(25,949,118)	(4,252,435)	(4,252,435)	(4,027,026)	(4,027,026)
Deferred outflows of resources	1,882,560	308,506	308,506	292,153	292,153
CalPERS Safety Plan:					
Aggregate net pension liabilities	(47,652,086)	-	-	-	-
Deferred outflows of resources	3,816,628	-	-	-	-
Subtotal	(67,902,016)	(3,943,929)	(3,943,929)	(3,734,873)	(3,734,873)
Net Position at July 1, 2014, as Restated	\$ 314,404,843	\$ 8,055,737	\$ 8,055,737	\$ 3,131,503	\$ (273,031)

The beginning fund balance for the Housing Authority Special Revenue Fund is restated from \$1,505,825 to \$3,895,860 to restate the unavailable revenue related to long term notes receivables in accordance GASB Statement No. 54.

Note 16 – Financial Condition

For the fiscal year ended June 30, 2015, the City of Hemet decreased its governmental activities net position by \$4,767,047; the net position for business-type activities decreased by \$709,537.

The most significant decrease is due to the continued use of General Fund reserves to fund ongoing operational costs. The General Fund saw a net \$1,996,611 reduction in fund balance for the fiscal year, attributable in large part to the increasing costs of employee pensions and retiree medical benefits.

The Water Fund also saw a decrease in net position of \$709,537 due to stagnant revenues for charges for services. This is primarily due to ongoing conservation and water rates that have remained at the same level since 2008.

To ensure the future operations of the City of Hemet, several steps have been undertaken since the close of the fiscal year ended June 30, 2015, including:

- Drastic reductions to the cost of retiree medical benefits as a result of Council action to discontinue the most expensive plans and provide a one-time incentive to move retirees to lower-costing plans in the current fiscal year.
- Approval of updated water rates to better capture the cost of providing the service.
- Annual review of citywide user fees to keep them in-line with the cost of providing services.
- Creation of a 5-year financial plan to be used as a basis for the future preparation of the General Fund budget. This 5-year plan projects an end to deficit spending within the General Fund by fiscal year 2020.

Although the adopted fiscal year 2015-16 General Fund budget assumes the use of over \$5 million in reserves for ongoing operations, this does not take into account identified alternative sources of funding for several capital improvement projects, reductions to the cost of retiree medical benefits resulting from the recent Council action, and continued management scrutiny of costs.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

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City of Hemet
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 22,570,925	\$ 27,925,525	\$ 28,515,452	\$ 589,927
Licenses and permits	1,742,000	1,741,500	2,118,972	377,472
Intergovernmental revenues	5,593,700	305,700	462,469	156,769
Charges for services	2,654,800	2,576,306	2,699,110	122,804
Fines and forfeitures	407,200	407,200	378,673	(28,527)
Investment Income	353,300	353,320	273,176	(80,144)
Miscellaneous	379,900	379,900	165,493	(214,407)
Total revenues	33,701,825	33,689,451	34,613,345	923,894
EXPENDITURES:				
Current:				
General government	2,895,200	2,623,628	2,681,416	(57,788)
Public safety	28,879,525	27,805,448	26,667,739	1,137,709
Community development	4,433,700	4,310,140	4,267,324	42,816
Parks	918,300	876,905	845,852	31,053
Libraries	1,318,660	1,253,160	1,300,434	(47,274)
Capital outlay	250,000	250,000	77,187	172,813
Total expenditures	38,695,385	37,119,281	35,839,952	1,279,329
REVENUES OVER (UNDER) EXPENDITURES	(4,993,560)	(3,429,830)	(1,226,607)	2,203,223
OTHER FINANCING SOURCES (USES):				
Transfers out	(770,000)	(770,000)	(770,004)	(4)
Total other financing sources (uses)	(770,000)	(770,000)	(770,004)	(4)
NET CHANGES IN FUND BALANCES	\$ (5,763,560)	\$ (4,199,830)	(1,996,611)	\$ 2,203,219
FUND BALANCES:				
Beginning of year			18,913,146	
End of year			<u>\$ 16,916,535</u>	

City of Hemet
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2015

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, 2015, the City increased its total budget for expenditures in the General Fund by \$1,576,104.

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

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

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2015

Last Ten Fiscal Years

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

Measurement period	2013-14 ¹
Total pension liability	
Service cost	\$ 1,873,983
Interest	7,253,346
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(4,666,256)
Net change in total pension liability	4,461,073
Total pension liability - beginning	98,107,413
Total pension liability - ending (a)	\$ 102,568,486
Pension fiduciary net position	
Contributions - employer	\$ 2,191,066
Contributions - employee	871,668
Net investment income ²	11,594,247
Benefit payments, including refunds of employee contributions	(4,666,256)
Other	-
Net change in plan fiduciary net position	9,990,725
Plan fiduciary net position - beginning	67,905,860
Plan fiduciary net position - ending (b)	\$ 77,896,585
Plan net pension liability - ending (a) - (b)	\$ 24,671,901
Plan fiduciary net position as a percentage of the total pension liability	75.95%
Covered-employee payroll	\$ 9,398,580
Plan net pension liability as a percentage of covered-employee payroll	262.51%

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

² Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2015

Last Ten Fiscal Years

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

Measurement period	2013-14 ¹
Total pension liability	
Service cost	\$ 2,495,555
Interest	9,879,182
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(6,313,012)
Net change in total pension liability	6,061,725
Total pension liability - beginning	133,631,163
Total pension liability - ending (a)	\$ 139,692,888
Pension fiduciary net position	
Contributions - employer	\$ 3,816,628
Contributions - employee	896,539
Net investment income ²	14,795,183
Benefit payments, including refunds of employee contributions	(6,313,012)
Other	-
Net change in plan fiduciary net position	13,195,338
Plan fiduciary net position - beginning	85,979,077
Plan fiduciary net position - ending (b)	\$ 99,174,415
Plan net pension liability - ending (a) - (b)	\$ 40,518,473
Plan fiduciary net position as a percentage of the total pension liability	70.99%
Covered-employee payroll	\$ 8,870,562
Plan net pension liability as a percentage of covered-employee payroll	456.77%

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

² Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2015

Last Ten Fiscal Years

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

	2014-15	2013-14 ¹
Actuarially determined contribution	\$ 2,503,520	\$ 2,191,066
Contributions in relation to the actuarially determined contribution ²	(2,503,520)	(2,191,066)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll ^{3, 4}	\$ 9,680,537	\$ 9,398,580
Contributions as a percentage of covered-employee payroll ³	25.86%	23.31%

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

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

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related

⁴ Payroll from prior year \$9,124,835 was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 and 2013-14 were from the June 30, 2012 and 2011 public agency valuations, respectively.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years as of June 30, 2012 valuation date
	22 years as of June 30, 2011 valuation date
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Contributions (Continued)
For the Year Ended June 30, 2015

Last Ten Fiscal Years

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

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

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

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

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related

⁴ Payroll from prior year \$8,612,196 was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 and 2013-14 were from the June 30, 2012 and 2011 public agency valuations, respectively.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years as of June 30, 2012 valuation date
	21 years as of June 30, 2011 valuation date
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of

City of Hemet
Required Supplementary Information (Unaudited)
Schedule of Funding Progress
For the Year Ended June 30, 2015

Other Postemployment Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liabilities ("AAL") (B)	Unfunded AAL ("UAAL") (B - A)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B - A) / C]
January 1, 2011	\$ -	\$ 70,638,000	\$ 70,638,000	0%	\$ 18,227,000	388%
January 1, 2013	-	69,957,000	69,957,000	0%	17,002,000	411%
January 1, 2015	-	74,132,000	74,132,000	0%	17,015,000	436%

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (Continued):

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

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

HOME 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.

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

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

Capital Projects Funds:

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Capital Projects Funds (Continued):

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

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

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

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

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

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

Permanent Funds:

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

City of Hemet
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds			
	Public Safety/ Towing	Gas Tax	Measure A	Article 3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 94,248	\$ 2,997,167	\$ 2,984,850	\$ 5,154
Cash with fiscal agent	-	-	76,486	-
Accounts receivable	-	24,239	-	-
Interest receivables	-	-	-	-
Due from other governments	-	212,572	399,834	74,513
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>\$ 94,248</u>	<u>\$ 3,233,978</u>	<u>\$ 3,461,170</u>	<u>\$ 79,667</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 33,029	\$ 36,051	\$ 455,920	\$ 79,667
Accrued salaries and benefits	384	18,703	463	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	<u>33,413</u>	<u>54,754</u>	<u>456,383</u>	<u>79,667</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	60,835	3,179,224	3,004,787	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>60,835</u>	<u>3,179,224</u>	<u>3,004,787</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 94,248</u>	<u>\$ 3,233,978</u>	<u>\$ 3,461,170</u>	<u>\$ 79,667</u>

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds			
	Air Pollution Reduction	Lighting/Landscape Maintenance District	Intermodal Surface Trans. Efficiency Act (ISTEA)	Post Prop. 218 Lighting District
ASSETS				
Cash and investments	\$ 258,180	\$ 1,330,990	\$ -	\$ 634,951
Cash with fiscal agent	-	-	-	-
Accounts receivable	38,530	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	103,959	-	8,879
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 296,710	\$ 1,434,949	\$ -	\$ 643,830
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,462	\$ 121,326	\$ -	\$ 6,217
Accrued salaries and benefits	-	2,844	-	830
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	1,462	124,170	-	7,047
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	295,248	1,310,779	-	636,783
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	295,248	1,310,779	-	636,783
Total liabilities and fund balances	\$ 296,710	\$ 1,434,949	\$ -	\$ 643,830

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds			
	Post Prop. 218	Asset Seizure	Public Safety	Public Safety
	Landscape District		Grants	CFD
ASSETS				
Cash and investments	\$ 798,863	\$ 114,369	\$ -	\$ 3,231
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivables	-	-	-	-
Due from other governments	24,758	-	17,087	7,271
Due from other funds	183,886	-	80,180	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 1,007,507	\$ 114,369	\$ 97,267	\$ 10,502
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 82,090	\$ -	\$ -	\$ -
Accrued salaries and benefits	6,621	-	-	7,333
Deposits	75,975	18,789	-	-
Due to other funds	-	-	50,247	198,628
Advance from other funds	-	-	-	-
Total liabilities	164,686	18,789	50,247	205,961
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	842,821	95,580	47,020	-
Assigned	-	-	-	-
Unassigned	-	-	-	(195,459)
Total fund balances	842,821	95,580	47,020	(195,459)
Total liabilities and fund balances	\$ 1,007,507	\$ 114,369	\$ 97,267	\$ 10,502

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds			
	Citizen Option for Public Safety Programs (COPS)	Law Enforcement Block Grant (LLEBG)	Community Development Block Grant	General Plan
ASSETS				
Cash and investments	\$ 100,361	\$ -	\$ -	\$ 54,375
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	151,031	-
Interest receivables	-	-	-	-
Due from other governments	8,333	-	-	-
Due from other funds	14,742	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 123,436	\$ -	\$ 151,031	\$ 54,375
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,444	\$ -	\$ 67,285	\$ -
Accrued salaries and benefits	-	-	3,919	-
Deposits	-	-	-	-
Due to other funds	-	80,180	79,988	-
Advance from other funds	-	-	-	-
Total liabilities	4,444	80,180	151,192	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	118,992	-	-	54,375
Assigned	-	-	-	-
Unassigned	-	(80,180)	(161)	-
Total fund balances	118,992	(80,180)	(161)	54,375
Total liabilities and fund balances	\$ 123,436	\$ -	\$ 151,031	\$ 54,375

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds			
	HOME	CAL HOME	2001-2008	Neighborhood
	Program	Program	HOME Program	Stabilization Program Grant
ASSETS				
Cash and investments	\$ 278,815	\$ -	\$ 456,206	\$ -
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivables	-	-	309,453	-
Due from other governments	-	-	-	-
Due from other funds	79,988	-	127,302	-
Notes receivable, net	706,151	507,340	603,978	258,875
Allowance for forgivable notes	-	-	-	-
Land held for resale	-	-	-	593,919
Total assets	\$ 1,064,954	\$ 507,340	\$ 1,496,939	\$ 852,794
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 2,274	\$ -	\$ 128
Accrued salaries and benefits	230	340	-	3
Deposits	-	-	-	-
Due to other funds	-	127,302	-	564,875
Advance from other funds	-	-	-	-
Total liabilities	230	129,916	-	565,006
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,064,724	377,424	1,496,939	287,788
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,064,724	377,424	1,496,939	287,788
Total liabilities and fund balances	\$ 1,064,954	\$ 507,340	\$ 1,496,939	\$ 852,794

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds		
	Sewer and Storm Drain	Indian Gaming Grants	Total Special Revenue Funds
ASSETS			
Cash and investments	\$ 4,376,269	\$ 321,985	\$ 14,810,014
Cash with fiscal agent	-	-	76,486
Accounts receivable	704,379	-	918,179
Interest receivables	-	-	309,453
Due from other governments	-	-	857,206
Due from other funds	564,875	-	1,050,973
Notes receivable, net	-	-	2,076,344
Advance to other funds	-	-	-
Land held for resale	-	-	593,919
Total assets	\$ 5,645,523	\$ 321,985	\$ 20,692,574
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 773,823	\$ 34,601	\$ 1,698,317
Accrued salaries and benefits	11,096	-	52,766
Deposits	-	-	94,764
Due to other funds	-	-	1,101,220
Advance from other funds	-	-	-
Total liabilities	784,919	34,601	2,947,067
Fund Balances:			
Nonspendable	-	-	-
Restricted	4,860,604	287,384	18,021,307
Assigned	-	-	-
Unassigned	-	-	(275,800)
Total fund balances	4,860,604	287,384	17,745,507
Total liabilities and fund balances	\$ 5,645,523	\$ 321,985	\$ 20,692,574

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

Capital Projects Funds

	Capital Projects Funds			
	Public Meeting Facilities	General Facilities	Flood Control	Law Enforcement Facilities
ASSETS				
Cash and investments	\$ 547,829	\$ 1,734,386	\$ 2,940,290	\$ 9,065
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Allowance for forgivable notes	-	-	354,137	-
Land held for resale	-	-	-	-
Total assets	\$ 547,829	\$ 1,734,386	\$ 3,294,427	\$ 9,065
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 18,880	\$ 3,588
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	-	-	18,880	3,588
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	547,829	1,734,386	3,275,547	5,477
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	547,829	1,734,386	3,275,547	5,477
Total liabilities and fund balances	\$ 547,829	\$ 1,734,386	\$ 3,294,427	\$ 9,065

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

Capital Projects Funds

	Park Development	Valley Wide DVL Park	Library Facilities	Capital Projects
ASSETS				
Cash and investments	\$ 1,403,598	\$ 105,658	\$ 1,266,634	\$ 709,914
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	12	-
Interest receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 1,403,598	\$ 105,658	\$ 1,266,646	\$ 709,914
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 7,407	\$ 6,659
Accrued salaries and benefits	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	-	-	7,407	6,659
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,403,598	105,658	1,259,239	-
Assigned	-	-	-	703,255
Unassigned	-	-	-	-
Total fund balances	1,403,598	105,658	1,259,239	703,255
Total liabilities and fund balances	\$ 1,403,598	\$ 105,658	\$ 1,266,646	\$ 709,914

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

Capital Projects Funds

	Equipment Replacement	General Capital	Fire Facilities	Bridges/Streets/ Traffic Facilities
ASSETS				
Cash and investments	\$ 4,057,991	\$ 8,564	\$ 3,710,575	\$ 3,585,080
Cash with fiscal agent	-	-	-	-
Accounts receivable	1,231	-	-	15,018
Interest receivables	-	-	-	-
Due from other governments	-	-	-	253,685
Due from other funds	-	-	-	-
Notes receivable, net	-	-	-	-
Advance to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 4,059,222	\$ 8,564	\$ 3,710,575	\$ 3,853,783
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,648	\$ -	\$ 592	\$ 154,349
Accrued salaries and benefits	-	-	182	502
Deposits	-	-	-	475,603
Due to other funds	-	-	-	-
Advance from other funds	-	-	354,137	-
Total liabilities	3,648	-	354,911	630,454
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	8,564	3,355,664	3,223,329
Assigned	4,055,574	-	-	-
Unassigned	-	-	-	-
Total fund balances	4,055,574	8,564	3,355,664	3,223,329
Total liabilities and fund balances	\$ 4,059,222	\$ 8,564	\$ 3,710,575	\$ 3,853,783

(Continued)

City of Hemet
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	<u>Permanent Fund</u>		Total Nonmajor Governmental Funds
	<u>Total Capital Projects Funds</u>	<u>LaSalle Library Endowment</u>	
ASSETS			
Cash and investments	\$ 20,079,584	\$ 1,093,302	\$ 35,982,900
Cash with fiscal agent	-	-	76,486
Accounts receivable	16,261	-	934,440
Interest receivables	-	926	310,379
Due from other governments	253,685	-	1,110,891
Due from other funds	-	-	1,050,973
Notes receivable, net	-	-	2,076,344
Advance to other funds	354,137	-	354,137
Land held for resale	-	-	593,919
Total assets	\$ 20,703,667	\$ 1,094,228	\$ 42,490,469
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 195,123	\$ -	\$ 1,893,440
Accrued salaries and benefits	684	-	53,450
Deposits	475,603	-	570,367
Due to other funds	-	-	1,101,220
Advance from other funds	354,137	-	354,137
Total liabilities	1,025,547	-	3,972,614
Fund Balances:			
Nonspendable	-	1,000,000	1,000,000
Restricted	14,919,291	94,228	33,034,826
Assigned	4,758,829	-	4,758,829
Unassigned	-	-	(275,800)
Total fund balances	19,678,120	1,094,228	38,517,855
Total liabilities and fund balances	\$ 20,703,667	\$ 1,094,228	\$ 42,490,469

(Concluded)

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds			
	Public Safety/ Towing	Gas Tax	Measure A	Article 3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,567,685	\$ -
Intergovernmental revenue	-	2,259,073	-	105,022
Charges for services	49,291	-	350	-
Investment income	773	23,062	17,614	-
Miscellaneous	-	12,781	-	-
Total revenues	<u>50,064</u>	<u>2,294,916</u>	<u>1,585,649</u>	<u>105,022</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	17,894	-	-	-
Community development	-	-	-	-
Public works	-	2,497,484	888	-
Sanitation	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	36,668	-	1,668,882	58,487
Total expenditures	<u>54,562</u>	<u>2,497,484</u>	<u>1,669,770</u>	<u>58,487</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,498)</u>	<u>(202,568)</u>	<u>(84,121)</u>	<u>46,535</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	20,004	-	-
Transfers out	-	-	-	-
Proceed from sale of asset	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>20,004</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	(4,498)	(182,564)	(84,121)	46,535
FUND BALANCES:				
Beginning of year	65,333	3,361,788	3,088,908	(46,535)
End of year	<u>\$ 60,835</u>	<u>\$ 3,179,224</u>	<u>\$ 3,004,787</u>	<u>\$ -</u>

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds			
		Lighting/Landscape	Intermodal	
	Air Pollution	Maintenance	Surface Trans.	Post Prop. 218
	Reduction	District	Efficiency Act (ISTEA)	Lighting District
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	101,164	1,948,362	-	-
Charges for services	-	5,542	-	299,746
Investment income	2,319	7,851	-	5,628
Miscellaneous	11,985	19,189	-	7,108
Total revenues	115,468	1,980,944	-	312,482
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	4,234	1,397,300	-	190,214
Sanitation	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	4,234	1,397,300	-	190,214
REVENUES OVER (UNDER) EXPENDITURES	111,234	583,644	-	122,268
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	25,240	-
Transfers out	-	-	-	-
Proceed from sale of asset	-	-	-	-
Total other financing sources (uses)	-	-	25,240	-
CHANGES IN FUND BALANCES	111,234	583,644	25,240	122,268
FUND BALANCES:				
Beginning of year	184,014	727,135	(25,240)	514,515
End of year	<u>\$ 295,248</u>	<u>\$ 1,310,779</u>	<u>\$ -</u>	<u>\$ 636,783</u>

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds			
	Post Prop. 218	Asset Seizure	Public Safety	Public Safety
	Landscape District		Grants	CFD
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	1,190	355,796	-
Charges for services	1,253,034	-	-	500,453
Investment income	7,813	1,452	2,715	-
Miscellaneous	-	-	-	-
Total revenues	<u>1,260,847</u>	<u>2,642</u>	<u>358,511</u>	<u>500,453</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	963	290,176	674,123
Community development	-	-	-	-
Public works	1,310,457	-	-	-
Sanitation	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	121,695	-
Total expenditures	<u>1,310,457</u>	<u>963</u>	<u>411,871</u>	<u>674,123</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(49,610)</u>	<u>1,679</u>	<u>(53,360)</u>	<u>(173,670)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceed from sale of asset	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	(49,610)	1,679	(53,360)	(173,670)
FUND BALANCES:				
Beginning of year	<u>892,431</u>	<u>93,901</u>	<u>100,380</u>	<u>(21,789)</u>
End of year	<u>\$ 842,821</u>	<u>\$ 95,580</u>	<u>\$ 47,020</u>	<u>\$ (195,459)</u>

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds			
	Citizen Option for Public Safety Programs (COPS)	Law Enforcement Block Grant (LLEBG)	Community Development Block Grant	General Plan
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	147,259	-	580,771	-
Charges for services	-	-	-	36,600
Investment income	1,100	-	-	429
Miscellaneous	-	-	-	-
Total revenues	148,359	-	580,771	37,029
EXPENDITURES:				
Current:				
General government	-	-	130,328	99
Public safety	123,118	-	-	-
Community development	-	-	370,314	-
Public works	-	-	-	-
Sanitation	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	24,759	-	80,290	-
Total expenditures	147,877	-	580,932	99
REVENUES OVER (UNDER) EXPENDITURES	482	-	(161)	36,930
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceed from sale of asset	-	-	-	-
Total other financing sources (uses)	-	-	-	-
CHANGES IN FUND BALANCES	482	-	(161)	36,930
FUND BALANCES:				
Beginning of year	118,510	(80,180)	-	17,445
End of year	<u>\$ 118,992</u>	<u>\$ (80,180)</u>	<u>\$ (161)</u>	<u>\$ 54,375</u>

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds			
	HOME Program	CAL HOME Program	2001-2008 HOME Program	Neighborhood Stabilization Program Grant
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	245,479
Charges for services	-	-	-	-
Investment income	2,748	-	5,985	4,000
Miscellaneous	-	-	-	-
Total revenues	2,748	-	5,985	249,479
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	112,641	117,102	26,380	353,966
Public works	-	-	-	-
Sanitation	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	112,641	117,102	26,380	353,966
REVENUES OVER (UNDER) EXPENDITURES	(109,893)	(117,102)	(20,395)	(104,487)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceed from sale of asset	-	-	-	-
Total other financing sources (uses)	-	-	-	-
CHANGES IN FUND BALANCES	(109,893)	(117,102)	(20,395)	(104,487)
FUND BALANCES:				
Beginning of year	1,174,617	494,526	1,517,334	392,275
End of year	<u>\$ 1,064,724</u>	<u>\$ 377,424</u>	<u>\$ 1,496,939</u>	<u>\$ 287,788</u>

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds		
	Sewer and Storm Drain	Indian Gaming Grants	Total Special Revenue Funds
REVENUES:			
Taxes	\$ -	\$ -	\$ 1,567,685
Intergovernmental revenue	-	430,927	6,175,043
Charges for services	2,874,581	-	5,019,597
Investment income	35,484	6,446	125,419
Miscellaneous	5,926	-	56,989
Total revenues	2,915,991	437,373	12,944,733
EXPENDITURES:			
Current:			
General government	-	-	130,427
Public safety	-	138,591	1,244,865
Community development	-	-	980,403
Public works	-	-	5,400,577
Sanitation	2,161,687	-	2,161,687
Parks	-	-	-
Library	-	-	-
Capital outlay	19,470	447,221	2,457,472
Total expenditures	2,181,157	585,812	12,375,431
REVENUES OVER (UNDER) EXPENDITURES	734,834	(148,439)	569,302
OTHER FINANCING SOURCES (USES):			
Transfers in	-	435,823	481,067
Transfers out	-	-	-
Proceed from sale of asset	-	-	-
Total other financing sources (uses)	-	435,823	481,067
CHANGES IN FUND BALANCES	734,834	287,384	1,050,369
FUND BALANCES:			
Beginning of year	4,125,770	-	16,695,138
End of year	\$ 4,860,604	\$ 287,384	\$ 17,745,507

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Capital Projects Funds			
	Public Meeting Facilities	General Facilities	Flood Control	Law Enforcement Facilities
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	-	97,127	244,396	61,244
Investment income	6,000	13,115	22,463	2,849
Miscellaneous	-	-	-	-
Total revenues	6,000	110,242	266,859	64,093
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	104,477
Community development	-	-	-	-
Public works	37,483	4,984	-	-
Sanitation	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	147,982	445,700
Total expenditures	37,483	4,984	147,982	550,177
REVENUES OVER (UNDER) EXPENDITURES	(31,483)	105,258	118,877	(486,084)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceed from sale of asset	-	-	-	-
Total other financing sources (uses)	-	-	-	-
CHANGES IN FUND BALANCES	(31,483)	105,258	118,877	(486,084)
FUND BALANCES:				
Beginning of year	579,312	1,629,128	3,156,670	491,561
End of year	<u>\$ 547,829</u>	<u>\$ 1,734,386</u>	<u>\$ 3,275,547</u>	<u>\$ 5,477</u>

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Capital Projects Funds			
	Park Development	Valley Wide DVL Park	Library Facilities	Capital Projects
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	170,001	-	89,670	-
Investment income	10,326	1,325	10,057	3,312
Miscellaneous	-	-	-	-
Total revenues	180,327	1,325	99,727	3,312
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	97,194	-	-
Sanitation	-	-	-	-
Parks	4,099	-	-	-
Library	-	-	118,277	-
Capital outlay	-	-	14,700	50,057
Total expenditures	4,099	97,194	132,977	50,057
REVENUES OVER (UNDER) EXPENDITURES	176,228	(95,869)	(33,250)	(46,745)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	750,000
Transfers out	-	-	-	-
Proceed from sale of asset	-	-	-	-
Total other financing sources (uses)	-	-	-	750,000
CHANGES IN FUND BALANCES	176,228	(95,869)	(33,250)	703,255
FUND BALANCES:				
Beginning of year	1,227,370	201,527	1,292,489	-
End of year	<u>\$ 1,403,598</u>	<u>\$ 105,658</u>	<u>\$ 1,259,239</u>	<u>\$ 703,255</u>

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Capital Projects Funds			
	Equipment Replacement	General Capital	Fire Facilities	Bridges/Streets/ Traffic Facilities
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	193,704	-	108,490	283,202
Investment income	21,261	-	29,057	28,693
Miscellaneous	35,200	-	1,025	387,832
Total revenues	250,165	-	138,572	699,727
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	22,169	-
Sanitation	-	-	-	-
Parks	-	-	-	-
Library	-	-	-	-
Capital outlay	320,602	-	406,679	855,645
Total expenditures	320,602	-	428,848	855,645
REVENUES OVER (UNDER) EXPENDITURES	(70,437)	-	(290,276)	(155,918)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(435,823)	-	-	(25,240)
Proceed from sale of asset	7,524	-	-	-
Total other financing sources (uses)	(428,299)	-	-	(25,240)
CHANGES IN FUND BALANCES	(498,736)	-	(290,276)	(181,158)
FUND BALANCES:				
Beginning of year	4,554,310	8,564	3,645,940	3,404,487
End of year	<u>\$ 4,055,574</u>	<u>\$ 8,564</u>	<u>\$ 3,355,664</u>	<u>\$ 3,223,329</u>

(Continued)

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	<u>Permanent Fund</u>		Total Nonmajor Governmental Funds
	<u>Total Capital Projects Funds</u>	<u>LaSalle Library Endowment</u>	
REVENUES:			
Taxes	\$ -	\$ -	\$ 1,567,685
Intergovernmental revenue	-	-	6,175,043
Charges for services	1,247,834	-	6,267,431
Investment income	148,458	10,750	284,627
Miscellaneous	424,057	-	481,046
Total revenues	<u>1,820,349</u>	<u>10,750</u>	<u>14,775,832</u>
EXPENDITURES:			
Current:			
General government	-	-	130,427
Public safety	104,477	-	1,349,342
Community development	-	-	980,403
Public works	161,830	-	5,562,407
Sanitation	-	-	2,161,687
Parks	4,099	-	4,099
Library	118,277	-	118,277
Capital outlay	2,241,365	-	4,698,837
Total expenditures	<u>2,630,048</u>	<u>-</u>	<u>15,005,479</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(809,699)</u>	<u>10,750</u>	<u>(229,647)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	750,000	-	1,231,067
Transfers out	(461,063)	-	(461,063)
Proceed from sale of asset	7,524	-	7,524
Total other financing sources (uses)	<u>296,461</u>	<u>-</u>	<u>777,528</u>
CHANGES IN FUND BALANCES	(513,238)	10,750	547,881
FUND BALANCES:			
Beginning of year	<u>20,191,358</u>	<u>1,083,478</u>	<u>37,969,974</u>
End of year	<u>\$ 19,678,120</u>	<u>\$ 1,094,228</u>	<u>\$ 38,517,855</u>

(Concluded)

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Public Safety/Towing Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 60,000	\$ 49,291	\$ (10,709)
Investment Income	300	773	473
Total revenues	<u>60,300</u>	<u>50,064</u>	<u>(10,236)</u>
EXPENDITURES:			
Current:			
Public safety	48,700	17,894	30,806
Capital outlay	<u>100,213</u>	<u>36,668</u>	<u>63,545</u>
Total expenditures	<u>148,913</u>	<u>54,562</u>	<u>94,351</u>
CHANGES IN FUND BALANCES	<u>\$ (88,613)</u>	(4,498)	<u>\$ 84,115</u>
FUND BALANCES:			
Beginning of year		<u>65,333</u>	
End of year		<u>\$ 60,835</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental revenues	\$ 1,898,400	\$ 2,259,073	\$ 360,673
Investment Income	2,000	23,062	21,062
Miscellaneous	-	12,781	12,781
Total revenues	<u>1,900,400</u>	<u>2,294,916</u>	<u>394,516</u>
EXPENDITURES:			
Current:	2,753,265	-	2,753,265
Public Works	<u>2,753,265</u>	<u>2,497,484</u>	<u>255,781</u>
Total expenditures	<u>2,753,265</u>	<u>2,497,484</u>	<u>255,781</u>
REVENUES OVER (UNDER) EXPENDITURES	(852,865)	(202,568)	650,297
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>20,000</u>	<u>20,004</u>	<u>4</u>
Total other financing sources (uses)	<u>20,000</u>	<u>20,004</u>	<u>4</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ (832,865)</u></u>	<u>(182,564)</u>	<u><u>\$ 650,301</u></u>
FUND BALANCES:			
Beginning of year		<u>3,361,788</u>	
End of year		<u><u>\$ 3,179,224</u></u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Measure A Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Taxes	\$ 1,422,000	\$ 1,567,685	\$ 145,685
Charges for services	-	350	350
Investment income	20,000	17,614	(2,386)
Total revenues	<u>1,442,000</u>	<u>1,585,649</u>	<u>143,649</u>
EXPENDITURES:			
Current:			
Public works	-	888	(888)
Capital outlay	3,033,667	1,668,882	1,364,785
Total expenditures	<u>3,033,667</u>	<u>1,669,770</u>	<u>1,363,897</u>
NET CHANGES IN FUND BALANCES	<u>\$ (1,591,667)</u>	<u>(84,121)</u>	<u>\$ 1,507,546</u>
FUND BALANCES:			
Beginning of year		<u>3,088,908</u>	
End of year		<u>\$ 3,004,787</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Article 3 Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenues	66,500	\$ 105,022	\$ 38,522
Total revenues	<u>66,500</u>	<u>105,022</u>	<u>38,522</u>
EXPENDITURES:			
Capital outlay	261,113	58,487	202,626
Total expenditures	<u>261,113</u>	<u>58,487</u>	<u>202,626</u>
NET CHANGES IN FUND BALANCES	<u>\$ (194,613)</u>	46,535	<u>\$ 241,148</u>
FUND BALANCES			
Beginning of year		<u>(46,535)</u>	
End of year		<u>\$ -</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Air Pollution Reduction Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenues	\$ 80,000	\$ 101,164	\$ 21,164
Investment income	1,000	2,319	1,319
Miscellaneous	-	11,985	11,985
Total revenues	<u>81,000</u>	<u>115,468</u>	<u>34,468</u>
EXPENDITURES:			
Current:			
Public works	-	4,234	(4,234)
Total expenditures	<u>-</u>	<u>4,234</u>	<u>(4,234)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>81,000</u>	<u>111,234</u>	<u>30,234</u>
NET CHANGES IN FUND BALANCES	<u>\$ 81,000</u>	<u>111,234</u>	<u>\$ 30,234</u>
FUND BALANCES:			
Beginning of year		<u>184,014</u>	
End of year		<u>\$ 295,248</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Lighting/Landscape Maintenance District Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenue	\$ 1,900,521	\$ 1,948,362	\$ 47,841
Charges for services	-	5,542	5,542
Investment income	-	7,851	7,851
Miscellaneous	-	19,189	19,189
Total revenues	<u>1,900,521</u>	<u>1,980,944</u>	<u>80,423</u>
EXPENDITURES:			
Current:			
Public works	<u>1,667,645</u>	<u>1,397,300</u>	<u>270,345</u>
Total expenditures	<u>1,667,645</u>	<u>1,397,300</u>	<u>270,345</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>232,876</u>	<u>583,644</u>	<u>350,768</u>
NET CHANGES IN FUND BALANCES	<u>\$ 232,876</u>	<u>583,644</u>	<u>\$ 350,768</u>
FUND BALANCES:			
Beginning of year		<u>727,135</u>	
End of year		<u>\$ 1,310,779</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Intermodal Surface Transportation Efficiency Act (ISTEA) Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
OTHER FINANCING SOURCES:			
Transfer in	\$ -	\$ 25,240	\$ 25,240
Total other financing sources	<u>-</u>	<u>25,240</u>	<u>25,240</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>25,240</u>	<u>\$ 25,240</u>
FUND BALANCES:			
Beginning of year		<u>(25,240)</u>	
End of year		<u>\$ -</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Post Proposition 218 Lighting District Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 241,718	\$ 299,746	\$ 58,028
Investment income	-	5,628	5,628
Miscellaneous	-	7,108	7,108
Total revenues	<u>241,718</u>	<u>312,482</u>	<u>70,764</u>
EXPENDITURES:			
Current:			
Public works	<u>221,343</u>	<u>190,214</u>	<u>31,129</u>
Total expenditures	<u>221,343</u>	<u>190,214</u>	<u>31,129</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>20,375</u>	<u>122,268</u>	<u>101,893</u>
NET CHANGES IN FUND BALANCES	<u>\$ 20,375</u>	<u>122,268</u>	<u>\$ 101,893</u>
FUND BALANCES:			
Beginning of year		<u>514,515</u>	
End of year		<u>\$ 636,783</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Post Proposition 218 Landscape District Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 1,214,904	\$ 1,253,034	\$ 38,130
Investment income	-	7,813	7,813
Total revenues	<u>1,214,904</u>	<u>1,260,847</u>	<u>45,943</u>
EXPENDITURES:			
Current:			
Public works	<u>1,424,819</u>	<u>1,310,457</u>	<u>114,362</u>
Total expenditures	<u>1,424,819</u>	<u>1,310,457</u>	<u>114,362</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(209,915)</u>	<u>(49,610)</u>	<u>160,305</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ (209,915)</u></u>	<u><u>(49,610)</u></u>	<u><u>\$ 160,305</u></u>
FUND BALANCES:			
Beginning of year		<u>892,431</u>	
End of year		<u><u>\$ 842,821</u></u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Asset Seizure Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenues	\$ -	\$ 1,190	\$ 1,190
Investment income	-	1,452	1,452
Total revenues	-	2,642	2,642
EXPENDITURES:			
Current:			
Public safety	-	963	(963)
Total expenditures	-	963	(963)
REVENUES OVER (UNDER) EXPENDITURES	-	1,679	1,679
NET CHANGES IN FUND BALANCES	\$ -	1,679	\$ 1,679
FUND BALANCES:			
Beginning of year		93,901	
End of year		\$ 95,580	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Public Safety Grants Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenues	\$ 355,796	\$ 355,796	\$ -
Investment income	-	2,715	2,715
Total revenues	<u>355,796</u>	<u>358,511</u>	<u>2,715</u>
EXPENDITURES:			
Current:			
Public safety	-	290,176	(290,176)
Capital outlay	19,213	121,695	(102,482)
Total expenditures	<u>19,213</u>	<u>411,871</u>	<u>(392,658)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>336,583</u>	<u>(53,360)</u>	<u>(389,943)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 336,583</u>	<u>(53,360)</u>	<u>\$ (389,943)</u>
FUND BALANCES:			
Beginning of year		100,380	
End of year		<u>\$ 47,020</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Public Safety CFD Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 480,000	\$ 500,453	\$ 20,453
Total revenues	<u>480,000</u>	<u>500,453</u>	<u>20,453</u>
EXPENDITURES:			
Current:			
Public Safety	<u>546,800</u>	<u>674,123</u>	<u>(127,323)</u>
Total expenditures	<u>546,800</u>	<u>674,123</u>	<u>(127,323)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(66,800)</u>	<u>(173,670)</u>	<u>(106,870)</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ (66,800)</u></u>	<u>(173,670)</u>	<u><u>\$ (106,870)</u></u>
FUND BALANCES:			
Beginning of year		<u>(21,789)</u>	
End of year		<u><u>\$ (195,459)</u></u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Citizen Option for Public Safety Programs (COPS) Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenues	\$ 147,259	\$ 147,259	\$ -
Investment income	-	1,100	1,100
Total revenues	<u>147,259</u>	<u>148,359</u>	<u>1,100</u>
EXPENDITURES:			
Current:			
Public safety	12,898	123,118	(110,220)
Capital outlay	<u>23,312</u>	<u>24,759</u>	<u>(1,447)</u>
Total expenditures	<u>36,210</u>	<u>147,877</u>	<u>(111,667)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>111,049</u>	<u>482</u>	<u>(110,567)</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ 111,049</u></u>	<u>482</u>	<u><u>\$ (110,567)</u></u>
FUND BALANCES:			
Beginning of year		<u>118,510</u>	
End of year		<u><u>\$ 118,992</u></u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenues	\$ 583,553	\$ 580,771	\$ (2,782)
Total revenues	<u>583,553</u>	<u>580,771</u>	<u>(2,782)</u>
EXPENDITURES:			
Current:			
General government	130,009	130,328	(319)
Community development	370,314	370,314	-
Capital outlay	-	80,290	(80,290)
Total expenditures	<u>370,314</u>	<u>580,932</u>	<u>(210,618)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>213,239</u>	<u>(161)</u>	<u>(213,400)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 213,239</u>	<u>(161)</u>	<u>\$ (213,400)</u>
FUND BALANCES:			
Beginning of year		<u>-</u>	
End of year		<u>\$ (161)</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
General Plan Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 22,500	\$ 36,600	\$ 14,100
Investment income	1,000	429	(571)
Total revenues	23,500	37,029	13,529
EXPENDITURES:			
Current:			
General government	-	99	(99)
Total expenditures	-	99	(99)
REVENUES OVER (UNDER) EXPENDITURES	23,500	36,930	13,430
NET CHANGES IN FUND BALANCES	\$ 23,500	36,930	\$ 13,430
FUND BALANCES:			
Beginning of year		17,445	
End of year		\$ 54,375	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
HOME Program - Home Investment Partnership Program Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Investment income	\$ -	\$ 2,748	\$ 2,748
Total revenues	<u>-</u>	<u>2,748</u>	<u>2,748</u>
EXPENDITURES:			
Current:			
Community development	<u>5,000</u>	<u>112,641</u>	<u>(107,641)</u>
Total expenditures	<u>5,000</u>	<u>112,641</u>	<u>(107,641)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,000)</u>	<u>(109,893)</u>	<u>(104,893)</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ (5,000)</u></u>	<u>(109,893)</u>	<u><u>\$ (104,893)</u></u>
FUND BALANCES:			
Beginning of year		<u>1,174,617</u>	
End of year		<u><u>\$ 1,064,724</u></u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
CAL HOME Program Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES:			
Community development	\$ -	\$ 117,102	\$ (117,102)
Total expenditures	<u>-</u>	<u>117,102</u>	<u>(117,102)</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>(117,102)</u>	<u>\$ (117,102)</u>
FUND BALANCES:			
Beginning of year		<u>494,526</u>	
End of year		<u>\$ 377,424</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
2001-2008 HOME Program Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Investment income	\$ 1,500	\$ 5,985	\$ 4,485
Total revenues	<u>1,500</u>	<u>5,985</u>	<u>4,485</u>
EXPENDITURES:			
Current:			
Community development	-	26,380	(26,380)
Total expenditures	<u>-</u>	<u>26,380</u>	<u>(26,380)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,500</u>	<u>(20,395)</u>	<u>(21,895)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 1,500</u>	<u>(20,395)</u>	<u>\$ (21,895)</u>
FUND BALANCES			
Beginning of year		<u>1,517,334</u>	
End of year		<u>\$ 1,496,939</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Neighborhood Stabilization Program (NSP) Grant Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenues	\$ 913,800	\$ 245,479	\$ (668,321)
Investment income	-	4,000	4,000
Total revenues	<u>913,800</u>	<u>249,479</u>	<u>(664,321)</u>
EXPENDITURES:			
Current:			
Community development	142,910	353,966	(211,056)
Total expenditures	<u>142,910</u>	<u>353,966</u>	<u>(211,056)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>770,890</u>	<u>(104,487)</u>	<u>(875,377)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 770,890</u>	<u>(104,487)</u>	<u>\$ (875,377)</u>
FUND BALANCES:			
Beginning of year		392,275	
End of year		\$ 287,788	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Sewer and Storm Drain Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 2,773,700	\$ 2,874,581	\$ 100,881
Investment income	20,000	35,484	15,484
Miscellaneous	-	5,926	5,926
Total revenues	<u>2,793,700</u>	<u>2,915,991</u>	<u>122,291</u>
EXPENDITURES:			
Current:			
Sanitation	2,532,876	2,161,687	371,189
Capital outlay	-	19,470	(19,470)
Total expenditures	<u>2,532,876</u>	<u>2,181,157</u>	<u>351,719</u>
NET CHANGES IN FUND BALANCES	<u>\$ 260,824</u>	<u>734,834</u>	<u>\$ 474,010</u>
FUND BALANCES:			
Beginning of year		4,125,770	
End of year		<u>\$ 4,860,604</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Indian Gaming Grants Special Revenue Funds
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental revenues	\$ -	\$ 430,927	\$ 430,927
Investment income	-	6,446	6,446
Total revenues	<u>-</u>	<u>437,373</u>	<u>437,373</u>
EXPENDITURES:			
Current:			
Public safety	-	138,591	(138,591)
Capital outlay	-	447,221	(447,221)
Total expenditures	<u>-</u>	<u>585,812</u>	<u>(585,812)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(148,439)</u>	<u>(148,439)</u>
OTHER FINANCING SOURCES:			
Transfers in	-	435,823	435,823
Total other financing source	<u>-</u>	<u>435,823</u>	<u>435,823</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>287,384</u>	<u>\$ 287,384</u>
FUND BALANCES:			
Beginning of year		<u>-</u>	
End of year		<u>\$ 287,384</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Public Meeting Facilities Capital Projects Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Investment income	\$ 2,000	\$ 6,000	\$ 4,000
Total revenues	<u>2,000</u>	<u>6,000</u>	<u>4,000</u>
EXPENDITURES			
Current:			
Public works	-	37,483	(37,483)
Total expenditures	<u>-</u>	<u>37,483</u>	<u>(37,483)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,000</u>	<u>(31,483)</u>	<u>(33,483)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 2,000</u>	<u>(31,483)</u>	<u>\$ (33,483)</u>
FUND BALANCES:			
Beginning of year		<u>579,312</u>	
End of year		<u>\$ 547,829</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
General Facilities Capital Projects Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 60,000	\$ 97,127	\$ 37,127
Investment income	5,000	13,115	8,115
Total revenues	<u>65,000</u>	<u>110,242</u>	<u>45,242</u>
EXPENDITURES:			
Current:			
Public works	-	4,984	(4,984)
Total expenditures	<u>-</u>	<u>4,984</u>	<u>(4,984)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>65,000</u>	<u>105,258</u>	<u>40,258</u>
NET CHANGES IN FUND BALANCES	<u>\$ 65,000</u>	<u>105,258</u>	<u>\$ 40,258</u>
FUND BALANCES:			
Beginning of year		1,629,128	
End of year		<u>\$ 1,734,386</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Flood Control Capital Projects Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 176,000	\$ 244,396	\$ 68,396
Investment income	40,000	22,463	(17,537)
Total revenues	<u>216,000</u>	<u>266,859</u>	<u>50,859</u>
EXPENDITURES:			
Capital outlay	<u>168,986</u>	<u>147,982</u>	<u>21,004</u>
Total expenditures	<u>168,986</u>	<u>147,982</u>	<u>21,004</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>47,014</u>	<u>118,877</u>	<u>71,863</u>
NET CHANGES IN FUND BALANCES	<u>\$ 47,014</u>	<u>118,877</u>	<u>\$ 71,863</u>
FUND BALANCES			
Beginning of year		<u>3,156,670</u>	
End of year		<u>\$ 3,275,547</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Law Enforcement Facilities Capital Projects Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 46,000	\$ 61,244	\$ 15,244
Investment income	500	2,849	2,349
Total revenues	46,500	64,093	17,593
EXPENDITURES:			
Current:			
Public safety	-	104,477	(104,477)
Capital outlay	460,811	445,700	15,111
Total expenditures	460,811	550,177	(89,366)
REVENUES OVER (UNDER) EXPENDITURES	(414,311)	(486,084)	(71,773)
NET CHANGE IN FUND BALANCES	(414,311)	(486,084)	(71,773)
FUND BALANCES			
Beginning of year	491,561	491,561	-
End of year	\$ 77,250	\$ 5,477	\$ (71,773)

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Park Development Capital Projects Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 110,000	\$ 170,001	\$ 60,001
Investment income	7,000	10,326	3,326
Total revenues	<u>117,000</u>	<u>180,327</u>	<u>63,327</u>
EXPENDITURES:			
Current:			
Parks	<u>759</u>	<u>4,099</u>	<u>(3,340)</u>
Total expenditures	<u>759</u>	<u>4,099</u>	<u>(3,340)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>116,241</u>	<u>176,228</u>	<u>59,987</u>
NET CHANGES OF FUND BALANCES	<u><u>\$ 116,241</u></u>	<u>176,228</u>	<u><u>\$ 59,987</u></u>
FUND BALANCES:			
Beginning of year		<u>1,227,370</u>	
End of year		<u><u>\$ 1,403,598</u></u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Valley Wide DVL Park Capital Projects Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 20,000	\$ -	\$ (20,000)
Investment income	500	1,325	\$ 825
Total revenues	<u>20,500</u>	<u>1,325</u>	<u>(19,175)</u>
EXPENDITURES:			
Current:			
Public works	-	97,194	(97,194)
Total expenditures	<u>-</u>	<u>97,194</u>	<u>(97,194)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>20,500</u>	<u>(95,869)</u>	<u>(116,369)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 20,500</u>	<u>(95,869)</u>	<u>\$ (116,369)</u>
FUND BALANCES:			
Beginning of year		<u>201,527</u>	
End of year		<u>\$ 105,658</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Library Facilities Capital Projects Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 60,000	\$ 89,670	\$ 29,670
Investment income	8,000	10,057	2,057
Total revenues	<u>68,000</u>	<u>99,727</u>	<u>31,727</u>
EXPENDITURES:			
Current:			
Libraries	130,598	118,277	12,321
Capital outlay	<u>14,700</u>	<u>14,700</u>	<u>-</u>
Total expenditures	<u>145,298</u>	<u>132,977</u>	<u>12,321</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(77,298)</u>	<u>(33,250)</u>	<u>44,048</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ (77,298)</u></u>	<u><u>(33,250)</u></u>	<u><u>\$ 44,048</u></u>
FUND BALANCES:			
Beginning of year		<u>1,292,489</u>	
End of year		<u><u>\$ 1,259,239</u></u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 3,312	\$ 3,312
Total revenues	-	3,312	3,312
EXPENDITURES:			
Capital outlay	750,000	50,057	699,943
Total expenditures	750,000	50,057	699,943
REVENUES OVER (UNDER) EXPENDITURES	(750,000)	(46,745)	703,255
OTHER FINANCING SOURCES (USES):			
Transfers in	750,000	750,000	-
Total other financing sources (uses)	750,000	750,000	-
NET CHANGES IN FUND BALANCES	\$ -	703,255	\$ 703,255
FUND BALANCES:			
Beginning of year		-	
End of year		\$ 703,255	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Equipment Replacement Capital Projects Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 193,700	\$ 193,704	\$ 4
Investment income	25,000	21,261	(3,739)
Miscellaneous	-	35,200	35,200
Total revenues	218,700	250,165	31,465
EXPENDITURES:			
Current:			
Public safety	-	-	-
Capital outlay	658,980	320,602	338,378
Total expenditures	658,980	320,602	338,378
REVENUES OVER (UNDER) EXPENDITURES	(440,280)	(70,437)	369,843
OTHER FINANCING SOURCES (USES):			
Transfers out	-	(435,823)	(435,823)
Proceed from sale of asset	-	7,524	7,524
Total other financing sources (uses)	-	(428,299)	(428,299)
NET CHANGES IN FUND BALANCES	\$ (440,280)	(498,736)	\$ (58,456)
FUND BALANCES			
Beginning of year		4,554,310	
End of year		\$ 4,055,574	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Fire Facilities Capital Projects Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 50,000	\$ 108,490	\$ 58,490
Investment income	20,000	29,057	9,057
Miscellaneous	-	1,025	1,025
Total revenues	<u>70,000</u>	<u>138,572</u>	<u>68,572</u>
EXPENDITURES:			
Current:			
Public works	-	22,169	(22,169)
Capital outlay	406,555	406,679	(124)
Total expenditures	<u>406,555</u>	<u>428,848</u>	<u>(22,293)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(336,555)</u>	<u>(290,276)</u>	<u>46,279</u>
NET CHANGES IN FUND BALANCES	<u>\$ (336,555)</u>	<u>(290,276)</u>	<u>\$ 46,279</u>
FUND BALANCES			
Beginning of year		<u>3,645,940</u>	
End of year		<u>\$ 3,355,664</u>	

City of Hemet
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Bridges/Streets/Traffic Facilities Capital Projects Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 326,000	\$ 283,202	\$ (42,798)
Investment income	35,000	28,693	(6,307)
Miscellaneous	-	387,832	387,832
Total revenues	361,000	699,727	338,727
EXPENDITURES:			
Capital outlay	1,370,083	855,645	514,438
Total expenditures	1,370,083	855,645	514,438
REVENUES OVER (UNDER) EXPENDITURES	(1,009,083)	(155,918)	853,165
OTHER FINANCING USES:			
Transfers out	-	(25,240)	(25,240)
Total other financing uses	-	(25,240)	(25,240)
NET CHANGES IN FUND BALANCES	\$ (1,009,083)	(181,158)	\$ 827,925
FUND BALANCES			
Beginning of year		3,404,487	
End of year		\$ 3,223,329	

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INTERNAL SERVICE FUNDS

Internal Service Funds:

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

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

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

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

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

City of Hemet
Combining Statement of Net Position
All Internal Service Funds
June 30, 2015

	Admin. Services	Workers' Compensation Admin	Medical Insurance Admin
ASSETS			
Current assets:			
Cash and investments	\$ 2,536,070	\$ 235,265	\$ 109,821
Accounts receivable	1,815	-	-
Due from other funds	-	517,271	-
Inventories	12,483	-	-
Total current assets	2,550,368	752,536	109,821
Capital assets:			
Depreciable, net	1,110,894	-	-
Total capital assets	1,110,894	-	-
Total assets	3,661,262	752,536	109,821
DEFERRED OUTFLOWS OF RESOURCES			
Pension contribution after measurement date	333,815	-	-
Total deferred outflows of resources	333,815	-	-
LIABILITIES			
Current liabilities:			
Accounts payable	338,659	2,345	-
Accrued salaries and benefits	24,532	3,652	-
Due to other funds	517,271	-	-
Claims payable, due within one year	-	64,667	29,255
Total current liabilities	880,462	70,664	29,255
Long-term liabilities:			
Claims payable, due in more than one year	-	-	-
Net pension liabilities	3,289,711	-	-
Total long-term liabilities	3,289,711	-	-
Total liabilities	4,170,173	70,664	29,255
DEFERRED INFLOWS OF RESOURCES			
Actual earning on pension plan investments in excess of projected earnings	705,292	-	-
Total deferred inflows of resources	705,292	-	-
NET POSITION			
Investment in capital assets	1,110,894	-	-
Unrestricted	(1,991,282)	681,872	80,566
Total net position	\$ (880,388)	\$ 681,872	\$ 80,566

City of Hemet
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2015

	Liability Insurance	OPEB	Internal Service Funds Total
ASSETS			
Current assets:			
Cash and investments	\$ 1,622,453	\$ 1,543,009	\$ 6,046,618
Accounts receivable	234,974	402	237,191
Due from other funds	-	-	517,271
Inventories	-	-	12,483
Total current assets	1,857,427	1,543,411	6,813,563
Capital assets:			
Depreciable, net	-	-	1,110,894
Total capital assets	-	-	1,110,894
Total assets	1,857,427	1,543,411	7,924,457
DEFERRED OUTFLOWS OF RESOURCES			
Pension contribution after measurement date	-	-	333,815
Total deferred outflows of resources	-	-	333,815
LIABILITIES			
Current liabilities:			
Accounts payable	68,236	-	409,240
Accrued salaries and benefits	1,078	-	29,262
Due to other funds	-	-	517,271
Claims payable, due within one year	450,000	21,710	565,632
Total current liabilities	519,314	21,710	1,521,405
Long-term liabilities:			
Claims payable, due in more than one year	870,451	-	870,451
Net pension liabilities	-	-	3,289,711
Total long-term liabilities	870,451	-	4,160,162
Total liabilities	1,389,765	21,710	5,681,567
DEFERRED OUTFLOWS OF RESOURCES			
Pension contribution after measurement date	-	-	705,292
Total deferred outflows of resources	-	-	705,292
NET POSITION			
Investment in capital assets	-	-	1,110,894
Unrestricted	467,662	1,521,701	760,519
Total net position	\$ 467,662	\$ 1,521,701	\$ 1,871,413

City of Hemet
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2015

	Admin. Services Fund	Workers' Compensation Admin	Medical Insurance Admin
OPERATING REVENUES:			
Charges for services	\$ 6,309,335	\$ 1,834,225	\$ 269,910
Total operating revenues	<u>6,309,335</u>	<u>1,834,225</u>	<u>269,910</u>
OPERATING EXPENSES:			
Personal services	3,551,672	198,978	16,518
Parts and supplies	1,070,857	-	-
Maintenance	971,360	-	-
Utilities	621,359	-	-
Contracts, rents, and leases	193,368	-	-
Insurance	87,000	1,763,177	284,991
Claims and judgments	-	-	-
Depreciation	139,974	-	-
Total operating expenses	<u>6,635,590</u>	<u>1,962,155</u>	<u>301,509</u>
OPERATING INCOME/(LOSS)	<u>(326,255)</u>	<u>(127,930)</u>	<u>(31,599)</u>
NONOPERATING REVENUES:			
Miscellaneous	-	17,507	-
Total nonoperating revenues	<u>-</u>	<u>17,507</u>	<u>-</u>
INCOME/(LOSS) BEFORE TRANSFERS	(326,255)	(110,423)	(31,599)
TRANSFERS:			
Transfers in	-	-	-
Transfers out	(281,102)	-	(626,896)
Total transfers	<u>(281,102)</u>	<u>-</u>	<u>(626,896)</u>
Changes in net position	(607,357)	(110,423)	(658,495)
NET POSITION			
Beginning of the year, as Restated (Note 15)	(273,031)	792,295	739,061
End of the year	<u>\$ (880,388)</u>	<u>\$ 681,872</u>	<u>\$ 80,566</u>

City of Hemet
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2015

	Liability Insurance	OPEB	Total
OPERATING REVENUES:			
Charges for services	\$ 859,200	\$ 3,592,980	\$ 12,865,650
Total operating revenues	859,200	3,592,980	12,865,650
OPERATING EXPENSES:			
Personal services	100,297	-	3,867,465
Parts and supplies	12	-	1,070,869
Maintenance	-	-	971,360
Utilities	-	-	621,359
Contracts, rents, and leases	34,322	-	227,690
Insurance	339,741	-	2,474,909
Claims and judgments	1,151,883	3,509,794	4,661,677
Depreciation	-	-	139,974
Total operating expenses	1,626,255	3,509,794	14,035,303
OPERATING INCOME	(767,055)	83,186	(1,169,653)
NONOPERATING REVENUES (EXPENSES):			
Miscellaneous	235,566	98	253,171
Total nonoperating revenues (expenses)	235,566	98	253,171
INCOME BEFORE TRANSFERS	(531,489)	83,284	(916,482)
TRANSFERS:			
Transfers in	-	626,896	626,896
Transfers out	(62,506)	-	(970,504)
Total transfers	(62,506)	626,896	(343,608)
Changes in net position	(593,995)	710,180	(1,260,090)
NET POSITION			
Beginning of the year, as Restated (Note 15)	1,061,657	811,521	3,131,503
End of the year	\$ 467,662	\$ 1,521,701	\$ 1,871,413

City of Hemet
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2015

	Admin. Services Fund	Workers' Compensation Admin	Medical Insurance Admin
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services from other funds	\$ 6,318,321	\$ 1,316,954	\$ 269,910
Cash received for insurance recovery	-	17,507	-
Cash payments to suppliers of goods and services	(2,294,590)	(493)	-
Cash payments to employees for services	(3,624,148)	(196,758)	(16,518)
Cash payment for insurance premiums	(87,000)	(1,780,685)	(303,957)
Net cash provided by operating activities	312,583	(643,475)	(50,565)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash paid to other funds	(281,102)	-	-
Net cash used in capital and related financing activities	(281,102)	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	-	-	-
Cash paid to other funds	-	-	(626,896)
Net cash provided by noncapital financing activities	-	-	(626,896)
Net increase (decrease) in cash and cash equivalents	31,481	(643,475)	(677,461)
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,504,589	878,740	787,282
End of year	\$ 2,536,070	\$ 235,265	\$ 109,821
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ (326,255)	\$ (127,930)	\$ (31,599)
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:			
Depreciation	139,974	-	-
Miscellaneous revenue	-	17,507	-
(Increase) Decrease in:			
Accounts receivables	8,986	-	-
Due from other funds	-	(517,271)	-
Inventories	162,297	-	-
Deferred outflows of resources related to pension	(41,662)		
Increase (Decrease) in:			
Accounts payable	(117,214)	(493)	-
Accrued wages and benefits payable	1,209	2,220	-
Due to other funds	517,271	-	-
Claims payable	-	(17,508)	(18,966)
Net pension liabilities	(737,315)		
Deferred inflows of resources related to pension	705,292		
Total adjustments	638,838	(515,545)	(18,966)
Net cash provided by operating activities	\$ 312,583	\$ (643,475)	\$ (50,565)

City of Hemet
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2015

	Liability Insurance	OPEB	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services from other funds	\$ 1,261,554	\$ 3,593,326	\$ 12,760,065
Cash received for insurance recovery	-	-	17,507
Cash payments to suppliers of goods and services	(15,168)	-	(2,310,251)
Cash payments to employees for services	(100,188)	-	(3,937,612)
Cash payment for insurance premiums	(620,750)	(3,508,280)	(6,300,672)
Net cash provided by operating activities	525,448	85,046	229,037
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash paid to other funds	(62,506)	-	(343,608)
Net cash used in capital and related financing activities	(62,506)	-	(343,608)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	-	626,896	626,896
Cash paid to other funds	-	-	(626,896)
Net cash provided by noncapital financing activities	-	626,896	-
Net increase (decrease) in cash and cash equivalents	462,942	711,942	(114,571)
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,159,511	831,067	6,161,189
End of year	\$ 1,622,453	\$ 1,543,009	\$ 6,046,618
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ (767,055)	\$ 83,186	\$ (1,169,653)
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:			
Depreciation	-	-	139,974
Miscellaneous revenue	235,566	98	253,171
(Increase) Decrease in:			
Accounts receivables	166,788	248	176,022
Due from other funds	-	-	(517,271)
Inventories	-	-	162,297
Deferred outflows of resources related to pension	-	-	(41,662)
Increase (Decrease) in:			
Accounts payable	19,166	-	(98,541)
Accrued wages and benefits payable	109	-	3,538
Due to other funds	-	-	517,271
Claims payable	870,874	1,514	835,914
Net pension liabilities	-	-	(737,315)
Deferred inflows of resources related to pension	-	-	705,292
Total adjustments	1,292,503	1,860	1,398,690
Net cash provided by operating activities	\$ 525,448	\$ 85,046	\$ 229,037

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FIDUCIARY FUNDS

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

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City of Hemet
Combining Statement of Fiduciary Net Position
All Agency Funds
June 30, 2015

	Pass Thru Fees	Payroll Deposits	Heartland CFD 2006	Total Agency Funds
ASSETS				
Cash and investments	\$ 231,496	\$ 51,450	\$ 11,196	\$ 294,142
Accounts receivable	-	2,623	12,803	15,426
Due from other agency funds	-	871,712	-	871,712
Cash and investments with fiscal agent	-	-	1,353,716	1,353,716
Total assets	\$ 231,496	\$ 925,785	\$ 1,377,715	\$ 2,534,996
LIABILITIES				
Accounts payable	\$ 231,496	\$ 925,785	\$ -	\$ 1,157,281
Due to other agency funds	-	-	871,712	871,712
Deposits	-	-	506,003	506,003
Total liabilities	\$ 231,496	\$ 925,785	\$ 1,377,715	\$ 2,534,996

City of Hemet
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Pass Thru Fees Fund				
ASSETS				
Cash and investments	\$ 14,545	\$ 1,654,059	\$ (1,437,108)	\$ 231,496
Due from other funds	44,668	-	(44,668)	-
Total assets	\$ 59,213	\$ 1,654,059	\$ (1,481,776)	\$ 231,496
LIABILITIES				
Accounts payable	\$ 54,055	\$ 1,557,561	\$ (1,380,120)	\$ 231,496
Deposits	5,158	1,519,851	(1,525,009)	-
Total liabilities	\$ 59,213	\$ 3,077,412	\$ (2,905,129)	\$ 231,496
Payroll Deposits Fund				
ASSETS				
Cash and investments	\$ 16,225	\$ 51,126,430	\$ (51,091,205)	\$ 51,450
Accounts receivable	4,475	90,701	(92,553)	2,623
Due from other funds	536,196	871,712	(536,196)	871,712
Total assets	\$ 556,896	\$ 52,088,843	\$ (51,719,954)	\$ 925,785
LIABILITIES				
Accounts payable	\$ 556,896	\$ 68,585,351	\$ (68,216,462)	\$ 925,785
Total liabilities	\$ 556,896	\$ 68,585,351	\$ (68,216,462)	\$ 925,785
Heartland CFD 2006 Fund				
ASSETS				
Cash	\$ -	\$ 11,196	-	\$ 11,196
Accounts receivable	13,018	12,803	(13,018)	12,803
Cash and investments with fiscal agent	3,468,608	1,752,313	(3,867,205)	1,353,716
Total assets	\$ 3,481,626	\$ 1,776,312	\$ (3,880,223)	\$ 1,377,715
LIABILITIES				
Accounts payable	\$ 301	\$ 1,067,842	\$ (1,068,143)	-
Due to other funds	580,864	871,712	(580,864)	871,712
Deposits	2,900,461	797,059	(3,191,517)	506,003
Total liabilities	\$ 3,481,626	\$ 2,736,613	\$ (4,840,524)	\$ 1,377,715

(Continued)

City of Hemet
Combining Statement of Changes in Assets and Liabilities (Continued)
All Agency Funds
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Total Agency Funds				
ASSETS				
Cash	\$ 30,770	\$ 52,791,685	\$ (52,528,313)	\$ 294,142
Accounts receivable	17,493	103,504	(105,571)	15,426
Due from other agency funds	580,864	871,712	(580,864)	871,712
Cash and investments with fiscal agent	3,468,608	1,752,313	(3,867,205)	1,353,716
Total assets	\$ 4,097,735	\$ 55,519,214	\$ (57,081,953)	\$ 2,534,996
LIABILITIES				
Accounts payable	\$ 611,252	\$ 71,210,754	\$ (70,664,725)	\$ 1,157,281
Due to other agency funds	580,864	871,712	(580,864)	871,712
Deposits	2,905,619	2,316,910	(4,716,526)	506,003
Total liabilities	\$ 4,097,735	\$ 74,399,376	\$ (75,962,115)	\$ 2,534,996

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STATISTICAL SECTION

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

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

Contents

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Financial Trends

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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Revenue Capacity

These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.

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Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

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

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities					
Net Investment in Capital Assets	\$ 322,266	\$ 317,653	\$ 330,174	\$ 327,965	\$ 323,329
Restricted	10,165	17,464	18,754	22,937	32,078
Unrestricted	7,639	24,411	27,282	28,462	24,332
Total governmental activities net position	<u>\$ 340,070</u>	<u>\$ 359,528</u>	<u>\$ 376,210</u>	<u>\$ 379,364</u>	<u>\$ 379,739</u>
Business-type activities					
Net Investment in Capital Assets	\$ 8,170	\$ 7,240	\$ 6,380	\$ 6,657	\$ 5,281
Restricted	-	-	-	-	-
Unrestricted	3,652	3,757	6,267	7,901	10,292
Total business-type activities net position	<u>\$ 11,822</u>	<u>\$ 10,997</u>	<u>\$ 12,647</u>	<u>\$ 14,558</u>	<u>\$ 15,573</u>
Primary government					
Net Investment in Capital Assets	\$ 330,437	\$ 324,893	\$ 336,554	\$ 334,622	\$ 328,610
Restricted	10,165	17,464	18,754	22,937	32,078
Unrestricted	11,291	28,168	33,549	36,363	34,624
Total primary government net position	<u>\$ 351,892</u>	<u>\$ 370,525</u>	<u>\$ 388,856</u>	<u>\$ 393,922</u>	<u>\$ 395,312</u>

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

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014*</u>	<u>2015</u>
Governmental activities					
Net Investment in Capital Assets	\$ 320,323	\$ 332,523	\$ 326,964	\$ 325,096	\$ 324,343
Restricted	58,734	42,003	33,450	36,986	39,006
Unrestricted	327	14,792	24,524	(47,678)	(53,711)
Total governmental activities net position	<u>\$ 379,384</u>	<u>\$ 389,318</u>	<u>\$ 384,938</u>	<u>\$ 314,405</u>	<u>\$ 309,638</u>
Business-type activities					
Net Investment in Capital Assets	\$ 4,624	\$ 3,694	\$ 4,114	\$ 4,171	\$ 3,740
Restricted	-	-	-	-	-
Unrestricted	10,985	14,171	7,559	3,885	3,606
Total business-type activities net position	<u>\$ 15,609</u>	<u>\$ 17,865</u>	<u>\$ 11,673</u>	<u>\$ 8,056</u>	<u>\$ 7,346</u>
Primary government					
Net Investment in Capital Assets	\$ 324,947	\$ 336,217	\$ 331,078	\$ 329,267	\$ 328,083
Restricted	58,734	42,003	33,450	36,986	39,006
Unrestricted	11,312	28,963	32,082	(43,793)	(50,105)
Total primary government net position	<u>\$ 394,994</u>	<u>\$ 407,183</u>	<u>\$ 396,611</u>	<u>\$ 322,461</u>	<u>\$ 316,984</u>

* Restated to reflect implementation of GASB Statement No. 68 and 71.

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

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses					
Governmental activities:					
General government	\$ 351	\$ 1,379	\$ 1,402	\$ 1,417	\$ 1,471
Public Safety	28,491	31,986	31,794	30,881	27,482
Community development	5,275	7,408	6,142	5,718	7,100
Public Works	18,111	1,739	2,350	11,312	13,343
Sanitation	2,144	2,042	2,026	1,793	1,858
Parks	865	985	994	810	849
Libraries	2,432	2,741	2,488	2,177	2,046
Interest and related charges on long-term debt	1,003	921	1,079	1,007	934
Total governmental activities expenses	<u>58,674</u>	<u>49,202</u>	<u>48,276</u>	<u>55,114</u>	<u>55,083</u>
Business-type activities:					
Refuse	11,345	11,240	10,334	10,148	10,018
Water	8,304	7,709	7,087	6,513	6,716
Total business-type activities expenses	<u>19,649</u>	<u>18,949</u>	<u>17,421</u>	<u>16,660</u>	<u>16,735</u>
Total primary government expenses	<u>\$ 78,322</u>	<u>\$ 68,151</u>	<u>\$ 65,697</u>	<u>\$ 71,774</u>	<u>\$ 71,818</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,116	\$ 993	\$ 769	\$ 1,095	\$ 3,754
Public safety	791	880	892	577	573
Community development	7,196	5,974	3,799	2,882	2,047
Public Works	3,028	3,363	3,558	4,812	3,271
Sanitation	2,629	2,785	2,820	2,977	2,555
Other activities	167	182	229	106	82
Operating grants and contributions	7,991	6,991	6,235	5,837	6,645
Capital grants and contributions	12,010	8,987	8,533	5,458	6,275
Total government activities program revenues	<u>34,929</u>	<u>30,155</u>	<u>26,834</u>	<u>23,746</u>	<u>25,201</u>
Business-type activities					
Charges for services:					
Refuse	10,503	11,209	11,401	11,058	10,697
Water	6,067	6,540	7,375	7,497	7,539
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	314	66	-	-	-
Total business-type activities program revenues	<u>16,884</u>	<u>17,815</u>	<u>18,776</u>	<u>18,555</u>	<u>18,236</u>
Total primary government program revenues	<u>\$ 51,813</u>	<u>\$ 47,969</u>	<u>\$ 45,610</u>	<u>\$ 42,301</u>	<u>\$ 43,437</u>

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

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

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

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net (expense)/revenue					
Governmental activities	\$ (23,745)	\$ (19,047)	\$ (21,443)	\$ (31,368)	\$ (29,882)
Business-type activities	<u>(2,764)</u>	<u>(1,134)</u>	<u>-</u>	<u>-</u>	<u>1,501</u>
Total primary government net expense	<u>\$ (26,509)</u>	<u>\$ (20,181)</u>	<u>\$ (21,443)</u>	<u>\$ (31,368)</u>	<u>\$ (28,381)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes					
Property taxes	\$ 8,673	\$ 11,548	\$ 15,048	15,670	12,061
Transient occupancy taxes	606	849	992	947	621
Sales taxes	9,885	11,211	11,716	10,229	7,320
Motor vehicle in lieu taxes	5,001	4,992	5,910	6,690	5,373
Franchise and other taxes	2,577	3,535	3,484	3,531	1,077
Investment income	951	652	1,204	1,052	510
Miscellaneous	214	39	244	23	7
Transfers	<u>(16)</u>	<u>(20)</u>	<u>(92)</u>	<u>(18)</u>	<u>571</u>
Total governmental activities	<u>27,891</u>	<u>32,806</u>	<u>38,505</u>	<u>38,124</u>	<u>27,540</u>
Business-type activities					
Investment income	150	65	216	277	85
Gain (loss) on sale/disposal of assets	-	-	-	-	-
Capital contributions	-	-	-	-	-
Miscellaneous					
Transfers	<u>16</u>	<u>20</u>	<u>92</u>	<u>18</u>	<u>(571)</u>
Total business-type activities	<u>166</u>	<u>85</u>	<u>309</u>	<u>295</u>	<u>(486)</u>
Total primary government	<u>\$ 28,058</u>	<u>\$ 32,891</u>	<u>\$ 38,814</u>	<u>\$ 38,419</u>	<u>\$ 27,054</u>

Change in Net Position

Governmental activities	\$ 4,146	\$ 9,061	\$ 19,458	\$ 16,681	\$ (2,342)
Business-type activities	<u>(2,598)</u>	<u>(2,680)</u>	<u>(826)</u>	<u>1,650</u>	<u>1,015</u>
Total primary government	<u>\$ 1,548</u>	<u>\$ 6,382</u>	<u>\$ 18,633</u>	<u>\$ 18,332</u>	<u>\$ (1,326)</u>

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

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net (expense)/revenue					
Governmental activities	\$ (27,808)	\$ (28,061)	\$ (35,101)	\$ (34,972)	\$ (34,435)
Business-type activities	<u>(266)</u>	<u>(2,012)</u>	<u>(1,527)</u>	<u>(107)</u>	<u>(829)</u>
Total primary government net expense	<u>\$ (28,074)</u>	<u>\$ (30,073)</u>	<u>\$ (36,628)</u>	<u>\$ (35,079)</u>	<u>\$ (35,264)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes					
Property taxes	10,648	7,813	7,343	6,207	5,667
Transient occupancy taxes	603	586	626	643	738
Sales taxes	9,436	9,426	10,118	11,043	11,680
Motor vehicle in lieu taxes	5,179	4,783	4,829	4,996	5,398
Franchise and other taxes	1,422	3,354	4,730	4,875	5,033
Investment income	493	572	132	565	554
Miscellaneous	149	448	264	184	599
Transfers	-	(2,185)	2,527	(187)	-
Total governmental activities	<u>27,929</u>	<u>24,797</u>	<u>30,568</u>	<u>28,327</u>	<u>29,669</u>
Business-type activities					
Investment income	56	183	12	71	59
Gain (loss) on sale/disposal of assets	-	1,830	-	-	-
Capital contributions	-	-	-	-	-
Miscellaneous	91	70	59	176	61
Transfers	-	2,185	(4,736)	187	-
Total business-type activities	<u>146</u>	<u>4,268</u>	<u>(4,665)</u>	<u>434</u>	<u>120</u>
Total primary government	<u>\$ 28,075</u>	<u>\$ 29,065</u>	<u>\$ 25,903</u>	<u>\$ 28,760</u>	<u>\$ 29,789</u>

Change in Net Position

Governmental activities	\$ 121	\$ 7,190	\$ (4,532)	\$ (6,646)	\$ (4,766)
Business-type activities	<u>(120)</u>	<u>2,256</u>	<u>(6,192)</u>	<u>327</u>	<u>(709)</u>
Total primary government	<u>\$ 1</u>	<u>\$ 9,446</u>	<u>\$ (10,725)</u>	<u>\$ (6,319)</u>	<u>\$ (5,475)</u>

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

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Reserved	\$ 222	\$ 4,516	\$ 4,942	\$ 1,261	\$ 2,364
Unreserved	9,333	5,588	2,788	2,559	209
Nonspendable*					
Restricted*					
Committed*					
Assigned*					
Unassigned*					
Total general fund	<u>\$ 9,555</u>	<u>\$ 10,104</u>	<u>\$ 7,730</u>	<u>\$ 3,820</u>	<u>\$ 2,573</u>
All other governmental funds					
Reserved	\$ 8,424	\$ 13,177	\$ 15,024	\$ 15,677	\$ 20,189
Unreserved, reported in:					
Special revenue funds	3,880	6,992	10,983	15,155	13,654
Capital projects funds	13,583	10,444	12,388	16,693	22,971
Nonspendable*					
Restricted*					
Assigned*					
Unassigned, reported in:*					
Special revenue funds					
Capital projects funds					
Total all other governmental funds	<u>\$ 25,887</u>	<u>\$ 30,613</u>	<u>\$ 38,394</u>	<u>\$ 47,526</u>	<u>\$ 56,814</u>

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

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

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Reserved					
Unreserved					
Nonspendable*	1,019	3,221	1,020	12	13
Restricted*		-	698	873	1,075
Committed*		7,439	7,888	7,270	7,288
Assigned*		316	4,269	6,362	314
Unassigned*	1,679	6,724	8,163	4,397	8,226
Total general fund	<u>\$ 2,697</u>	<u>\$ 17,699</u>	<u>\$ 22,038</u>	<u>\$ 18,913</u>	<u>\$ 16,916</u>
All other governmental funds					
Reserved					
Unreserved, reported in:					
Special revenue funds					
Capital projects funds					
Nonspendable*	1,354	1,354	1,354	1,354	1,000
Restricted*	51,960	34,784	32,831	36,131	36,931
Assigned*	6,309	4,181	4,452	4,554	4,759
Unassigned, reported in:*					
Special revenue funds	(2,468)	(2,029)	(1,225)	(174)	(276)
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 57,155</u>	<u>\$ 38,289</u>	<u>\$ 37,412</u>	<u>\$ 41,866</u>	<u>\$ 42,414</u>

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

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

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues					
Taxes	\$ 27,685	\$ 32,051	\$ 30,943	\$ 27,273	\$ 23,068
Licenses and permits	3,946	3,215	1,712	1,803	1,363
Intergovernmental revenues	11,773	11,699	12,011	11,099	11,787
Charges for services	21,203	16,658	15,092	14,217	12,464
Fines and forfeitures	385	386	360	327	218
Investment income	979	2,144	2,166	1,520	877
Miscellaneous	1,785	2,527	2,692	2,112	2,210
Total revenues	<u>67,754</u>	<u>68,680</u>	<u>64,976</u>	<u>58,351</u>	<u>51,987</u>
Expenditures					
General government	175	1,163	1,304	1,097	1,027
Public safety	27,899	30,726	31,078	30,027	25,883
Community development	5,442	7,437	6,276	5,707	2,630
Public works	8,660	5,506	5,037	5,481	6,138
Sanitation	2,183	2,045	2,059	1,924	1,802
Parks	933	990	1,021	805	823
Libraries	2,234	2,454	2,254	1,821	1,669
Capital outlay	16,881	10,250	9,070	4,813	3,495
Debt service					
Principal	482	1,631	345	360	375
Interest	1,000	1,041	1,079	1,003	937
SERAF Obligation					4,425
Fiscal-administrative charges	8	10	4	7	3
Total expenditures	<u>65,897</u>	<u>63,255</u>	<u>59,526</u>	<u>53,047</u>	<u>49,208</u>
Excess (deficiency) of revenues over expenditures	<u>1,858</u>	<u>5,425</u>	<u>5,451</u>	<u>5,305</u>	<u>2,780</u>
Other financing sources (uses)					
Transfers in	3,798	7,443	2,845	3,034	3,569
Transfers out	(3,866)	(7,593)	(2,889)	(3,117)	(2,953)
Proceed from sale of assets	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	<u>(68)</u>	<u>(150)</u>	<u>(43)</u>	<u>(83)</u>	<u>616</u>
Net change in fund balances	<u>\$ 1,790</u>	<u>\$ 5,275</u>	<u>\$ 5,407</u>	<u>\$ 5,221</u>	<u>\$ 3,396</u>
Debt service as a percentage of noncapital expenditures	3.04%	5.06%	2.83%	2.84%	12.56%

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

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

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

Fiscal Year	Property Tax
2006	\$ 4,589
2007	6,118
2008	6,144
2009	5,797
2010	4,850
2011	4,437
2012	4,611
2013*	7,127
2014	5,946
2015	5,381

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

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

Fiscal Year	City			Taxable Assessed Value
	Secured	Unsecured	Less Exemptions	
2006	3,760,093,030	128,843,912	(141,041,785)	3,747,895,157
2007	4,735,323,023	140,094,511	(143,902,282)	4,731,515,252
2008	5,524,246,122	154,911,432	(159,536,967)	5,519,620,587
2009	5,361,185,825	183,698,140	(157,121,829)	5,387,762,136
2010	4,481,845,081	181,495,343	(174,541,484)	4,488,798,940
2011	4,134,062,713	193,780,485	(122,995,288)	4,204,847,910
2012	4,107,678,820	172,163,525	(121,880,603)	4,157,961,742
2013	4,115,265,405	183,667,394	(122,849,619)	4,176,083,180
2014	4,330,049,882	165,792,295	(133,510,154)	4,362,332,023
2015	4,706,629,409	160,264,993	(145,097,337)	4,721,797,065

NOTE:

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

Source: Riverside County Auditor-Controller

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

Fiscal Year	Redevelopment			Taxable Assessed Value	Highest Direct Tax Rate
	Secured	Unsecured	Less Exemptions		
2006	1,085,138,951	67,181,222	(25,347,524)	1,126,972,649	0.24552
2007	1,386,488,321	74,247,501	(27,029,158)	1,433,706,664	0.24552
2008	1,623,497,110	80,385,410	(31,025,848)	1,672,856,672	0.24552
2009	1,576,142,470	87,430,895	(28,268,577)	1,635,304,788	0.24552
2010	1,347,521,671	82,733,031	(29,470,067)	1,400,784,635	0.24552
2011	1,260,302,405	76,584,053	(45,093,185)	1,291,793,273	0.24552
2012	1,226,300,702	77,049,549	N/A**	1,303,350,251	0.24552
2013	1,238,584,940	78,868,067	N/A**	N/A**	0.24552
2014	1,311,683,769	72,346,441	N/A**	N/A**	0.24552
2015	1,402,028,714	66,989,353	N/A**	N/A**	0.24552

**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

	2006	2007	2008	2009	2010
City Direct Rates:					
City of Hemet Basic Area	0.24552	0.24552	0.24552	0.24552	0.24552
Overlapping Rates:					
Hemet Unified School	0.30653	0.30653	0.30653	0.30653	0.30653
County General	0.25433	0.25433	0.25433	0.25433	0.25433
Eastern Municipal Water District	0.04435	0.04435	0.04435	0.04435	0.04435
Flood control Zone 4	0.03923	0.03923	0.03923	0.03923	0.03923
Riv. Co. Office of Education	0.03641	0.03641	0.03641	0.03641	0.03641
Mt. San Jacinto Junior College	0.03527	0.03527	0.03527	0.03527	0.03527
Eastern Municipal Water Improvement Dist 17	0.01665	0.01665	0.01665	0.01665	0.01665
Valley Wide Recreation & Park District	0.01455	0.01455	0.01455	0.01455	0.01455
San Jacinto Valley Cemetary	0.00458	0.00458	0.00458	0.00458	0.00458
Flood Control Administration	0.00238	0.00238	0.00238	0.00238	0.00238
San Jacinto Basin Resource Conservation	0.00020	0.00020	0.00020	0.00020	0.00020
Proposition 13 Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Bond issues:					
Hemet Unified School District Debt Sv	0.04875	0.03939	0.081648	0.09156 *	0.09476
Metropolitan Water District Debt Sv	0.00520	0.00469	0.004499	0.0075 *	0.0043
Total Rate	1.05395	1.04408	1.08615	1.09906	1.09906

NOTE:

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

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

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

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

	2011	2012	2013	2014	2015
City Direct Rates:					
City of Hemet Basic Area	0.24552	0.24552	0.24552	0.24552	0.24552
Overlapping Rates:					
Hemet Unified School	0.30653	0.30653	0.30653	0.30653	0.30653
County General	0.25433	0.25433	0.25433	0.25433	0.25433
Eastern Municipal Water District	0.04435	0.04435	0.04435	0.04435	0.04435
Flood control Zone 4	0.03923	0.03923	0.03923	0.03923	0.03923
Riv. Co. Office of Education	0.03641	0.03641	0.03641	0.03641	0.03641
Mt. San Jacinto Junior College	0.03527	0.03527	0.03527	0.03527	0.03527
Eastern Municipal Water Improvement Dist 17	0.01665	0.01665	0.01665	0.01665	0.01665
Valley Wide Recreation & Park District	0.01455	0.01455	0.01455	0.01455	0.01455
San Jacinto Valley Cemetary	0.00458	0.00458	0.00458	0.00458	0.00458
Flood Control Administration	0.00238	0.00238	0.00238	0.00238	0.00238
San Jacinto Basin Resource Conservation	0.00020	0.00020	0.00020	0.00020	0.00020
Proposition 13 Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Bond issues:					
Hemet Unified School District Debt Sv	0.11177	0.12536	0.12525	0.12502	0.11991
Metropolitan Water District Debt Sv	0.0037	0.0037	0.0035	0.0035	0.0035
Total Rate	1.11547	1.12906	1.12875	1.12852	1.12341

NOTE:

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

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

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

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City of Hemet
Principal Property Taxpayers
June 30, 2015 and Nine Years Ago

Taxpayer	2015			2006		
	Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Assessed Value	Rank	Percent of Total City Taxable Assessed Value
PHH Real Estate	\$ 43,339,152	1	0.92%	-	-	-
Freedom Properties Hemet	40,547,024	2	0.86%	-	-	-
MCS Hemet Valley Center	33,442,153	3	0.71%	-	-	-
Granite Village West LP	33,380,409	4	0.71%	-	-	-
FFLP CC	29,645,940	5	0.63%	-	-	-
Walmart Real Estate Business Trust	29,240,144	6	0.62%	-	-	-
James J. Femino	28,853,774	7	0.61%	-	-	-
Merrill Gardens LLC	26,201,775	8	0.55%	-	-	-
Time Warner Cable	23,146,813	9	0.49%	-	-	-
Esses JMS Acquisition	18,133,622	10	0.38%	-	-	-
Freedom Properties Hemet	-	-	-	\$ 35,443,683	1	0.95%
Lennar Homes of California Inc	-	-	-	35,287,466	2	0.94%
Walmart Real Estate Business Trust	-	-	-	33,541,899	3	0.89%
Hemet Village West	-	-	-	28,900,000	4	0.77%
James Femino	-	-	-	24,438,389	5	0.65%
Merrill Gardens LLC	-	-	-	23,362,104	6	0.62%
John M Sachs Inc	-	-	-	22,480,460	7	0.60%
MCS Hemet Valley Center	-	-	-	22,050,040	8	0.59%
Century TCI California LP	-	-	-	19,628,548	9	0.52%
K Hovnanians Four Seasons at Hemet	-	-	-	16,863,880	10	0.45%
	<u>\$305,930,806</u>		<u>6.48%</u>	<u>\$261,996,469</u>		<u>6.99%</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	Fiscal Year of the Levy		
				City Amount	Redevelopment Amount *	Percentage of Levy
2006	4,099	8,934		4,401	10,011	110.58%
2007	4,970	12,127		5,873	13,933	115.84%
2008	5,646	14,527		5,705	15,043	102.85%
2009	5,491	13,699		4,970	13,979	98.74%
2010	4,633	11,308		4,733	10,841	97.70%
2011	4,293	10,033		3,993	10,073	98.18%
2012	4,218	10,238		4,263	5,997	70.97%
2013	4,175	-	10,338	4,524	-	108.36%
2014	4,384	-	10,840	4,333	-	98.84%
2015	4,722	-	10,589	4,709	-	99.71%

NOTE:

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

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

**The State of California dissolved all Redevelopment Agencies effective 02/01/2012. All activity for the wind down of the Agencies was moved to a Successor Agency. Since Successor Agency increment is only enough to cover annual costs of the wind down process, these amounts are excluded from the collection data.

Source: Riverside County Auditor Controller
HDL, Coren & Cone

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

Fiscal Year	Collection of Delinquent taxes	Total Collections to Date	
		Amount	Percentage of Levy
2006	187	14,599	112.01%
2007	245	20,051	117.27%
2008	439	21,187	105.03%
2009	827	19,776	103.05%
2010	118	15,692	98.44%
2011	444	14,511	101.29%
2012	349	4,611	109.32%
2013	337	4,861	116.43%
2014	455	4,788	109.21%
2015	240	4,949	104.79%

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

Fiscal Year	Governmental Activities				Business-Type Activities		
	Certificates of Participation	1999 TAB	2002 TAB	Notes Payable	Water Revenue Bonds	Capital Leases	Certificates of Participation
2006	156	8,700	7,195	1,286	3,080	-	45
2007	-	8,475	7,085	-	2,625	3,422	-
2008	-	8,240	6,975	-	2,150	2,986	-
2009	-	7,995	6,860	-	-	2,424	-
2010	-	7,740	6,740	-	-	1,972	-
2011	-	7,475	6,615	-	-	1,503	-
2012	-	*	*	-	-	286	-
2013	-	*	*	-	-	153	-
2014	-	*	*	-	-	-	-
2015	-	*	*	-	-	-	-

NOTE:

Personal Income data for 2014 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 Outstanding Debt by Type (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Total Primary Government	Percentage of Personal Income	Per Capita
2006	20,461	1.31%	294
2007	21,607	1.27%	302
2008	20,351	1.17%	274
2009	17,279	1.09%	231
2010	16,452	1.12%	217
2011	15,593	1.06%	197
2012	286	0.02%	4
2013	153	0.01%	2
2014	-	0.00%	-
2015	-	0.00%	-

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
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%	-
2014	81,537	0	**	-	0.00%	-
2015	82,253	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
June 30, 2015

2014-2015 Assessed Valuation:	\$ 4,720,014,976		
	Total Debt		City's Share of
OVERLAPPING TAX AND ASSESSMENT DEBT:	6/30/2015	% Applicable (1)	Debt 6/30/15
Metropolitan Water District	\$ 110,420,000	0.201%	\$ 221,944
Eastern Municipal Water District, I.D. No. 24	433,000	53.673%	232,404
Eastern Municipal Water District, I.D. No. U12	328,000	2.783%	9,128
Eastern Municipal Water District, I.D. No. U18	988,000	100.000%	988,000
Eastern Municipal Water District, I.D. No. U21	162,000	14.001%	22,682
Riverside County Flood Control District, Zone No. 4	21,000,000	12.030%	2,526,300
Mt. San Jacinto Community College District	70,000,000	6.557%	4,589,900
Hemet Unified School District	181,095,000	50.596%	91,626,826
San Jacinto Unified School District	42,604,103	6.128%	2,610,779
Hemet Unified School District Community Facilities District No. 2004-1	3,060,000	100.000%	3,060,000
Hemet Unified School District Community Facilities District No. 2005-2, 3 & 4	20,490,000	100.000%	20,490,000
San Jacinto Unified School District Community Facilities District No. 2005-4	2,220,000	29.818%	661,960
Eastern Municipal Water District Community Facilities District No. 2001-02	5,520,000	100.000%	5,520,000
Eastern Municipal Water District Community Facilities District No. 2004-27	7,296,000	100.000%	7,296,000
Eastern Municipal Water District Community Facilities District No. 2005-38	2,600,000	100.000%	2,600,000
Eastern Municipal Water District Community Facilities District No. 2006-56	4,955,000	100.000%	4,955,000
City of Hemet Community Facilities District No. 1999-1	8,585,000	100.000%	8,585,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 155,995,923
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	\$ 947,052,082	2.091%	\$ 19,802,859
Riverside County Pension Obligations	320,470,000	2.091%	6,701,028
Riverside County board of Education Certificates of Participation	1,835,000	2.091%	38,370
Mt San Jacinto Community College District General Fund Obligations	-	0.000%	-
Hemet Unified School District Certificates of Participation	56,345,000	50.596%	28,508,316
San Jacinto Unified School District Certificates of Participation	40,270,000	6.128%	2,467,746
City of Hemet	0	100.000%	0
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 57,518,318
Less: Riverside County Administrative Center Authority (100% self-supporting from tax increment revenues)			158,184
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 57,360,134
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	333,082,902	0.518-100. %	14,540,146
TOTAL DIRECT DEBT			\$0
TOTAL GROSS OVERLAPPING DEBT			228,054,388
TOTAL NET OVERLAPPING DEBT			227,896,204
GROSS COMBINED TOTAL DEBT		(2)	\$ 228,054,388
NET COMBINED TOTAL DEBT			\$ 227,896,204

(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 2014-15 Assessed Valuations:

Total Overlapping Tax and Assessment Debt	3.30%
Total Direct Debt	0.00%
Gross Combined Total Debt	4.83%
Net Combined Total Debt	4.83%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,208,928,462):

Total Overlapping Tax Increment Debt	1.20%
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Source: California Municipal Statistics, Inc.

City of Hemet
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$ 140,546,068	\$ 177,431,822	\$ 206,985,772	\$ 202,041,080	\$ 168,329,960
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<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>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2015:

Assessed Value	\$ 4,561,532,072
Debt limit (3.75% of assessed value)	<u>171,057,453</u>
Debt applicable to limit:	
General obligation bonds	<u>0</u>
Legal debt margin	<u>\$ 171,057,453</u>

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

Source: Riverside County Assessor's Office

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

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

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

Fiscal Year Ended June 30	Tax Allocation Bonds				Water Revenue Bonds					
	Net Tax Increment	Debt Service		Coverage	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
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						
2014	723	445	639	0.67						
2015	992	465	619	0.92						

Source: City of Hemet Financial Statements

City of Hemet
Demographic and Economic Statistics
Last Ten Years

Calendar Year	Population (1)	Personal Income (2) (in thousands) Local Area Zip Codes	Per Capita Personal Income Local Area Zip Codes	Unemployment Rate (3)
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	1,475,417 (4)	18,243	12.80%
2014	81,537	1,535,426 (4)	18,831	10.70%
2015	82,253	*	- *	9.70%

*2015 Personal Income Data is not yet available

Sources:

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

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**City of Hemet
Principal Employers
June 30, 2015**

Employer	Number of Employees	Percent of Total Employment
Hemet Unified School District	3,642	13.95%
Physicians For Healthy Hospitals	1,220	4.67%
Horizon Solar	650	2.49%
County of Riverside (Various service centers)	500 *	1.92%
Gosch Ford, Toyota, Hyundai & Inland Chevrolet	380	1.46%
TE Connectivity	377	1.44%
Walmart Supercenter	310	1.19%
Manorcare Health Services	297	1.14%
City of Hemet	280	1.07%
Stater Bros	219	0.84%
Village Healthcare Retirement	217	0.83%
McCrometer Inc.	186	0.71%
Home Depot	171	0.66%
Target	120	0.46%
Winco Foods	120	0.46%
Lowe's	118	0.45%

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

Source: City of Hemet Telephone Survey
California Labor Market Info, Data Library
Numbers are approximate per their Human Resources Department

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

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

Source: City of Hemet Payroll Process Report - Active Employees

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

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

Source: City of Hemet Payroll Process Report - Active Employees

City of Hemet
Operating Indicators by Functions
Last Ten Fiscal Years

Function:	2006	2007	2008	2009	2010
Police					
Calls for Service (1)	72,883	71,340	50,022	64,091	57,432
Arrests (1)	4,343	5,064	3,318	3,097	3,553
Sworn Officer's per 1000 population	1.3	1.2	1.1	1.0	0.8
Fire					
Calls for Service (1)	12,128	12,366	12,028	10,805	12,155
Fire/Explosion (included in total above)	314	282	253	244	288
Medical Aid (included in total above)	9,834	10,220	9,754	8,842	10,167
Community Development					
Permits: Single Family + Mobile set up	1,002	469	237	166	149
Conditional Use Permits applied/approved	9/0	21/2	28/12	13/8	9/3
Site Development Reviews applied/approved	27/4	19/10	10/2	6/5	1/2
Library					
Number of items checked out	463,544	482,110	492,665	437,175	412,718
Number of Cardholders	67,122	79,056	88,752	87,834	112,192
Total items in collection	104,528	99,423	98,625	82,018	101,752
Simpson Senior Center					
Citizens served through:					
Simpson Center	53,000	55,787	58,332	57,693	57,000
Lunch Program	26,700	28,540	27,872	27,872	28,000
Prime of Life	35,400	36,200	37,000	23,000	23,000
Public Works					
Trees trimmed	1,264	1,500	1,837	1,996	1,781
Poured Sidewalk (sq ft)	150,850	165,500	181,500	150,000	134,450
Asphalt remove and replace (sq ft)	32,000	40,000	50,000	3,037,500	306,000
Striping painted (linear ft)	200,000	210,000	220,500	223,500	218,000
Equipment CHP 90 day inspections/maint	206	211	236	238	224
Equipment light duty preventative maint	58	61	852	834	861
Buildings maintained (sq ft)	276,393	285,907	285,907	285,907	285,907
Miscellaneous service requests	3,906	4,101	4,306	4,507	3,520
Refuse collected:					
Commercial tons	25,311	28,011	22,864	23,207	17,846
Residential tons	25,633	29,605	23,262	23,610	23,056
Roll-off tons	10,717	16,055	10,260	10,415	7,375
Green Waste tons	3,412	4,905	4,638	4,707	7,725
Commingled Recyclable tons	3,380	4,508	4,506	4,504	4,024
Cardboard tons	1,005	1,198	1,035	1,050	1,170
Water					
Number of active accounts	9,405	9,212	8,996	9,001	9,325
Water introduced into the System (acre ft)	5,394	5,374	4,576	4,919	4,206
1 acre foot=325.851 gallons					

* These numbers are estimated. The estimates for FY13/14 are due to a change in software used to track Service Orders in various Public Works departments.

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

N/A is data that was not available

Source: Various departments within City of Hemet

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

Function:	2011	2012	2013	2014	2015
Police					
Calls for Service (1)	42,616	44,508	45,507	70,599	73,423
Arrests (1)	4,205	3,860	2,468	3,222	2,109
Sworn Officer's per 1000 population	0.8	0.8	0.8	0.7	0.9
Fire					
Calls for Service (1)	12,620	12,850	11,922	13,613	15,693
Fire/Explosion (included in total above)	240	228	224	254	286
Medical Aid (included in total above)	10,704	10,802	10,064	11,383	15,407
Community Development					
Permits: Single Family + Mobile set up	106	21	93	127	120
Conditional Use Permits applied/approved	12/11	7/4	8/4	9/2	9/11
Site Development Reviews applied/approved	4/1	3/1	9/7	5/4	5/4
Library					
Number of items checked out	428,459	428,601	381,047	360,792	451,956
Number of Cardholders	116,012	112,000	128,209	133,366	138,244
Total items in collection	102,902	106,211	92,680	104,977	94,434
Simpson Senior Center					
Citizens served through:					
Simpson Center*	N/A	N/A	N/A	N/A	N/A
Lunch Program*	N/A	N/A	N/A	N/A	N/A
Prime of Life*	N/A	N/A	N/A	N/A	N/A
Public Works					
Trees trimmed	1,537	2,117	2,400	1,300	1,000
Poured Sidewalk (sq ft)	151,280	164,920	178,742	70,190	100,000
Asphalt remove and replace (sq ft)	52,426	66,234	73,266	1,358,833	1,000,000
Striping painted (linear ft)	1,044,862	1,056,000	-	1,000,000	N/A
Equipment CHP 90 day inspections/maint	N/A	N/A	N/A	116	112
Equipment light duty preventative maint	N/A	N/A	N/A	858	864
Buildings maintained (sq ft)	285,907	285,907	285,907	285,907	285,907
Miscellaneous service requests	4,760	4,753	4,800	1,500	2,789
Refuse collected:					
Commercial tons	18,038	7,052	N/A	N/A	N/A
Residential tons	23,545	12,915	N/A	N/A	N/A
Roll-off tons	8,112	3,541	N/A	N/A	N/A
Green Waste tons	7,808	2,988	N/A	N/A	N/A
Commingled Recyclable tons	2,118	912	N/A	N/A	N/A
Cardboard tons	1,890	619	N/A	N/A	N/A
Water					
Number of active accounts	9,145	9,112	9,214	9,075	9,267
Water introduced into the System (acre ft)	4,293	4,484	3,953	4,597	5,262
1 acre foot=325.851 gallons					

* These numbers are estimated. The estimates for FY13/14 are due to a change in software used to track Service Orders in various Public Works departments.

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

N/A is data that was not available

Source: Various departments within City of Hemet

City of Hemet
Capital Asset Statistics by Functions
Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police Stations	1	1	1	1	1
Fire Stations	5	5	5	4	4
Recreation and Culture:					
Number of parks	9	9	9	9	10
Number of libraries	1	1	1	1	1
Number of volumes	104,528	99,423	98,625	82,018	101,752
Public Works:					
Area of City (square miles)	26	26	26	26	26
Miles of Streets	360	360	360	360	360
Number of Street lights	3,600	3,600	3,600	3,600	3,600
Number of water accounts	9,405	9,212	8,996	9,001	9,423
Miles of water mains	120	120	120	120	120
Number of refuse accounts	20,001	20,593	23,504	23,454	23,548
Number of vehicles (city wide)	300	300	295	298	300

N/A = not available
Source: Various City Departments

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police Stations	1	1	1	1	1
Fire Stations	4	4	4	4	5
Recreation and Culture:					
Number of parks	10	10	10	10	12
Number of libraries	1	1	1	1	1
Number of volumes	102,902	106,211	92,680	104,977	111,149
Public Works:					
Area of City (square miles)	26	26	26	26	28
Miles of Streets	360	360	360	360	360
Number of Street lights	3,600	3,600	3,600	3,600	3,600
Number of water accounts	9,145	9,112	9,214	9,075	7,760
Miles of water mains	120	120	120	120	120
Number of refuse accounts	23,548	-	-	-	-
Number of vehicles (city wide)	300	257	238	227	314

N/A = not available
Source: Various City Departments

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

Effective	<u>3/1/2007</u> Bimonthly	<u>7/1/2007</u> Bimonthly	<u>7/1/2008</u> Bimonthly	<u>7/1/2009</u> Bimonthly	<u>7/1/2010</u> Bimonthly
Water					
Low Water Usage Rates					
0-1000 CF	\$ 46.20	\$ 50.80	\$ 56.00	\$ 56.00	\$ 56.00
Normal Water Usage Rates					
Base Water Rates					
5/8" Meter	34.94	38.44	42.28	42.28	42.28
3/4" Meter	37.68	41.44	45.58	45.58	45.58
1" Meter	45.10	49.62	49.62	54.58	54.58
2" Meter	116.94	128.64	141.50	141.50	141.50
Consumption Water Rates per 100 CF					
0-600 CF	1.90	2.09	2.30	2.30	2.30
'601-1200 CF	2.06	2.27	2.50	2.50	2.50
'1201-over CF	2.38	2.62	2.88	2.88	2.88
Refuse					
Standard cart (60 gallon)	30.70	30.70	30.70	30.70	30.70
Large cart (90 gallon)	36.50	36.50	36.50	36.50	36.50
Sewer					
City sewer and storm drain	15.04	15.04	15.04	15.04	15.04
Increase February 1, 2004					
Increase February 1, 2005					
Increase February 1, 2006					

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

Source: City of Hemet Water Department

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

Effective	7/1/2011 <u>Bimonthly</u>	7/1/2012 <u>Bimonthly</u>	7/1/2013 <u>Bimonthly</u>	7/1/2014 <u>Bimonthly</u>	7/1/2015 <u>Bimonthly</u>
Water					
Low Water Usage Rates					
0-1000 CF	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00
Normal Water Usage Rates					
Base Water Rates					
5/8" Meter	42.28	42.28	42.28	42.28	42.28
3/4" Meter	45.58	45.58	45.58	45.58	45.58
1" Meter	54.58	54.58	54.58	54.58	54.58
2" Meter	141.50	141.50	141.50	141.50	141.50
Consumption Water Rates per 100 CF					
0-600 CF	2.30	2.30	2.30	2.30	2.30
'601-1200 CF	2.50	2.50	2.50	2.50	2.50
'1201-over CF	2.88	2.88	2.88	2.88	2.88
Refuse					
Standard cart (60 gallon)	30.70	30.70	-	-	-
Large cart (90 gallon)	36.50	36.50	-	-	-
Sewer					
City sewer and storm drain	15.04	15.04	15.04	15.04	15.04
Increase February 1, 2004					
Increase February 1, 2005					
Increase February 1, 2006					

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 (in 100 Cubic Feet)
Last Ten Years

Type of Customer	Calendar Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Single Family Residential	845,928	793,174	1,240,052	889,529	578,755
Multi-Family Residential	461,834	467,397	416,413	498,880	496,734
Commercial/Institutional	502,145	503,339	509,716	527,331	444,644
Landscape Irrigation	109,111	116,562	178,597	168,463	158,942
Total	1,919,018	1,880,472	2,344,778	2,084,203	1,679,075

Source: City of Hemet Water Department

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

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

Source: City of Hemet Water Department