

ANNUAL COMPREHENSIVE FINANCIAL REPORT



Fiscal Year Ending
June 30, 2023

CITY OF HEMET
CALIFORNIA

Joe Males – Mayor
Malcolm Lilienthal – Mayor Pro-Tem
Carole Kendrick – Councilmember
Jackie Peterson – Councilmember
Linda Krupa – Councilmember

PREPARED BY: CITY OF HEMET FINANCE DEPARTMENT

CITY OF HEMET, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2023

City of Hemet
Annual Comprehensive Financial Report
Year Ended June 30, 2023

TABLE OF CONTENTS

	PAGE
I. INTRODUCTORY SECTION	
Letter of transmittal	i
Organizational Chart	v
List of Principal Officials	vi
GFOA ACFR Certificate of Achievement	vii
II. FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion & Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
Statement of Net Position	27
Statement of Revenues, Expenses, and Changes in Net Position	28
Statement of Cash Flows	29
Fiduciary Funds:	
Statement of Net Position	30
Statement of Changes in Net Position	31
Notes to Financial Statements	32
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	67
Sewer and Storm Drain	68
ARPA	69
Schedule of Changes in the Net Pension Liability – Miscellaneous Plan	70
Schedule of Changes in the Net Pension Liability – Safety Plan	72
Schedule of Contributions – Agent-Multiple Employer Pension Plans	74
Schedule of Changes in the Net OPEB Liability	76
Schedule of OPEB Plan Contributions	78
Notes to Required Supplementary Information	79
Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Measure U Operating Fund Activity	81
Bridges/Streets/Traffic Signals Capital Projects Fund	82
Non-Major Governmental Funds:	83
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	92

City of Hemet
Annual Comprehensive Financial Report
Year Ended June 30, 2023

TABLE OF CONTENTS - Continued

PAGE

Supplementary Information - Continued:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	98
Public Safety Towing	98
Gas Tax	99
Measure A	100
Air Pollution Reduction	101
Lighting/Landscaping Maintenance	102
Post Prop 218 Lighting	103
Post Prop 218 Landscape	104
Public Works CFD	105
Asset Seizure	106
Public Safety Grants	107
Public Safety CFD	108
COPS/AB 3229	109
Local Law Enforcement Block Grant	110
Community Development Block Grant	111
General Plan	112
HOME Program	113
CalHome Grant	114
2001 - 2008 HOME Program	115
Neighborhood Stabilization Program Grant	116
Housing Authority	117
Indian Gaming Grants	118
Public Meeting Facilities	119
General Facilities	120
Flood Control	121
Law Enforcement Facilities	122
Fire Facilities	123
Park Development	124
Valley Wide DVL Park	125
Library Facilities	126
Equipment Replacement	127
General Capital	128
LaSalle Library Endowment Permanent Fund	129
Internal Service Funds:	131
Combining Statement of Net Position	132
Combining Statement of Revenues, Expenses, and Changes in Net Position	134
Combining Statement of Cash Flows	136
Custodial Funds:	138
Combining Statement of Fiduciary Net Position	139
Combining Statement of Changes in Fiduciary Net Position	140

III.	STATISTICAL SECTION	143
	Net Position by Component	144
	Change in Net Position	146
	Fund Balance of Governmental Funds	150
	Changes in Fund Balances of Governmental Funds	152
	Own Source Revenues	154
	Assessed Value and Estimated Actual Value of Taxable Property	155
	Property Tax Rates – Direct and Overlapping Governments	156
	Principal Property Taxpayers	157
	Property Tax Levies and Collections	158
	Ratios of Outstanding Debt by Type	159

City of Hemet
Annual Comprehensive Financial Report
Year Ended June 30, 2023

TABLE OF CONTENTS - Continued

	PAGE
III. STATISTICAL SECTION - Continued	
Ratios of General Bonded Debt Outstanding	160
Direct and Overlapping Governmental Activities Debt	161
Legal Debt Margin Information	162
Pledged Revenue Coverage	163
Demographic and Economic Statistics	164
Principal Employers	165
Full-time and Part-time City Employees	166
Operating Indicators	167
Capital Asset Statistics	168
Water, Refuse, and Sewer Rates	169
Water Sold by Type of Customer	170

INTRODUCTORY SECTION



March 29, 2024

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 Annual Comprehensive Financial Report (ACFR) of the City of Hemet for the fiscal year ended June 30, 2023.

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 VLF, LLP., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2023, 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 unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2023, 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 ACFR.

Profile of the City of Hemet, California

The City of Hemet, incorporated in 1910, is nestled in the gorgeous San Jacinto Valley, with 340 days of sunshine annually. Hemet is centrally located in beautiful Southern California, between San Diego, Palms Springs and Orange County. The City currently occupies a land area of approximately 30 square miles and serves an estimated population of 89,833 residents.

Hemet is the gateway to breathtaking natural outdoor resources and activities including Diamond Valley Lake and Lake Hemet which offer various camping, boating, kayaking and fishing activities. The City operates 12 parks which fulfill community recreational needs and serve to enrich the quality of life for the local community with more than 30 miles of hiking and biking trails. The City continues to offer residents and visitors the appeal of rural living while providing opportunity for growth and a strong sense of community.

The Hemet community is a growing full-service community that is a proud and supportive of its Fire and Police Departments. It serves as pioneer community, being the first Southern California City with a Wetzels Pretzels Drive Thru; the first Law Enforcement agency in Riverside County to fully deploy Body Worn Cameras to all its officers, and Drone as a First Responder Program.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Hemet has operated under the council-manager form of government since 1984. Policy making and legislative authority are vested in a City Council consisting of the Mayor and four council members elected at-large. Beginning with the election in November 2016, council members are now elected by council districts. The City Council is responsible for, among many 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), community and economic development, library services, water service, and the construction and maintenance of highways, streets, and other infrastructure. In addition to general City activities, the Council is financially accountable for the Hemet Housing Authority (additional information on this legally separate agency can be found on Note 1 in the notes to the financial statements) and the Successor Agency to the former Hemet Redevelopment Agency (RDA).

The annual budget serves as the foundation for the City's financial planning and control. The Finance Division, under the direction of the Administrative Services Director, 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 towards the end of January once the prior year ACFR has been completed. Typically, the department's appropriations and additional requests are submitted to the Finance Division 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 to compile recommendations. Through the budget process, the City Council is provided with workshops to keep the members informed and up to date with the overall progress. When the budget has been reviewed and balanced, the City Manager then presents the budget document recommendations in the form of a proposed budget to the City Council for review prior to the final City Council meeting in June. The Council is required to hold public meetings on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may approve transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the approval of the City Council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

Economic Condition and Outlook

The City of Hemet is located in the Inland Empire (Metropolitan Statistical Area – “MSA”), which consists of Riverside and San Bernardino Counties. There have been modest improvements in the real estate and home building sectors as well as Sales Tax. The Inland Empire MSA is projected to grow in future years as land values continue to remain well below those in Los Angeles, Orange and San Diego Counties.

Fiscal Year 2022-2023, the City has continued to see growth in both assessed valuation and population. With the financial health the City has been fortunate to realize the past few years, there remains a high degree of economic uncertainty as external factors such as interest rates, high inflation and continued supply-chain disruptions weigh on consumer sentiment. With these challenges in mind, the City remains committed to the community and adopted an increase in the General Fund reserve from 20% to 40% to set more funds aside for a “rainy day”. This conservative approach will help shield the City from future economic uncertainty.

Overall, the City’s Net Position of governmental activities increased by 7.9% in 2023. The City has continued to maintain a healthy grasp on revenues, surpassing fiscal year estimates in several categories, including property and sales taxes and an ongoing growth in building permits.

The General Fund, which is the chief operating fund of the City, ended the fiscal year with a fund balance was \$63.6 million. The fund balance increased \$9.5 million from the prior year. The increase was mainly due to the increase in the City’s cash and investments along with increased interest. Part of the General Fund houses the City’s Measure U sales tax. The Measure U collection decreased by approximately \$500,000 for 2023 and the account balance decreased from \$19.9 million in 2022 to \$19.4 million. Of the \$19.4 million fund balance this year, there is \$2.0 million reserved for ongoing projects and purchases; as well as its portion of the 20% compliance of the reserve requirement which calculates out to approximately \$3.3 million.

Collectively, the City, the community and its local economy pushed forward and ended the fiscal year on a positive note. This was a combination of higher-than-expected revenues and expenditure savings generated by actions taken to reduce costs.

In November 2016, the citizens of Hemet voted to approve Measure U, a general 1% sales tax measure. In November 2022, the citizens of Hemet voted to approve Measure H which eliminated the sunset on Measure U. While this Measure is considered a General Tax, the City’s Council passed an implementing Resolution dedicating the use of Measure U revenues to personnel, services, and equipment. Although the funds are housed within the General Fund, by Resolution, they are required to be tracked in separate accounts from General Fund revenues and expenditures. Any Measure U funds not spent at the end of the fiscal year are committed for future use for public safety. Over the last four fiscal years, Measure U revenues have outpaced projections with the current fiscal year collecting the highest revenues yet.

Long-term Financial Planning

Due to fast-paced increases to OPEB and pension liabilities, most cities are challenged with methods to address financial sustainability. This along with the uncertainty of interest rates and a look forward into potential revenue slow down, the City Council voted on increasing the General Fund reserve to 40%. This will provide the City with a healthier reserve to assist in future needs.

Additionally, the City continues to contribute to an OPEB Trust and a Section 115 Pension Trust. The OPEB Trust is designed to mitigate retiree benefit liability and the Section 115 Pension Trust, which

was adopted by City Council in February 2022, is designed to mitigate future pension liability at reduced investment risk. In August 2022, the City adopted a resolution with options to contribute to the Section 115 Pension Trust either in the amount of 15% or 30% of a given year's surplus. The current balances are:

- OPEB Trust - \$2,520,030.44
- Pension Trust - \$525,815.19

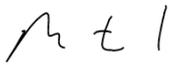
Awards and Acknowledgements

The City of Hemet is regularly recognized for excellence in financial reporting. The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to agencies for its Comprehensive Annual Financial Report. In order to receive this prestigious award, a governmental unit must publish an easily readable and efficiently organized ACFR, 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 ACFR conforms to the GFOA Certificate of Achievement Program and will be submitted for review and consideration.

The preparation of the City's ACFR is an undertaking of the Finance Division of the Administrative Services Department. The report was made possible by the dedicated service of the entire staff and the City's independent auditor.

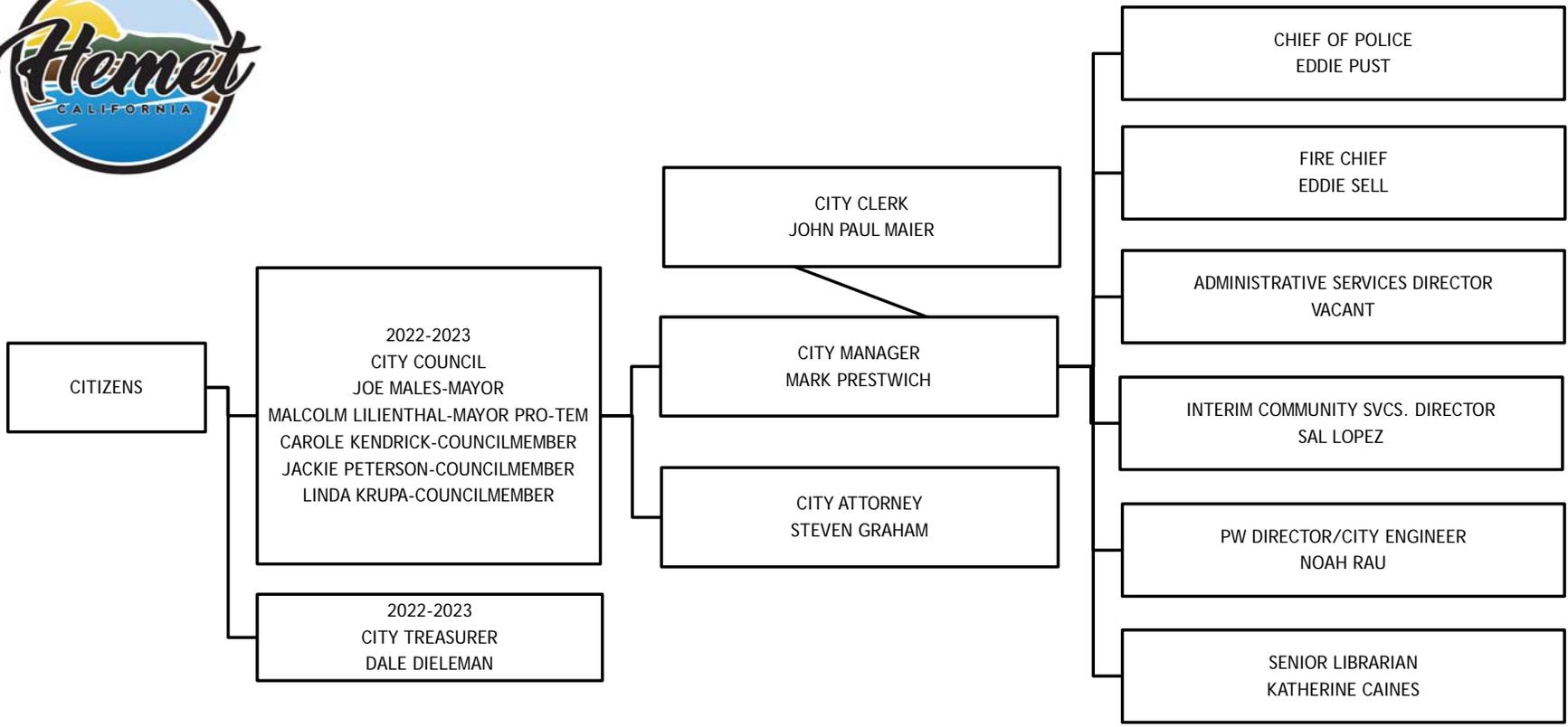
Credit also must be given to the Mayor and City Council for their steadfast support for maintaining the highest standards of professionalism in the management of the City of Hemet's finances.

Respectfully Submitted,



Mark T. Prestwich
City Manager

CITY OF HEMET
 ORGANIZATIONAL CHART
 2022-2023
 as of 6/30/2023



PRINCIPAL OFFICIALS OF THE CITY OF HEMET, CALIFORNIA

June 30, 2023

Elected and Administrative Officials

City Council

Joe Males	Mayor
Malcolm Lilienthal	Mayor Pro-Tem
Carole Kendrick	Councilmember
Jackie Peterson	Councilmember
Linda Krupa	Councilmember

Other Elected Officials

Dale Dieleman	City Treasurer
---------------	----------------

Administrative Officials

Mark Prestwich	City Manager
Steven Graham	City Attorney
Vacant	Administrative Services Director
Sal Lopez	Interim Community Svcs. Director
Eddie Pust	Police Chief
Eddie Sell	Fire Chief
Noah Rau	PW Director/City Engineer
Katherine Caines	Senior Librarian



Government Finance Officers Association

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**City of Hemet
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



Independent Auditors' Report

The Honorable City Council
City of Hemet, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Hemet (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities each major fund, and the aggregate remaining fund information of the City of Hemet, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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 error or fraud.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

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intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining statements and budget schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 statements, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our

auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2024, 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.

Van Lant & Fankhaed, LLP

March 29, 2024

City of Hemet
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

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, 2023. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- *Governmental activities* – Most of the City’s basic services are reported here. Sales taxes, property taxes, state subventions, and other revenues finance most of these activities. The governmental activities of the City include general government, police, fire, public works, community development, housing, parks and library.
- *Business-type activities* – The City charges a fee to customers to help it cover all or most of the cost of the services accounted for in these funds. The business-type activities of the City include water.

Fund Financial Statements

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

The fund financial statements provide detailed information about the City’s most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money. All of the funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds:

Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a

City of Hemet
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. The relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* is described in a reconciliation at the bottom of the fund financial statements.

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

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

Proprietary Funds:

When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

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

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

Fiduciary Funds:

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

Notes to the Financial Statements

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

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

City of Hemet
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

Exhibit 1

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

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

City of Hemet
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Exhibit 2

Net Position
(in Millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 172.7	\$ 163.2	\$ 37.7	\$ 33.3	\$ 210.4	\$ 196.5
Noncurrent assets	\$ 4.5	\$ 4.2	\$ -	\$ -	\$ 4.5	\$ 4.2
Capital assets	<u>\$ 308.2</u>	<u>\$ 302.8</u>	<u>\$ 2.6</u>	<u>\$ 3.1</u>	<u>\$ 310.8</u>	<u>\$ 305.9</u>
Total assets	\$ 485.4	\$ 470.2	\$ 40.3	\$ 36.4	\$ 525.7	\$ 506.6
Deferred outflows of resources:						
OPEB DOR	\$ 3.5	\$ 5.3	\$ 0.2	\$ 0.4	\$ 3.8	\$ 5.7
Pension DOR	\$ 32.6	\$ 13.6	\$ 1.7	\$ 0.6	\$ 34.3	\$ 14.2
Total deferred outflows of resources	<u>\$ 36.1</u>	<u>\$ 18.9</u>	<u>\$ 2.0</u>	<u>\$ 1.0</u>	<u>\$ 38.0</u>	<u>\$ 19.9</u>
Long-term debt outstanding	\$ 165.2	\$ 123.7	\$ 10.3	\$ 10.3	\$ 175.4	\$ 133.9
Other liabilities	<u>\$ 18.7</u>	<u>\$ 30.8</u>	<u>\$ 2.0</u>	<u>\$ 1.9</u>	<u>\$ 20.7</u>	<u>\$ 32.7</u>
Total liabilities	\$ 183.8	\$ 154.5	\$ 12.3	\$ 12.2	\$ 196.1	\$ 166.7
Deferred inflows of resources:						
OPEB DIR	\$ 3.3	\$ 2.0	\$ 0.2	\$ 0.1	\$ 3.6	\$ 2.1
Pension DIR	\$ 1.2	\$ 23.9	\$ 0.2	\$ 1.6	\$ 1.4	\$ 25.5
Total deferred inflows of resources	<u>\$ 4.6</u>	<u>\$ 25.9</u>	<u>\$ 0.4</u>	<u>\$ 1.7</u>	<u>\$ 5.0</u>	<u>\$ 27.6</u>
Net Position:						
Net Investment in Capital Assets	\$ 308.2	\$ 302.8	\$ 2.6	\$ 3.1	\$ 310.8	\$ 305.9
Restricted	\$ 62.7	\$ 60.6	\$ -	\$ -	\$ 62.7	\$ 60.6
Unrestricted	\$ (37.8)	\$ (54.8)	\$ 24.9	\$ 20.3	\$ (12.9)	\$ (34.6)
Total net position	<u>\$ 333.1</u>	<u>\$ 308.6</u>	<u>\$ 27.5</u>	<u>\$ 23.4</u>	<u>\$ 360.6</u>	<u>\$ 332.0</u>

City of Hemet
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

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

Exhibit 3

Changes in Net Position
(in Millions)

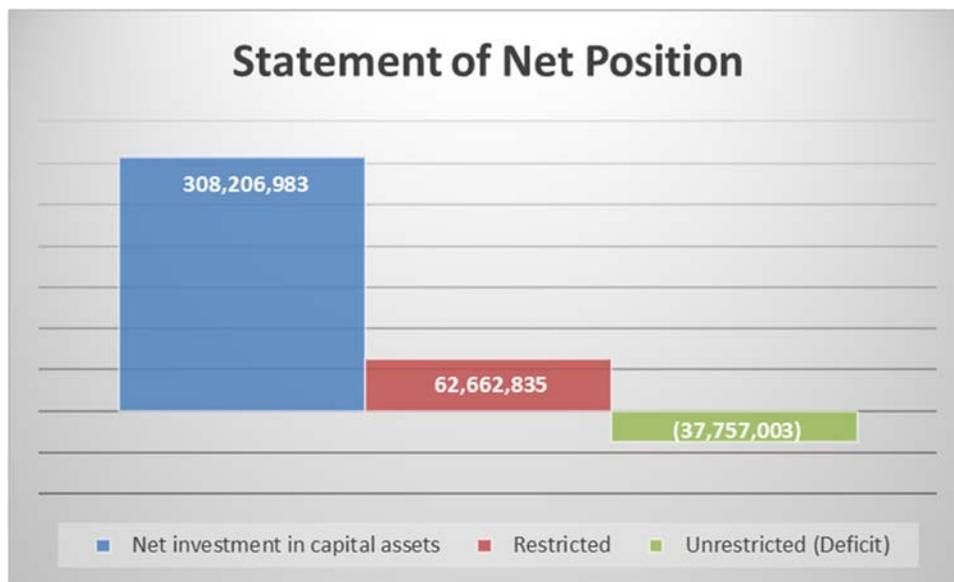
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program revenues:						
Charges for services	\$ 35.6	\$ 22.0	\$ 14.0	\$ 14.1	\$ 49.6	\$ 36.1
Operating grants/contributions	2.8	3.1	-	-	2.8	3.1
Capital grants/contributions	11.6	12.1	-	-	11.6	12.1
General revenues:						
Property taxes	9.4	8.7	-	-	9.4	8.7
Transient occupancy taxes	0.9	1.0	-	-	0.9	1.0
Sales taxes	17.9	18.5	-	-	17.9	18.5
Measure U sales tax	16.2	16.6	-	-	16.2	16.6
Motor vehicle in-lieu taxes	8.5	7.8	-	-	8.5	7.8
Franchise and other taxes	5.6	5.8	-	-	5.6	5.8
Investment income and misc.	0.6	(0.2)	0.6	(0.5)	1.2	(0.7)
Total revenues	<u>\$ 109.1</u>	<u>\$ 95.4</u>	<u>\$ 14.6</u>	<u>\$ 13.6</u>	<u>\$ 123.7</u>	<u>\$ 109.0</u>
Program expenses						
General government	\$ 3.6	\$ 2.3	\$ -	\$ -	\$ 3.6	\$ 2.3
Public safety	38.3	29.5	-	-	38.3	29.5
Public Safety Measure U	16.7	13.2	-	-	16.7	13.2
Community development	6.7	6.1	-	-	6.7	6.1
Public works	13.4	9.0	-	-	13.4	9.0
Sanitation	2.9	2.8	-	-	2.9	2.8
Parks and library	3.0	3.0	-	-	3.0	3.0
Water and refuse	-	-	10.4	9.7	10.4	9.7
Total expenses	<u>\$ 84.8</u>	<u>\$ 66.0</u>	<u>\$ 10.4</u>	<u>\$ 9.7</u>	<u>\$ 95.2</u>	<u>\$ 75.7</u>
Excess (deficiency)	\$ 24.3	\$ 29.5	\$ 4.2	\$ 3.9	\$ 28.5	\$ 33.4
Transfers	\$ 0.2	\$ -	\$ (0.2)	\$ -	\$ -	\$ -
Beginning Net Position	<u>\$ 308.6</u>	<u>\$ 279.1</u>	<u>\$ 23.4</u>	<u>\$ 23.6</u>	<u>\$ 332.0</u>	<u>\$ 302.7</u>
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ (4.0)	\$ -	\$ (4.0)
Ending Net Position	<u>\$ 333.1</u>	<u>\$ 308.6</u>	<u>\$ 27.5</u>	<u>\$ 23.4</u>	<u>\$ 360.6</u>	<u>\$ 332.0</u>

City of Hemet
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. The Net Position of the City’s *governmental activities* increased by 7.9% (from \$308.6 million to \$333.1 million) in 2023. The City has continued to maintain a healthy grasp on revenues, surpassing fiscal year estimates in several categories, including property and sales taxes and an ongoing growth in building permits. The *unrestricted net position* – the part of net position that can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements – shrunk from a deficit of \$54.8 million in 2022 to a deficit of \$37.8 million in 2023. This decrease is largely due to a change in the pension deferred inflow or resources and reductions in long-term debt.

Total Net Position – Governmental Activities

Exhibit 4



The Net Position of the City’s business-type activities increased by 17.5% (from \$23.4 million to \$27.5 million) in 2023. The decrease was due in part to an increase of the Water Fund’s cash and investments.

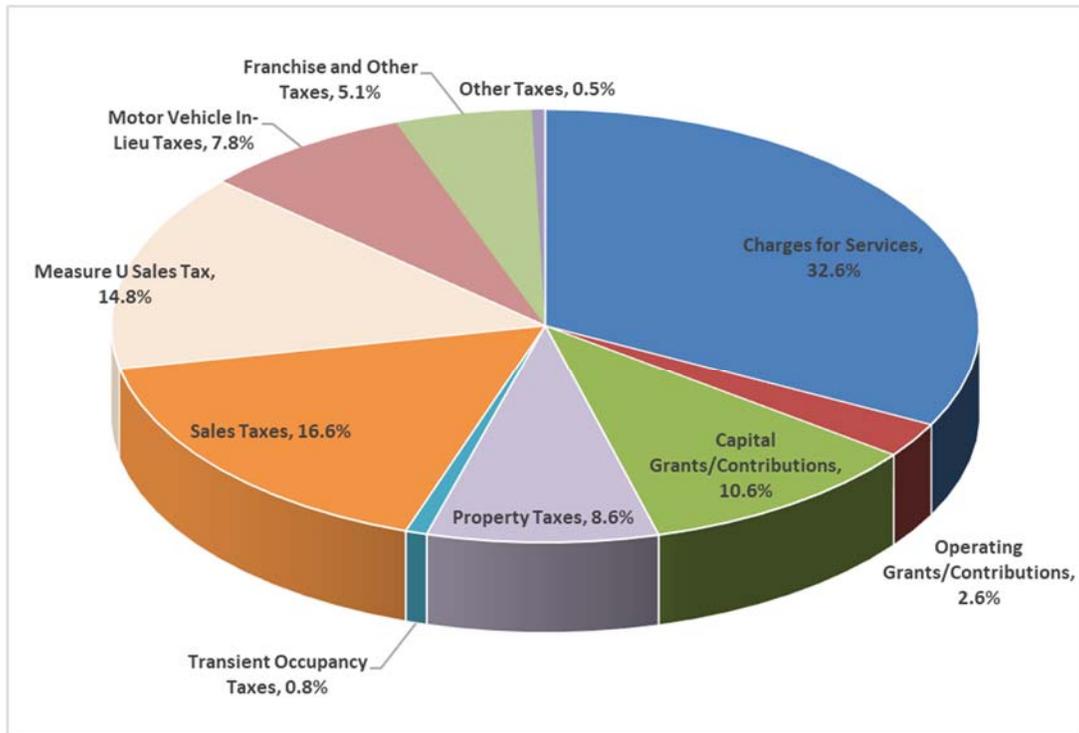
The net position (financial position) of the City changed as a result of the revenue and expense fluctuations described below for the governmental and business-type activities of the City.

Governmental Activities

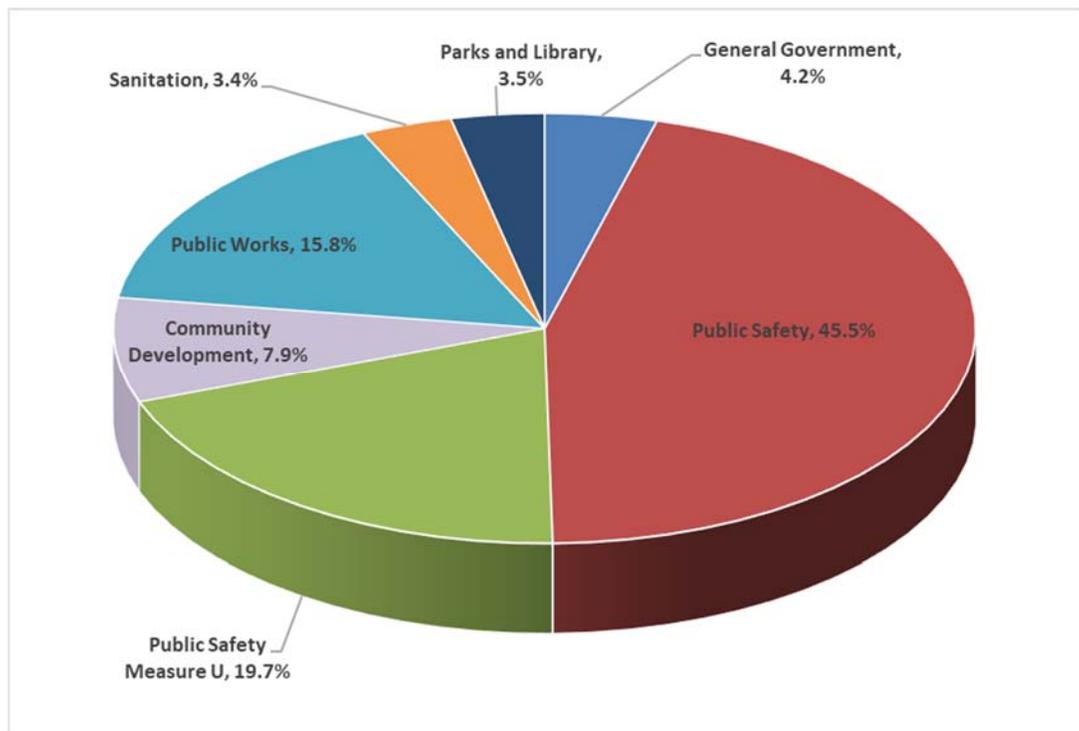
Revenues for the City’s governmental activities increased 14.4% (from \$95.4 million in 2022 to \$109.1 million) in 2023. This \$13.7 million increase can be attributed to the consistent increase in Charges for Services, which alone grew \$13.6 million. Much of this is due to increases in the development charges for permits and fees.

City of Hemet
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



City of Hemet
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

Business-Type Activities

Revenues for the City's business-type activities increased 7.4% (from \$13.6 million in 2022 to \$14.6 million) in 2023. This \$1.0 million increase can be attributed to the adjustment of GASB 31 and the fair market value allocation based on average cash and investment balances.

GENERAL FUND BUDGET HIGHLIGHTS

Actual expenditures, excluding transfers, for the General Fund were approximately \$4.7 million lower than the adopted budget and are summarized as follows:

- General Government expenditures were approximately \$1.2 million less than final budget appropriations due to salary savings in several departments, including, City Manager and Finance due to vacancies. Additionally, there were a couple of ARPA projects that have been appropriated but not yet spent.
- Public Safety expenditures were approximately \$2.9 million less than final budget appropriations largely due to salary savings in the Police Department due to vacancies across most of the programs.
- Community Development expenditures were approximately \$979,000 less than final budget appropriations due to salary savings in some departments, including, Planning, Building and Engineering due to vacancies.
- Parks and Library expenditures were approximately \$166,000 less than final budget appropriations due to some salary savings and lower cost in the water utility than budgeted.
- Capital Outlay expenditures exceeded budget appropriations by approximately \$460,000.

Actual revenues, excluding transfers, received for the General Fund were approximately \$6.1 million higher than the adopted budget and are summarized as follows:

- Taxes exceeded the budget by approximately \$3.8 million. While it is a surplus in comparison to budget, it is significantly lower than the increase in 2022 by approximately \$4.7 million. Property taxes were in excess of budget by approximately \$1.3 million, which can be attributed to increased assessed valuations. Sales taxes were in excess of budget by approximately \$2.7 million of which, approximately \$1.2 million is for Measure U alone.
- Licenses and Permits exceeded the budget by approximately \$1.9 million due to higher than anticipated development activity.
- Intergovernmental Revenue exceeded the budget by approximately \$200,000 due in part to National Opioid Settlement that was not budgeted and higher than anticipated Hemet Unified School District payments for School Resources Officers.
- Charges for Services exceeded the budget by approximately \$385,000 due to the increase in building permits, including, plan check, plan storage, and microfilm reproduction fees.
- Fines and Forfeitures, along with Investment Income, had an overall decrease of \$198,000 mainly due to the decline in investment income.

MAJOR FUNDS

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

Major Governmental Funds. The **General Fund** is the chief operating fund of the city. At the end of the current fiscal year, the General Fund's total fund balance was \$63.6 million. The fund balance increased \$9.5 million. The increase was mainly due to the increase in the City's cash and investments along with increased interest.

Measure U sales tax collection decreased by approximately \$500,000 for 2023 and the account balance decreased from \$19.9 million in 2022 to \$19.4 million. Of the \$19.4 million fund balance this year, there is \$2.0 million reserved for ongoing projects and purchases; as well as, its portion of the 20% compliance of the reserve requirement which calculates out to approximately \$3.3 million.

City of Hemet
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

A summary of the Measure U activities follows:

Measure U Activity For the Year Ended June 30, 2023

	Police	Fire	Total
Revenues:			
Police 2/3, Fire 1/3 overall allocation	10,787,063	5,393,532	16,180,595
Expenditures:			
Salary & Fringe Benefits	7,249,594	6,003,758	13,253,352
Operating Supplies & Services	714,560	232,280	946,840
Internal Service Charges	548,100	220,300	768,400
Capital Outlay	990,019	734,906	1,724,926
	<u>9,502,273</u>	<u>7,191,244</u>	<u>16,693,517</u>
Measure U in Support of General Fund			
Public Safety	-	-	-
Change in Fund Balance	1,284,790	(1,797,712)	(512,922)
Beginning Fund Balance	<u>13,668,054</u>	<u>6,228,038</u>	<u>19,896,092</u>
Nonspendable	270,005	1,747,346	2,017,351
Committed (20% Reserve)	1,900,455	1,438,249	3,338,703
Committed	12,782,385	1,244,731	14,027,116
Ending Fund Balance	<u>14,952,844</u>	<u>4,430,326</u>	<u>19,383,170</u>

Major Special Revenue Fund. The Sewer and Storm Drain Fund provides Wastewater and Sanitation services through the City. The net position of the Sewer and Storm Drain Fund decreased by approximately \$500,000 mainly due to ongoing and completed infrastructure projects.

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

Major Enterprise Funds. Total net position of the **Water Fund** at the end of the year amounted to \$27.5 million, an increase from \$23.4 million in 2022 due to increased revenue. During the past few years due to COVID, payments were allowed to be postponed with no disconnects. Now that this option has been lifted, the revenue from payments has returned to a steady inflow.

City of Hemet
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

CAPITAL ASSETS

Capital Assets
(net of depreciation, in millions)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 12.3	\$ 12.3	\$ -	\$ -	\$ 12.3	\$ 12.3
Rights of Way	190.5	190.5	-	-	190.5	190.5
Buildings and Improvements	12.9	13.6	2.5	2.9	15.4	16.5
Machinery and Equipment	9.0	6.8	-	0.2	9.0	7.0
Software Subscription	0.6	-	-	-	-	-
Infrastructure	77.9	74.0	-	-	77.9	74.0
Construction in Progress	4.9	5.5	-	-	4.9	5.5
Total	<u>\$ 308.2</u>	<u>\$ 302.8</u>	<u>\$ 2.5</u>	<u>\$ 3.1</u>	<u>\$ 310.0</u>	<u>\$ 305.8</u>

A total of three capital projects were completed in fiscal year 2023:

Project Description	Total Project Cost
CIP 5701; Citywide LED Street Light Conversion	\$ 995,356
CIP 5704; 1920 Pavement Rehabilitation Project	\$ 2,149,009
CIP 5722; 21/22 Accessible Sidewalk & ADA Ramps	\$ 479,292
CIP 5726; 21/22 Citywide Pavement Rehabilitation	\$ 3,777,515
CIP 5727; 21/22 SB1 Pavement Rehabilitation	\$ 1,276,035
CIP 5728; State St Improvements	\$ 224,287

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

City of Hemet
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

LONG-TERM DEBT

	Outstanding Debt (in millions)					
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Activities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
OPEB	\$ 43.0	\$ 46.6	3.0	\$ 3.2	\$ 46.0	\$ 49.8
Compensated absences	3.4	3.1	0.2	0.2	3.6	3.3
Claims Payable	4.4	4.4	-	-	4.4	4.4
Settlement Liability	-	-	3.4	3.6	3.4	3.6
Software Subscription Liability	0.4	-	-	-	0.4	-
Aggregate Net Pension Liabilities	<u>113.9</u>	<u>69.6</u>	<u>5.7</u>	<u>3.2</u>	<u>119.6</u>	<u>72.8</u>
Total Long-Term Liabilities	<u>\$ 165.2</u>	<u>\$ 123.7</u>	<u>\$ 12.3</u>	<u>\$ 10.3</u>	<u>\$ 177.4</u>	<u>\$ 133.9</u>

With the implementation of GASB 96, which requires a government to disclose information about its Subscription-Based Information Technology Assets, a new line item has been added into the long-term debt schedule above. See note 6 for more details.

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 or email fncestaff@hemetca.gov.

BASIC FINANCIAL STATEMENTS

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City of Hemet
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 153,741,406	\$ 35,799,239	\$ 189,540,645
Receivables:			
Accounts	3,075,193	1,784,473	4,859,666
Taxes	645,242	-	645,242
Interest	2,848,563	-	2,848,563
Due from Other Governments	8,646,678	78,646	8,725,324
Due from Fiduciary Funds	923,283	-	923,283
Inventories	169,110	-	169,110
Prepaid Items	2,679,295	5,399	2,684,694
Notes Receivable	7,694,000	-	7,694,000
Allowance for Forgivable Notes	(5,773,137)	-	(5,773,137)
Restricted Cash and Investments	525,815	-	525,815
Land Held for Resale	2,076,419	-	2,076,419
Capital Assets:			
Land	12,348,575	32,975	12,381,550
Rights of Way	190,468,181	-	190,468,181
Construction in Process	4,942,586	-	4,942,586
Other Capital Assets, Net	100,447,641	2,565,906	103,013,547
Total Assets	<u>485,458,850</u>	<u>40,266,638</u>	<u>525,725,488</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	32,557,283	1,727,017	34,284,300
OPEB Related Items	3,518,055	244,570	3,762,625
Total Deferred Outflows of Resources	<u>36,075,338</u>	<u>1,971,587</u>	<u>38,046,925</u>
LIABILITIES			
Accounts Payable	8,058,538	513,743	8,572,281
Accrued Salaries and Benefits	1,016,628	26,154	1,042,782
Accrued Liabilities	13,715	5,399	19,114
Deposits	4,550,232	1,487,957	6,038,189
Unearned Revenue	5,020,794	-	5,020,794
Noncurrent Liabilities:			
Due Within One Year	2,534,945	307,852	2,842,797
Due in More Than One Year	162,644,560	9,948,996	172,593,556
Total Liabilities	<u>183,839,412</u>	<u>12,290,101</u>	<u>196,129,513</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	1,232,440	194,858	1,427,298
OPEB Related Items	3,349,521	232,854	3,582,375
Total Deferred Inflows of Resources	<u>4,581,961</u>	<u>427,712</u>	<u>5,009,673</u>
NET POSITION			
Net Investment in Capital Assets	308,206,983	2,598,881	310,805,864
Restricted for:			
Community Development	7,733,974	-	7,733,974
Public Works	36,856,685	-	36,856,685
Public Safety	764,514	-	764,514
Sanitation	16,289,924	-	16,289,924
Libraries:			
Expendable	17,738	-	17,738
Nonexpendable	1,000,000	-	1,000,000
Unrestricted	(37,757,003)	24,877,484	(12,879,519)
Total Net Position	<u>\$ 333,112,815</u>	<u>\$ 27,476,365</u>	<u>\$ 360,589,180</u>

The accompanying notes are an integral part of this statement.

City of Hemet
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 3,632,920	\$ 3,156,730	\$ -	\$ -
Public Safety	55,035,590	17,038,881	2,648,422	459,543
Community Development	6,707,624	288,400	-	-
Public Works	13,442,039	10,046,850	81,175	10,248,326
Sanitation	2,925,049	5,069,423	16,831	-
Parks	1,019,981	-	-	572,362
Libraries	1,992,589	15,855	74,330	276,580
Total Governmental Activities	84,755,792	35,616,139	2,820,758	11,556,811
Business-type Activities:				
Water	10,394,993	14,016,824	-	-
Total Business-type Activities	10,394,993	14,016,824	-	-
Total Primary Government	\$ 95,150,785	\$ 49,632,963	\$ 2,820,758	\$ 11,556,811

General Revenues:

Taxes:

Property Taxes

Transient Occupancy Taxes

Sales Taxes

Motor Vehicle in Lieu Taxes (Unrestricted)

Franchise and Other Taxes

Investment Income

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Prior Period Adjustments

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activites</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (476,190)	\$ -	\$ (476,190)
(34,888,744)	-	(34,888,744)
(6,419,224)	-	(6,419,224)
6,934,312	-	6,934,312
2,161,205	-	2,161,205
(447,619)	-	(447,619)
(1,625,824)	-	(1,625,824)
<u>(34,762,084)</u>	<u>-</u>	<u>(34,762,084)</u>
<u>-</u>	<u>3,621,831</u>	<u>3,621,831</u>
<u>-</u>	<u>3,621,831</u>	<u>3,621,831</u>
<u>(34,762,084)</u>	<u>3,621,831</u>	<u>(31,140,253)</u>
9,389,116	-	9,389,116
942,102	-	942,102
34,056,340	-	34,056,340
8,546,977	-	8,546,977
5,598,625	-	5,598,625
270,903	577,573	848,476
279,711	-	279,711
151,205	(151,205)	-
<u>59,234,979</u>	<u>426,368</u>	<u>59,661,347</u>
24,472,895	4,048,199	28,521,094
308,567,172	23,428,166	331,995,338
<u>72,748</u>	<u>-</u>	<u>72,748</u>
<u>\$ 333,112,815</u>	<u>\$ 27,476,365</u>	<u>\$ 360,589,180</u>

The accompanying notes are an integral part of this statement.

City of Hemet
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Special Revenue		Capital Projects
		Sewer and Storm Drain	ARPA	Bridges/Streets Traffic Facilities
ASSETS				
Cash and Investments	\$ 57,336,737	\$ 16,813,125	\$ 15,007,969	\$ 8,384,284
Restricted Cash and Investments	525,815	-	-	-
Receivables:				
Accounts	1,698,358	1,315,127	-	-
Taxes	645,242	-	-	-
Interest	1,343,049	-	-	-
Due from Other Governments	5,495,489	162,897	-	-
Due from Other Funds	36,878	-	-	-
Due from Fiduciary Fund	420,963	-	-	-
Prepaid Items	2,136,586	-	-	-
Advances to Other Funds	-	-	-	-
Notes Receivable	-	-	-	-
Allowance for Forgivable Notes	-	-	-	-
Land Held for Resale	-	-	-	-
Total Assets	\$ 69,639,117	\$ 18,291,149	\$ 15,007,969	\$ 8,384,284
LIABILITIES				
Accounts Payable	\$ 1,801,022	\$ 1,984,887	\$ 1,415,756	\$ 433,901
Accrued Salaries and Benefits	957,400	16,338	3,242	12
Accrued Liabilities	13,715	-	-	-
Deposits	2,967,477	-	-	1,136,657
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	4,962,350	-
Total Liabilities	5,739,614	2,001,225	6,381,348	1,570,570
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	286,649	-	-	-
FUND BALANCE (DEFICITS)				
Nonspendable	2,136,586	-	-	-
Restricted	1,524,372	16,289,924	-	6,813,714
Committed	26,631,779	-	5,860,591	-
Assigned	3,105,616	-	2,766,030	-
Unassigned	30,214,501	-	-	-
Total Fund Balances (Deficits)	63,612,854	16,289,924	8,626,621	6,813,714
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 69,639,117	\$ 18,291,149	\$ 15,007,969	\$ 8,384,284

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 46,407,794	\$ 143,949,909
-	525,815
61,254	3,074,739
-	645,242
1,505,514	2,848,563
2,988,292	8,646,678
1,178,015	1,214,893
502,320	923,283
-	2,136,586
-	-
7,694,000	7,694,000
(5,773,137)	(5,773,137)
2,076,419	2,076,419
<u>\$ 56,640,471</u>	<u>\$ 167,962,990</u>
\$ 1,981,383	\$ 7,616,949
23,674	1,000,666
-	13,715
446,098	4,550,232
1,214,893	1,214,893
58,444	5,020,794
<u>3,724,492</u>	<u>19,417,249</u>
<u>871,809</u>	<u>1,158,458</u>
1,000,000	3,136,586
46,694,117	71,322,127
-	32,492,370
5,066,064	10,937,710
(716,011)	29,498,490
<u>52,044,170</u>	<u>147,387,283</u>
<u>\$ 56,640,471</u>	<u>\$ 167,962,990</u>

The accompanying notes are an integral part of this statement.

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City of Hemet
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

Fund Balances of Governmental Funds		\$ 147,387,283
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Capital Assets	493,436,214	
Accumulated Depreciation	<u>(186,239,554)</u>	307,196,660
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.		
		1,158,458
Long-term liabilities including compensated absences and OPEB are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated Absences		(3,377,953)
Net Pension Liability		(113,922,927)
Net OPEB Liability		(43,043,460)
Software Subscription Liability		(434,618)
Amounts for deferred inflows and deferred outflows related to the City's Net Pension and Net OPEB Liability are not reported in the funds.		
Deferred Outflows Related to Pensions		32,557,283
Deferred Inflows Related to Pensions		(1,232,440)
Deferred Outflows Related to OPEB		3,518,055
Deferred Inflows Related to OPEB		(3,349,521)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		
		<u>6,655,995</u>
Net Position of Governmental Activities		<u>\$ 333,112,815</u>

The accompanying notes are an integral part of this statement.

City of Hemet
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General Fund	Special Revenue		Capital Projects
		Sewer and Storm Drain	ARPA	Bridges/Streets Traffic Facilities
REVENUES				
Taxes	\$ 49,986,183	\$ -	\$ -	\$ -
Licenses and Permits	4,433,228	-	-	-
Intergovernmental Revenues	10,265,501	16,831	14,190,524	4,702
Charges for Services	4,278,537	4,491,466	-	969,356
Fines and Forfeitures	276,322	-	-	-
Investment Income	160,933	283,322	-	133,290
Miscellaneous	220,627	-	-	-
Total Revenues	69,621,331	4,791,619	14,190,524	1,107,348
EXPENDITURES				
Current:				
General Government	2,471,005	-	1,245,965	-
Public Safety	49,181,831	-	-	-
Community Development	5,938,921	-	-	-
Public Works	-	-	-	677,419
Sanitation	-	2,925,049	-	-
Parks	1,019,981	-	-	-
Libraries	1,543,543	-	-	-
Capital Outlay	512,948	2,362,982	4,317,938	-
Total Expenditures	60,668,229	5,288,031	5,563,903	677,419
Excess (Deficiency) of Revenues Over Expenditures	8,953,102	(496,412)	8,626,621	429,929
OTHER FINANCING SOURCES (USES)				
Software Subscriptions	468,160	-	-	-
Transfers In	151,205	-	-	-
Transfers Out	(20,000)	-	-	-
Total Other Financing Sources (Uses)	599,365	-	-	-
Net Change in Fund Balances	9,552,467	(496,412)	8,626,621	429,929
Fund Balances, Beginning	54,060,387	16,786,336	-	6,383,785
Fund Balances, Ending	\$ 63,612,854	\$ 16,289,924	\$ 8,626,621	\$ 6,813,714

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 2,901,824	\$ 52,888,007
-	4,433,228
5,835,269	30,312,827
8,643,663	18,383,022
-	276,322
698,037	1,275,582
129,408	350,035
<u>18,208,201</u>	<u>107,919,023</u>
2,891	3,719,861
1,398,424	50,580,255
768,703	6,707,624
5,188,153	5,865,572
-	2,925,049
-	1,019,981
143,070	1,686,613
7,566,326	14,760,194
<u>15,067,567</u>	<u>87,265,149</u>
<u>3,140,634</u>	<u>20,653,874</u>
-	468,160
20,000	171,205
-	(20,000)
<u>20,000</u>	<u>619,365</u>
3,160,634	21,273,239
48,883,536	126,114,044
<u>\$ 52,044,170</u>	<u>\$ 147,387,283</u>

The accompanying notes are an integral part of this statement.

City of Hemet
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 21,273,239

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlays	12,184,252
Depreciation Expense	(7,408,807)
Loss on Disposal	-

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.

New Software Subscriptions	(468,160)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,158,458
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.

Net Change in Compensated Absences	(247,639)
Net Change in Net Pension Liability	(44,368,623)
Net Change in Net OPEB Liability	3,512,454
Net Change in Software Subscription Liability	304,138
Net Change in Deferred Outflows Pension Related Amounts	18,944,623
Net Change in Deferred Inflows Pension Related Amounts	22,660,962
Net Change in Deferred Outflows OPEB Related Amounts	(1,791,205)
Net Change in Deferred Inflows OPEB Related Amounts	(1,316,090)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.

35,293

Change in Net Position of Governmental Activities

\$ 24,472,895

The accompanying notes are an integral part of this statement.

City of Hemet
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities <u>Water Enterprise Fund</u>	Governmental Activities <u>Internal Service Funds</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 35,799,239	\$ 9,791,497
Receivables:		
Accounts	1,784,473	454
Due from Other Governmental Agencies	78,646	-
Prepaid Assets	5,399	542,709
Inventories	-	169,110
Total Current Assets	<u>37,667,757</u>	<u>10,503,770</u>
Noncurrent Assets:		
Land	32,975	-
Construction in Progress	-	-
Capital Assets	33,340,550	4,637,175
Less: Accumulated Depreciation	<u>(30,774,644)</u>	<u>(3,626,852)</u>
Total Noncurrent Assets	<u>2,598,881</u>	<u>1,010,323</u>
Total Assets	<u>40,266,638</u>	<u>11,514,093</u>
DEFERRED OUTFLOWS		
Deferred Outflows Related to OPEB	244,570	-
Deferred Outflows Related to Pensions	1,727,017	-
Total Deferred Outflows of Resources	<u>1,971,587</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	513,743	441,589
Accrued Salaries and Benefits	26,154	15,962
Accrued Liabilities	5,399	-
Deposits	1,487,957	-
Compensated Absences Payable - Current Portion	39,252	-
Claims and Judgments Payable - Current Portion	-	1,264,969
Settlement Liability - Current Portion	268,600	-
Total Current Liabilities	<u>2,341,105</u>	<u>1,722,520</u>
Noncurrent Liabilities:		
Compensated Absences Payable	206,383	-
Claims Payable	-	3,135,578
Settlement Liability	3,088,900	-
Net OPEB Liability	2,992,326	-
Net Pension Liability	5,705,434	-
Total Noncurrent Liabilities	<u>11,993,043</u>	<u>3,135,578</u>
Total Liabilities	<u>14,334,148</u>	<u>4,858,098</u>
DEFERRED INFLOWS		
Deferred Inflows Related to OPEB	232,854	-
Deferred Inflows Related to Pensions	194,858	-
Total Deferred Inflows of Resources	<u>427,712</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	2,598,881	1,010,323
Unrestricted	24,877,484	5,645,672
Total Net Position	<u>\$ 27,476,365</u>	<u>\$ 6,655,995</u>

The accompanying notes are an integral part of this statement.

City of Hemet
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2023

	Business-type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Funds
OPERATING REVENUES		
Charges for Sales and Services	\$ 13,988,212	\$ 14,284,752
Miscellaneous	28,612	89,414
	14,016,824	14,374,166
OPERATING EXPENSES		
Personnel Services	3,501,463	2,148,593
Parts and Supplies	192,274	584,844
Maintenance	1,442,123	1,430,815
Utilities	502,437	945,770
Water Purchases	346,548	-
Contracts, Rents and Leases	781,105	588,421
Insurance	198,900	7,596,850
Claims and Judgments	-	942,009
Enterprise Assessments	2,883,000	-
Depreciation	547,143	101,571
	10,394,993	14,338,873
Operating Income (Loss)	3,621,831	35,293
NONOPERATING REVENUES (EXPENSES)		
Loss on Disposal	-	-
Investment Income	577,573	-
Intergovernmental Revenues	-	-
	577,573	-
Income (Loss) Before Transfers and Capital Contributions	4,199,404	35,293
Transfers In	-	-
Transfers Out	(151,205)	-
Change in Net Position	4,048,199	35,293
Total Net Position, Beginning	23,428,166	6,620,702
Total Net Position, Ending	\$ 27,476,365	\$ 6,655,995

The accompanying notes are an integral part of this statement.

City of Hemet
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Business-type Activities Water Enterprise Fund	Governmental Activities - Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 14,271,849	\$ -
Cash Received from User Departments	-	14,389,577
Cash Paid to Suppliers for Goods and Services	(6,218,143)	(11,997,471)
Cash Paid to Employees for Services	(3,577,266)	(2,169,132)
Cash Payments for Insurance and Claims	-	(990,559)
Net Cash Provided (Used) by Operating Activities	4,476,440	(767,585)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal Paid Towards Settlement Liability	(268,600)	-
Nonoperating Grants	-	-
Cash Received From Other Funds	-	-
Cash Paid to Other Funds	(151,205)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(419,805)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	-	(438,893)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(438,893)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income Received	577,573	-
Net Cash Provided (Used) by Investing Activities	577,573	-
Net Increase (Decrease) in Cash and Cash Equivalents	4,634,208	(1,206,478)
Cash and Cash Equivalents - Beginning of the Year	31,165,031	10,997,975
Cash and Cash Equivalents - End of the Year	\$ 35,799,239	\$ 9,791,497
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 3,621,831	\$ 35,293
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	547,143	101,571
(Increase) Decrease in Accounts Receivable	217,791	15,411
(Increase) Decrease in Inventories	-	10,117
(Increase) Decrease in Prepays	-	(542,709)
(Increase) Decrease in Due from Other Governments	(110)	-
(Increase) Decrease in Deferred Outflows - Pensions	(1,131,650)	-
(Increase) Decrease in Deferred Outflows - OPEB	124,523	-
Increase (Decrease) in Accounts Payable	128,244	(318,179)
Increase (Decrease) in Accrued Salaries and Benefits	(50,617)	(20,539)
Increase (Decrease) in Claims Payable	-	(48,550)
Increase (Decrease) in Deposits Payable	37,344	-
Increase (Decrease) in Compensated Absences Payable	48,221	-
Increase (Decrease) in Deferred Inflows - Pensions	(1,422,199)	-
Increase (Decrease) in Deferred Inflows - OPEB	91,493	-
Increase (Decrease) in Net Pension Liability	2,508,607	-
Increase (Decrease) in Net OPEB Liability	(244,181)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 4,476,440	\$ (767,585)

The accompanying notes are an integral part of this statement.

City of Hemet
Statement of Net Position
Fiduciary Funds
June 30, 2023

	OPEB Trust Fund	Custodial Funds	Successor Agency Private-purpose Trust Fund
ASSETS			
Cash and Investments	\$ -	\$ 560,776	\$ 93,410
Investments:			
Balanced HighMark PLUS	2,520,030	-	-
Receivables:			
Accounts	-	9,230	1,018,442
Notes	-	-	168,309
Land Held for Resale	-	-	2,208,773
Restricted Assets:			
Cash and Investments with Fiscal Agents	-	1,080,732	40,136
	<u>2,520,030</u>	<u>1,650,738</u>	<u>3,529,070</u>
LIABILITIES			
Accounts Payable	-	251,597	100
Accrued Liabilities	-	-	7,497
Deposits Payable	-	-	-
Interest Payable	-	-	121,515
Due to City of Hemet	-	420,963	502,320
Bonds Payable	-	-	7,189,944
	<u>-</u>	<u>672,560</u>	<u>7,821,376</u>
NET POSITION			
Held in Trust for Successor Agency	-	-	(4,292,306)
Restricted for OPEB	2,520,030	-	-
Held in Trust for Other Organizations, Individuals, and Governments	-	978,178	-
	<u>\$ 2,520,030</u>	<u>\$ 978,178</u>	<u>\$ (4,292,306)</u>

The accompanying notes are an integral part of this statement.

City of Hemet
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2023

	OPEB Trust Fund	Custodial Funds	Successor Agency Private-purpose Trust Fund
ADDITIONS			
Contributions:			
Taxes and Assessments Collected for Others	\$ -	\$ 1,443,495	\$ 1,018,442
Developer Contributions	-	1,001,125	-
Employer Contributions	234,800	-	-
Investment Earnings:			
Investment Income	216,126	30,951	1,892
Total Additions	<u>450,926</u>	<u>2,475,571</u>	<u>1,020,334</u>
DEDUCTIONS			
Administrative Costs	13,450	-	130,560
Interest on Bonds	-	-	225,895
Payments on behalf of Others	-	918,712	-
Payments to Other Agencies for Charges Collected	-	1,335,868	-
Total Deductions	<u>13,450</u>	<u>2,254,580</u>	<u>356,455</u>
Change in Net Position	437,476	220,991	663,879
Net Position - Beginning of Year	<u>2,082,554</u>	<u>757,187</u>	<u>(4,956,185)</u>
Net Position - End of Year	<u>\$ 2,520,030</u>	<u>\$ 978,178</u>	<u>\$ (4,292,306)</u>

The accompanying notes are an integral part of this statement.

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hemet, California was incorporated in 1910 as a general law City. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, refuse and recycling collection, water, sewer maintenance, public library, parks, public improvements, planning and zoning, and general administrative services.

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

A) Description of Reporting Entity

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

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

Hemet Housing Authority

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

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Government-Wide and Fund Financial Statements

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

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

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expense.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

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

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Fund Financial Statements

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

Sales taxes, property taxes, franchise taxes, intergovernmental revenue and rental income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Non-current portions of long-term receivables due from governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets.

Proprietary and Fiduciary Funds

The City's enterprise and internal service funds are considered proprietary funds. Proprietary funds and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. Proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expense.

The custodial funds account for monies held for the benefit of other organizations and governments to which the City provides accounting and investing services and are reported using economic resources measurement focus and the accrual basis of accounting. The private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Fund Classifications

The City reports the following major governmental funds:

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

Sewer and Storm Drain Special Revenue Fund - This fund accounts for the financial transactions of a City-wide program to maintain storm drains and sewer transmission lines. Revenues are intended to cover the maintenance costs for these lines, not all of the costs associated with the replacement, and depreciation of these lines.

ARPA Special Revenue Fund – This fund accounts for the financial transactions as prescribed under the Federal American Rescue Plan Act (ARPA) of 2021.

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

The City reports the following major enterprise funds:

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

The City also reports the following fund types:

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

OPEB Trust Fund - These funds account for the prefunding of post-employment benefits other than pensions.

Custodial Funds - These funds account for resources held by the City in a trustee capacity as an agent for individuals, private organizations, and/or other governments. Custodial Funds are custodial in nature and are held for the benefit of other individuals, organizations and/or governments. These funds consist of the Police Activities League, pass thru fees collected for the County, and a developer CFD.

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

E) Cash and Investments

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

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.

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

F) Receivables

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.

G) Inventory and Prepaid Items

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

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

H) 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.

I) Forgivable Notes

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

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J) 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.

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

K) 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. Contributed capital assets are valued at their acquisition value at the date of the contribution.

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

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

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

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

L) Compensated Absences

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

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

M) Claims and Judgments

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

N) Pension

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

O) Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used: January 1, 2021 Valuation Date; June 30, 2023 Measurement Date; and July 1, 2022 through June 30, 2023 Measurement Period.

P) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has certain items that qualify for reporting in this category: deferred outflows relating to the City's net pension and OPEB liabilities.

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Q) Net Position

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

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

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

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

R) Net Position Flow Assumption

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

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

S) Fund Balances

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

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

The City's committed fund balance includes:

- **General Fund Emergency Operating Contingency:**
Fund balance in the General Fund has been committed for emergency/fiscal emergency contingencies, as set by ordinance. Emergencies shall mean the actual or threatened conditions of disaster or of extreme peril to the safety of persons and property within the City caused by such conditions as air pollution, fire, flood, storm, epidemic, riot or earthquake, or other conditions, including conditions resulting from a labor controversy, which conditions are likely to be beyond the control of the services, personnel, equipment and facilities of the City, requiring combined forces of other political subdivisions to combat. A fiscal emergency is defined by the City of Hemet Municipal Code Section 2-451. The amount of the commitment as set forth by the City of Hemet Municipal Code Section 2-452 is equal to at least 40% of General Fund budgeted 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, Special Revenue, and Capital Project funds. Encumbrances outstanding at year-end are reported as committed fund balances in the fund financial statements since they do not constitute expenditures or liabilities.

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

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

T) Property Tax Calendar

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

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

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

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

U) Use of Estimates

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

2) CASH AND INVESTMENTS

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

	Government-wide			Total
	Statement of Net Position			
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and Investments	\$153,741,406	\$35,799,239	\$ 3,174,216	\$192,714,861
Restricted Cash and Investments	525,815	-	1,120,868	1,646,683
Total Cash and Investments	\$154,267,221	\$35,799,239	\$ 4,295,084	\$194,361,544

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

2) CASH AND INVESTMENTS - Continued

Cash and Investments consist of the following:

Cash on Hand	\$	7,250
Deposits with Financial Institutions		39,114,018
Investments		155,240,276
Total Cash and Investments		\$194,361,544

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.

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
U.S. Treasury Obligations	Yes	None	None	None
U.S. Government Sponsored Agency Securities	Yes	5 years	None	None
Municipal Bonds	Yes	5 years	20%	None
Medium-Term Notes	Yes	5 years	20%	5%
Collateralized Certificate of Deposit	Yes	5 years	None	25%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Banker's Acceptance	Yes	180 days	40%	None
Commercial Paper	Yes	270 days	15%	10%
Money Market Mutual Funds	Yes	N/A	10%	None
Repurchase Agreements	Yes	30 days	10%	None
Local Agency Investment Fund	Yes	N/A	90%	\$75,000,000

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

Investments Authorized by Debt Agreements

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

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

2) CASH AND INVESTMENTS - Continued

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

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Remaining Maturity (in Months)			
	Total	12 Months Or Less	13 to 36 Months	37 to 60 Months
U.S. Treasury	\$ 58,816,619	\$ 1,171,905	\$ 46,824,312	\$ 10,820,402
U.S. Agency Securities	15,113,278	486,993	14,058,987	567,298
LAIF	64,580,933	64,580,933	-	-
Municipal Obligations	925,690	-	925,690	-
Negotiable CD	2,127,586	969,788	1,157,798	-
Medium Term Notes	9,519,917	3,061,899	5,813,240	644,778
Money Market Mutual Funds Held by Fiscal Agent:	29,676	29,676	-	-
Money Market Mutual Funds	4,126,577	4,126,577	-	-
Total	\$ 155,240,276	\$ 74,427,771	\$ 68,780,027	\$ 12,032,478

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.

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

2) CASH AND INVESTMENTS - Continued

Investment Type	Amount	Minimum Legal Rating					
			AAA	AA	A	BBB	Unrated
U.S. Treasury	\$ 58,816,619	N/A	\$ -	\$ 58,816,619	\$ -	\$ -	\$ -
U.S. Agency Securities	15,113,278	N/A	-	15,113,278	-	-	-
LAIF	64,580,933	N/A	-	-	-	-	64,580,933
Municipal Obligations	925,690	A	-	925,690	-	-	-
Negotiable CD	2,127,586	N/A	-	-	-	-	2,127,586
Medium Term Notes	9,519,917	A	997,054	644,778	7,878,085	-	-
Money Market Mutual Funds	29,676	AAA	29,676	-	-	-	-
Held by Bond Trustees:							
Money Market Mutual Funds	4,126,577	AAA	4,126,577	-	-	-	-
Total	\$ 155,240,276		\$ 5,153,307	\$ 75,500,365	\$ 7,878,085	\$ -	\$ 66,708,519

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. There was no investments in any one issuer (other than U.S. Government Agencies, Supranationals, Money Market 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, 2023, 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. Investments held by bond trustee are selected under the terms of the applicable trust agreement. 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.

Fair Value of Investments

Investments (except those that may be reported at amortized cost) are measured at fair value on a recurring basis. Recurring fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2023 are described below.

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

2) CASH AND INVESTMENTS - Continued

Investment Type	Total	Measurement Input		Not subject to Measurement
		Level 1	Level 2	
U.S. Treasury	\$ 58,816,619	\$ 58,816,619	\$ -	\$ -
U.S. Agency Securities	15,113,278	-	15,113,278	-
LAIF	64,580,933	-	-	64,580,933
Municipal Obligations	925,690	-	925,690	-
Negotiable CD	2,127,586	-	2,127,586	-
Medium Term Notes	9,519,917	-	9,519,917	-
Money Market Mutual Funds	29,676	-	-	29,676
Held by Bond Trustees:	-	-	-	-
Money Market Mutual Funds	4,126,577	-	-	4,126,577
Total	\$ 155,240,276	\$ 58,816,619	\$ 27,686,471	\$ 68,737,186

Investments categorized as Level 2 are valued based on matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means.

Investment in State Investment Pool

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

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following represents the composition of interfund balances as of June 30, 2023:

Due To / From Other Funds

The Other Governmental Funds borrowed \$1,178,015 from Other Governmental Funds as a result of routine, short-term interfund borrowing to eliminating temporary deficit cash balances.

Due to City of Hemet

The Fiduciary Funds borrowed \$923,823 from the General Fund as a result of short-term borrowing to eliminate temporary deficit cash balances caused from fiduciary activities. These will be repaid when receivables are collected and restricted funds become available to repay.

Interfund Transfers

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

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

TRANSFERS OUT	TRANSFERS IN		Total
	General Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 20,000	\$ 20,000
Water Enterprise Fund	151,205	-	151,205
	\$ 151,205	\$ 20,000	\$ 171,205

The Water Enterprise Fund transferred \$151,205 to the General Fund to cover the cost of water for parks within the city limits.

4) NOTES RECEIVABLE

The City administers various residential rehabilitation and down payment assistance loan programs for low and moderate income families. In addition, the City has loaned monies to developers for affordable housing projects and entered into owner participation agreements. The loans have different stated interest rates, payback periods and may be forgivable assuming all conditions are met. These notes are long-term in nature and are recorded as notes receivable in the governmental funds balance sheet. At June 30, 2023 the outstanding balance of notes receivable totaled \$7,694,000. The balance on the loans that will be forgiven by the City, assuming all requirements are met was \$5,773,137, and is considered uncollectible. The balance of loans receivable is recorded net of the uncollectible amount in the Statement of Net Position and the Governmental Funds Balance Sheet.

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

5) CHANGES IN CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is as follows:

Governmental Activities:	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land and Improvements	\$ 12,348,575	\$ -	\$ -	\$ -	\$ 12,348,575
Rights of Way	190,468,181	-	-	-	190,468,181
Construction in Progress	5,510,936	8,489,947	-	(9,058,297)	4,942,586
Total Capital Assets, Not Being Depreciated	208,327,692	8,489,947	-	(9,058,297)	207,759,342
Capital Assets Being Depreciated:					
Building and Improvements	29,731,313	-	(311,348)	-	29,419,965
Building and Improvements - ISF	75,899	-	-	-	75,899
Machinery and Equipment	41,304,332	3,226,144	(5,715,230)	156,713	38,971,959
Machinery and Equipment - ISF	5,611,365	438,894	(1,488,983)	-	4,561,276
Software Subscription Assets	-	880,173	-	-	880,173
Infrastructure					
Pavement	148,448,192	-	(6,181,122)	5,429,495	147,696,565
Medians	163,384	-	-	-	163,384
Sidewalks	19,406,483	-	(23,029)	1,787,383	21,170,837
Curb and Gutter	17,181,694	-	(150,215)	689,350	17,720,829
Traffic Signal	7,343,494	-	-	-	7,343,494
Street Lights	4,064,223	-	-	995,356	5,059,579
Bridges	5,661,474	-	-	-	5,661,474
Storm Drain/Retention Basins	11,588,613	-	-	-	11,588,613
Total Capital Assets Being Depreciated	290,580,466	4,545,211	(13,869,927)	9,058,297	290,314,047
Less Accumulated Depreciation:					
Building and Improvements	(16,166,964)	(657,418)	311,348	-	(16,513,034)
Building and Improvements - ISF	(74,360)	(857)	-	-	(75,217)
Machinery and Equipment	(35,160,207)	(1,514,942)	5,715,230	-	(30,959,919)
Machinery and Equipment - ISF	(4,939,903)	(100,715)	1,488,983	-	(3,551,635)
Software Subscription Assets	-	(297,038)	-	-	(297,038)
Infrastructure					
Pavement	(115,694,909)	(3,828,442)	6,181,122	-	(113,342,229)
Medians	(89,859)	-	-	-	(89,859)
Sidewalks	(5,729,060)	(280,957)	23,029	-	(5,986,988)
Curb and Gutter	(5,215,101)	(300,781)	150,215	-	(5,365,667)
Traffic Signal	(5,157,148)	(183,026)	-	-	(5,340,174)
Street Lights	(3,271,884)	(169,709)	-	-	(3,441,593)
Bridges	(1,404,264)	(75,486)	-	-	(1,479,750)
Storm Drain/Retention Basins	(3,253,627)	(169,676)	-	-	(3,423,303)
Total Accumulated Depreciation	(196,157,286)	(7,579,047)	13,869,927	-	(189,866,406)
Total Capital Assets Being Depreciated, Net	94,423,180	(3,033,836)	-	9,058,297	100,447,641
Total Capital Assets, Net	\$ 302,750,872	\$ 5,456,111	\$ -	\$ -	\$ 308,206,983

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

5) CHANGES IN CAPITAL ASSETS - Continued

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

General Government	\$ 666,378
Public Safety	1,435,929
Public Works	5,000,524
Libraries	305,976
Internal Service	101,571
	<u>\$ 7,510,378</u>

Included in the additions to capital assets above are \$412,013 in Software Subscription Assets, along with \$68,669 in accumulated depreciation from subscriptions entered into in prior years, in accordance with the implementation of GASB 96, *Subscription-Based Information Technology Arrangements*.

Business-type Activities:	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 32,975	\$ -	\$ -	\$ -	\$ 32,975
Total Capital Assets, Not Being Depreciated	32,975	-	-	-	32,975
Capital Assets Being Depreciated:					
Buildings and Improvements	29,947,203	-	(323,112)	-	29,624,091
Machinery and Equipment	5,988,314	-	(2,271,855)	-	3,716,459
Total Capital Assets Being Depreciated	35,935,517	-	(2,594,967)	-	33,340,550
Less Accumulated Depreciation:					
Buildings and Improvements	(27,053,569)	(371,439)	323,112	-	(27,101,896)
Machinery and Equipment	(5,768,899)	(175,704)	2,271,855	-	(3,672,748)
Total Accumulated Depreciation	(32,822,468)	(547,143)	2,594,967	-	(30,774,644)
Total Capital Assets Being Depreciated, Net	3,113,049	(547,143)	-	-	2,565,906
Total Capital Assets, Net	\$ 3,146,024	\$ (547,143)	\$ -	\$ -	\$ 2,598,881

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

Business-type Activities	
Water	\$ 547,143
Total Depreciation Expense	<u>\$ 547,143</u>

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

6) LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities and business-type activities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 3,130,314	\$ 978,235	\$ (730,596)	\$ 3,377,953	\$ 982,155
Claims Payable	4,449,097	893,459	(942,009)	4,400,547	1,264,969
Software Subscription Liability	-	738,756	(304,138)	434,618	287,821
Net OPEB Liability	46,555,914	-	(3,512,454)	43,043,460	-
Net Pension Liability	69,554,304	44,368,623	-	113,922,927	-
Total	\$ 123,689,629	\$ 46,979,073	\$ (5,489,197)	\$ 165,179,505	\$ 2,534,945
Business-type Activities:					
Compensated Absences	\$ 197,414	\$ 87,625	\$ (39,404)	\$ 245,635	\$ 39,252
Settlement Liability	3,626,100	-	(268,600)	3,357,500	268,600
Net OPEB Liability	3,236,507	-	(244,181)	2,992,326	-
Net Pension Liability	3,196,827	2,508,607	-	5,705,434	-
Total	\$ 10,256,848	\$ 2,596,232	\$ (552,185)	\$ 12,300,895	\$ 307,852

Included in the additions to long-term liabilities in Governmental Activities is \$270,596 in Software Subscription Liability from subscription agreements entered into in prior years, in accordance with the implementation of GASB 96, *Subscription-Based Information Technology Arrangements*.

The compensated absences, net pension and OPEB liabilities in the governmental activities are generally liquidated by the General Fund, while the net pension and OPEB liabilities in the business-type activities are liquidated by the Water Enterprise Fund.

Fiduciary Fund

Changes in long-term liabilities for Fiduciary Funds for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
Series 2014, Refunding	\$ 7,420,000	\$ -	\$ (610,000)	\$ 6,810,000	\$ 635,000
Premium	426,143	-	(46,199)	379,944	-
Total	\$ 7,846,143	\$ -	\$ (656,199)	\$ 7,189,944	\$ 635,000

Settlement Liability

In February 2012, the City entered into a settlement agreement with the Soboba Band of Luiseño Indians (the "Tribe") over a dispute about water rights. The settlement agreement includes the City of Hemet, City of San Jacinto, Eastern Municipal Water District and Lake Hemet Municipal Water District. The City of Hemet's total settlement obligation per the agreement was \$7,252,000. The agreement does not require interest payments. Principal is due semi-annually on January 1 and July 1 of each year. Annual payments total \$268,600. The balance on the settlement liability at June 30, 2023 was \$3,357,500. The required payments on the settlement liability are as follows:

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

6) LONG-TERM LIABILITIES - Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 268,600	\$ -	\$ 268,600
2025	268,600	-	268,600
2026	268,600	-	268,600
2027	268,600	-	268,600
2028	268,600	-	268,600
2029	268,600	-	268,600
2030	268,600	-	268,600
2031	268,600	-	268,600
2032	268,600	-	268,600
2033	268,600	-	268,600
2034	268,600	-	268,600
2035	268,600	-	268,600
2036	134,300	-	134,300
Totals	\$ 3,357,500	\$ -	\$ 3,357,500

Software Subscription Liability

The City of Hemet has entered into subscription-based information technology arrangement (SBITA) with vendors for various City software systems. The systems are discounted at a rate of 3%. For the year ended June 30, 2023, the City reported a SBITA liability in the amount of \$434,618. For the year ended June 30, 2022, there was a principal reduction of \$304,138. As of June 30, 2023, the net SBITA right-to-use intangible asset was reported in the amount of \$583,135. The future payments on the SBITA liability are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 287,821	\$ 17,528	\$ 305,349
2025	150,797	13,983	164,780
Totals	\$ 438,618	\$ 31,511	\$ 470,129

2014 Tax Allocation Refunding Bonds

In December 2014, the Riverside County Public Financing Authority issued \$11,110,000 Riverside County Public Financing Authority 2014 Tax Allocation Revenue Bonds (Hemet Refunding Project) to 1) refund the Successor Agency Subordinate Tax Allocation Bonds, 1999 Series A and Tax Allocation Bonds, 2002 Series A, 2) to satisfy the reserve requirement and 3) to pay cost of issuance. 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, 2023 was \$6,810,000. The debt service to maturity is as follows:

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

6) LONG-TERM LIABILITIES - Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 635,000	\$ 240,969	\$ 875,969
2025	670,000	208,344	878,344
2026	700,000	174,094	874,094
2027	735,000	145,569	880,569
2028	765,000	122,591	887,591
2029	780,000	97,962	877,962
2030	815,000	72,044	887,044
2031	840,000	44,655	884,655
2032	870,000	15,255	885,255
Totals	<u>\$ 6,810,000</u>	<u>\$ 1,121,483</u>	<u>\$ 7,931,483</u>

Non-Commitment Debt

CFD No. 1999-1 Special Tax Refunding Bonds, Series 2006 (Heartland Project)

In July 2006, the City of Hemet authorized and provided for the issuance of special tax bonds for the Community Facilities District No. 1999-1. Proceeds of these bonds are held by a fiscal agent and are being used to defease and refund the 1999-1 Heartland CFD Series 2001A and Series 2002B bonds. The original issues were used to finance off-site improvements of a 1,417 home community with an 18-hole golf course. This bond issue is not a legal obligation of the City as the City is only acting as an agent for the property owners in collecting the assessments. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds. Therefore, these bonds are not reported as a liability in the financial statements of the City. The outstanding balance on these bonds at June 30, 2023 is \$5,435,000.

7) 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, workers' compensation and excess liability coverage.

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 124 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The Authority arranges and administers programs for the pooling of self-insured losses, purchases excess insurance and reinsurance, and arranges for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Authority's Board of Directors. The Board operates through a nine-member Executive Committee.

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

7) RISK MANAGEMENT AND SELF-INSURANCE PROGRAMS - Continued

Excess Liability Program

Liability coverage includes auto liability, employment practices liability, public officials' errors and omissions, bodily injury, personal injury, third party property damage, advertising injury, and employee benefit administration liability. The City has a retained limit of \$250,000 per occurrence. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Excess Workers' Compensation Program

The City has a retained limit of \$250,000 per occurrence for workers' compensation claims. The Authority's pooled retention is \$1 million per occurrence with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance

The City also participates in the following coverage programs provided by the Authority:

(A) All-Risk Property Protection Program. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The total insured value of scheduled City property is \$88,814,509. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

(B) Earthquake and Flood Insurance. This coverage is part of the Property Protection Program. The City has total insured values of Non Participant scheduled for coverage under this program. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

(C) Pollution Legal Liability Insurance Program. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

(D) Crime Insurance Program. Formerly called Blanket Fidelity Bond, this policy covers faithful performance, depositor's forgery, theft of money and securities, and computer fraud related to the transfer of money. The policy limit is \$1,000,000, and the deductible is \$2,500.

(E) Special Event Tenant User Liability Insurance. This coverage protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on City property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays the insurance broker and/or carrier. The insurance is facilitated by the Authority.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2022-23.

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.

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

7) RISK MANAGEMENT AND SELF-INSURANCE PROGRAMS - Continued

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 and Judgments Payable in the accompanying financials statements.

	Beginning Balance	Claims Incurred	Claim Payments and Other Adjustments	Ending Balance
2020-2021 Total	\$ 1,950,563	\$ 14,130,789	\$ (13,289,663)	\$ 2,791,689
2021-2022 Total	\$ 2,791,689	\$ 1,657,408	\$ -	\$ 4,449,097
Dental - Vision	77,348	-	(30,072)	47,276
Workers' Comp	442,287	-	(30,089)	412,198
Liability	3,929,462	19,377	(7,766)	3,941,073
2022-2023 Total	\$ 4,449,097	\$ 19,377	\$ (67,927)	\$ 4,400,547

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.

8) CITY EMPLOYEES RETIREMENT PLAN

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website: www.calpers.ca.gov.

Benefits Provided

The Plans are agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). 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 plan's June 30, 2021 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website.

The Plans' provisions that are in effect at June 30, 2023, are summarized as follows:

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

8) CITY EMPLOYEES RETIREMENT PLAN – Continued

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52
Monthly benefits, as a % of eligible compensation	(1)	(1)
Required employee contribution rates	8%	7.25%
Required employer contribution rates	11.42% + \$2,993,429	6.75%
	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 50
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52
Monthly benefits, as a % of eligible compensation	(1)	(1)
Required employee contribution rates	9%	14.00%
Required employer contribution rates	20.17% + \$5,721,755	11.50%

(1) - Depending on years of service

Employees Covered: At June 30, 2023, the following number of employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries		
currently receiving benefits	317	195
Inactive employees entitled to but not yet		
receiving benefits	224	108
Active employees	144	116

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. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

8) CITY EMPLOYEES RETIREMENT PLAN - Continued

Net Pension Liability: The City’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plans are measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions: The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Payroll growth	(1)
Projected salary increase	(1)
Investment rate of return	6.90%
Mortality	(2)
Post Retirement	(3)

- (1) Depending on age, service and type of employment
- (2) Derived using CalPERS’ Membership Data for all Funds.
- (3) The lesser contract COLA or 2.3% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.3% thereafter

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

8) CITY EMPLOYEES RETIREMENT PLAN - Continued

Asset Class	New Strategic Allocation	Real Return (1,2)
Global Equity - Cap Weighted	30%	4.54%
Global Equity - Non-Cap Weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

Discount Rate - The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

8) CITY EMPLOYEES RETIREMENT PLAN - Continued

Changes in Net Pension Liability

The changes in the Net Pension Liability for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Pension Plan Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021	\$ 133,167,786	\$ 111,855,611	\$ 21,312,175
Changes in the year:			
Service cost	1,739,825	-	1,739,825
Interest on the total pension liability	9,137,300	-	9,137,300
Differences between expected and actual experience	(2,261,897)	-	(2,261,897)
Changes in assumptions	4,277,964	-	4,277,964
Contributions from the employer	-	3,974,114	(3,974,114)
Contributions from employees	-	703,332	(703,332)
Net investment income	-	(8,438,624)	8,438,624
Benefit payments, including refunds	(7,258,269)	(7,258,269)	-
Administrative/other expense	-	(69,679)	69,679
Net changes	5,634,923	(11,089,126)	16,724,049
Balance at June 30, 2022	\$ 138,802,709	\$ 100,766,485	\$ 38,036,224

The changes in the Net Pension Liability for the Safety Plan are as follows:

	Increase (Decrease)		
	Pension Plan Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021	\$ 206,136,328	\$ 154,697,372	\$ 51,438,956
Changes in the year:			
Service cost	4,303,472	-	4,303,472
Interest on the total pension liability	14,633,003	-	14,633,003
Differences between expected and actual experience	438,599	-	438,599
Changes in assumptions	8,468,220	-	8,468,220
Contributions from the employer	-	7,912,960	(7,912,960)
Contributions from employees	-	1,712,748	(1,712,748)
Net investment income	-	(11,839,228)	11,839,228
Benefit payments, including refunds	(10,244,764)	(10,244,764)	-
Administrative/other expense	-	(96,367)	96,367
Net changes	17,598,530	(12,554,651)	30,153,181
Balance at June 30, 2022	\$ 223,734,858	\$ 142,142,721	\$ 81,592,137

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

8) CITY EMPLOYEES RETIREMENT PLAN – 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 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Miscellaneous		Safety
1% Decrease	5.90%		5.90%
Net Pension Liability	\$ 56,669,041	\$	113,940,547
Current Discount Rate	6.90%		6.90%
Net Pension Liability	\$ 38,036,224	\$	81,592,137
1% Increase	7.90%		7.90%
Net Pension Liability	\$ 22,774,216	\$	55,373,585

Pension Plan Fiduciary Net Position: Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the City recognized pension expense of \$3,908,546 for the Miscellaneous Plan and \$11,407,503 for the Safety Plan. The total pension expense for both plans was \$15,316,049 for the year ended June 30, 2023. At June 30, 2023, the City reported deferred outflows and deferred inflows for the Miscellaneous Plan from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,205,154	\$ -
Differences between actual and expected experience	-	1,299,054
Changes in assumptions	2,333,435	-
Net differences between projected and actual earnings on plan investments	4,974,857	-
Total	\$ 11,513,446	\$ 1,299,054

\$4,205,154 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized as pension expense as follows:

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

8) CITY EMPLOYEES RETIREMENT PLAN - Continued

Miscellaneous	
Year Ending June 30,	
2024	\$ 1,620,755
2025	866,791
2026	310,145
2027	3,211,547
2028	-
Thereafter	-

At June 30, 2023, the City reported deferred outflows and deferred inflows for the Safety Plan from the following sources:

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,388,097	\$ -
Differences between actual and expected experience	1,008,758	128,244
Changes in assumptions	6,239,741	-
Net differences between projected and actual earnings on plan investments	7,134,258	-
Total	<u>\$ 22,770,854</u>	<u>\$ 128,244</u>

\$8,388,097 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized as pension expense as follows:

Safety	
Year Ending June 30,	
2024	\$ 4,089,238
2025	3,292,086
2026	2,377,111
2027	4,496,078
2028	-
Thereafter	-

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

9) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The City of Hemet Retiree Healthcare Plan administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Retiree medical health benefits are offered to eligible retirees through Aetna and Kaiser. Dental and vision benefits are provided by the City and administered by Group Management Services. Eligibility is based on the contract. The City's plan does not issue a publicly available financial report.

Eligibility

Employees of the city are eligible for retiree health benefits if they are between 50-55 years of age or disability retire directly from the City as of the last day of work prior to retirement and are a vested member of CalPERS. Membership in the plan consisted of the following at July 1, 2021, the date of the latest actuarial valuation:

Retirees or spouses of retirees currently receiving benefits	232
Active employees	233
Total	465

Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. For the fiscal year ended June 30, 2023, the City's average contribution rate was not applicable. The initial contribution of \$750,000 was made November 2016. An annual \$200,000 contribution began in fiscal year 2018 to the OPEB Trust Account, administered by the Public Agency Retirement Systems (PARS). The City pays benefit payments outside of the trust. Employees are not required to contribute to the plan.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	July 1, 2021
Actuarial Cost Method	Entry Age Normal, Level % of Pay
Mortality	CalPERS Experience Study dated November 2021
Mortality Improvement	Fully generational with Scale MP-2020
Health Care Trend Rate	5.75 initial, 4.04% ultimate
Inflation Rate	2.50%
Discount Rate	5.75% at June 2023 5.75% at June 2022
Salary Increases	2.80% annually
Dental/Vision Trend	0.00% annually

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

9) OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Continued

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Asset Class	Target Allocation PARS-Balance	Expected Real Rate of Return
Global Equity	58%	4.37%
All Fixed Income	35%	1.10%
Real Estate	2%	3.54%
Cash	5%	-0.45%
Total	<u>100.00%</u>	

Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (TOL)	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2022	\$ 51,874,975	\$ 2,082,554	\$ 49,792,421
Changes in the year:			
Service cost	101,332	-	101,332
Interest on the total OPEB liability	2,879,946	-	2,879,946
Employer contributions	-	4,087,951	(4,087,951)
Actual investment income	-	216,126	(216,126)
Differences between expected and actual experience	(2,466,271)	-	(2,466,271)
Administrative Expense	-	(32,435)	32,435
Benefit payments, including refunds	(3,834,166)	(3,834,166)	-
Net changes	<u>(3,319,159)</u>	<u>437,476</u>	<u>(3,756,635)</u>
Balance at June 30, 2023	<u>\$ 48,555,816</u>	<u>\$ 2,520,030</u>	<u>\$ 46,035,786</u>

Sensitivity of the Net OPEB Liability to changes in the Discount Rate - The following presents the net OPEB liability of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB liability (asset)	\$ 50,972,318	\$ 46,035,786	\$ 41,858,406

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the City, as well as what the City's Net OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

9) OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Continued

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability (asset)	\$ 41,368,325	\$ 46,035,786	\$ 51,507,409

OPEB Expense and Recognition of Deferred Outflows/Inflows of Resources Related to OPEB

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$3,654,627. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Changes of Assumptions	\$ 3,489,002	\$ -
Differences between expected and actual experience	202,156	3,582,375
Net differences between projected and actual earnings on plan investments	71,467	-
Total	\$ 3,762,625	\$ 3,582,375

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as an OPEB expense as follows:

Year Ending June 30,	
2024	\$ 525,089
2025	279,837
2026	(113,401)
2027	(511,278)
2028	-
Thereafter	-

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

10) FUND BALANCES

The details of the fund balances as of June 30, 2023 are presented below:

	General Fund	Sewer and Storm Drain	ARPA	Bridges/Streets Traffic Facilities	Other Governmental Funds	Total
Nonspendable:						
Prepaid Items	\$ 119,235	\$ -	\$ -	\$ -	\$ -	\$ 119,235
Prepaid Items - Measure U	2,017,351	-	-	-	-	2,017,351
Library Endowment	-	-	-	-	1,000,000	1,000,000
Restricted for:						
Public Access Channel	1,222,910	-	-	-	-	1,222,910
Public Safety	-	-	-	-	1,642,611	1,642,611
Street Work	-	-	-	6,813,714	13,113,518	19,927,232
Lighting and Landscaping	-	-	-	-	7,228,980	7,228,980
Housing and Community Development Grants	301,462	-	-	-	7,733,974	8,035,436
Sewer Maintenance	-	16,289,924	-	-	-	16,289,924
Indian Gaming Capital Projects	-	-	-	-	6,411	6,411
Development Impact Fees	-	-	-	-	16,514,187	16,514,187
Library Equipment	-	-	-	-	17,738	17,738
General Plan	-	-	-	-	436,698	436,698
Committed:						
Projects	-	-	5,860,591	-	-	5,860,591
Economic Stabilization Reserve	9,265,960	-	-	-	-	9,265,960
Measure U - Public Safety Personnel						
Police	13,052,390	-	-	-	-	13,052,390
Fire	974,726	-	-	-	-	974,726
Measure U - Economic Stabilization Reserve						
Police	1,900,455	-	-	-	-	1,900,455
Fire	1,438,248	-	-	-	-	1,438,248
Assigned:						
Provision for Government Services	-	-	2,766,030	-	-	2,766,030
Equipment Replacement	-	-	-	-	5,057,500	5,057,500
Capital Replacement	-	-	-	-	8,564	8,564
Capital Projects	3,105,616	-	-	-	-	3,105,616
Unassigned	30,214,501	-	-	-	(716,011)	29,498,490
Total Fund Balances	\$ 63,612,854	\$ 16,289,924	\$ 8,626,621	\$ 6,813,714	\$ 52,044,170	\$ 147,387,283

11) ENDOWMENTS

The City received an endowment in 2002 for \$1,000,000. The principal amount of \$1,000,000 is to be held in perpetuity while interest earnings are to be used for the City's library as stated in the resolution accepting the endowment. The endowment activity is accounted for in the permanent fund of the City with the principal amount reflected in nonspendable fund balance. In the government-wide financial statements, the principal amount is included in restricted net position as non-expendable. At June 30, 2023, net appreciation on investment of the principal balance amounted to \$17,738, 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

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

11) ENDOWMENTS - Continued

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.

12) DEFICIT NET POSITIONS AND FUND BALANCES

In the government-wide financial statements, the governmental activities had a deficit unrestricted net position of \$37,757,003, caused to some extent by the net pension liability of \$119,628,361 and the net OPEB liability of \$46,035,786.

Funds with deficit net positions and fund balances at June 30, 2023 are as follows:

Fiduciary Funds	
Successor Agency Private Purpose Trust Fund	\$ 4,292,306
Other Governmental Funds:	
Article 3	\$ 203,885
Public Safety Grants	68,518
Local Law Enforcement Block Grant	90,848
Active Transportation Grant	352,760
Internal Service Fund	
Liability Insurance	\$ 4,027,507
Medical Insurance Admin	2,476

The deficit net position for the Successor Agency Private Purpose Trust Fund will be eliminated through continued repayment of debt through property tax revenue received. Local Law Enforcement Block Grant Special Revenue Fund will eliminate the deficit through a transfer from the General Fund Public Safety program. Internal service funds deficits will be eliminated through cost recovery from the respective funds.

13) COMMITMENTS AND CONTINGENCIES

The City has been named as a defendant in certain other claims and litigation matters. In the opinion of City management, the outcome of such litigation is not expected to result in a material adverse effect to the financial condition of the City beyond that accrued in the City's Self-funded Insurance Fund.

The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

The estimated amount of remaining construction contract obligations at year-end is \$6,027,361.

14) RESTATEMENT OF NET POSITION

The restatement of \$72,748 in the Statement of Activities is the net effect of the implementation of GASB 96, *Subscription-Based Information Technology*.

City of Hemet
Notes to Financial Statements
Year Ended June 30, 2023

15) SUBSEQUENT EVENTS

In October 2023, subsequent to year-end, the City accepted an Organized Retail Theft Grant for \$2,500,065.

In November 2023, subsequent to year-end, the City accepted a \$2,020,098 grant from the State of California from AB 178 and SB 101.

In December 2023, the CJPIA Executive Committee voted to increase the City's self-insured retention limit for its excess liability program from \$250,000 to \$1,000,000 beginning in January 2024.

REQUIRED SUPPLEMENTARY INFORMATION

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 46,222,368	\$ 46,222,368	\$ 49,986,183	\$ 3,763,815
Licenses and Permits	2,154,000	2,571,757	4,433,228	1,861,471
Intergovernmental Revenue	9,014,000	10,069,398	10,265,501	196,103
Charges for Services	3,838,605	3,893,167	4,278,537	385,370
Fines and Forfeitures	184,100	184,100	276,322	92,222
Investment Income	400,000	400,000	160,933	(239,067)
Miscellaneous	36,700	179,458	220,627	41,169
Total Revenues	61,849,773	63,520,248	69,621,331	6,101,083
EXPENDITURES				
Current:				
General Government	3,351,900	3,625,101	2,471,005	1,154,096
Public Safety	52,390,300	52,050,972	49,181,831	2,869,141
Community Development	6,144,700	6,918,255	5,938,921	979,334
Public Works	-	-	-	-
Parks	1,096,500	1,145,635	1,019,981	125,654
Libraries	1,574,800	1,584,795	1,543,543	41,252
Capital Outlay	-	51,811	512,948	(461,137)
Total Expenditures	64,558,200	65,376,569	60,668,229	4,708,340
Excess (Deficiency) of Revenues over Expenditures	(2,708,427)	(1,856,321)	8,953,102	10,809,423
OTHER FINANCING SOURCES (USES)				
Software Subscriptions	-	-	468,160	468,160
Transfers In	300,000	300,000	151,205	(148,795)
Transfers Out	(20,000)	(20,000)	(20,000)	-
Total Other Financing Sources (Uses)	280,000	280,000	599,365	319,365
Net Change in Fund Balances	(2,428,427)	(1,576,321)	9,552,467	11,128,788
Fund Balance, Beginning of Year	54,060,387	54,060,387	54,060,387	
Fund Balance, End of Year	<u>\$ 51,631,960</u>	<u>\$ 52,484,066</u>	<u>\$ 63,612,854</u>	<u>\$ 11,128,788</u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Sewer and Storm Drain Special Revenue Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 4,177,500	\$ 4,177,500	\$ 4,491,466	\$ 313,966
Investment Income	35,000	35,000	283,322	248,322
Intergovernmental Revenues	-	-	16,831	16,831
Total Revenues	<u>4,212,500</u>	<u>4,212,500</u>	<u>4,791,619</u>	<u>579,119</u>
EXPENDITURES				
Current:				
Sanitation	3,222,900	3,254,141	2,925,049	329,092
Capital Outlay	-	5,375,795	2,362,982	3,012,813
Total Expenditures	<u>3,222,900</u>	<u>8,629,936</u>	<u>5,288,031</u>	<u>3,012,813</u>
Excess (Deficiency) of Revenues over Expenditures	<u>989,600</u>	<u>(4,417,436)</u>	<u>(496,412)</u>	<u>3,921,024</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	989,600	(4,417,436)	(496,412)	3,921,024
Fund Balance, Beginning of Year	<u>16,786,336</u>	<u>16,786,336</u>	<u>16,786,336</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 17,775,936</u></u>	<u><u>\$ 12,368,900</u></u>	<u><u>\$ 16,289,924</u></u>	<u><u>\$ 3,921,024</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - ARPA Special Revenue Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 14,190,524	\$ 14,190,524	\$ -
Total Revenues	-	14,190,524	14,190,524	-
EXPENDITURES				
Current:				
General Government	318,700	1,746,402	1,245,965	500,437
Capital Outlay	-	4,317,500	4,317,938	(438)
Total Expenditures	318,700	6,063,902	5,563,903	-
Excess (Deficiency) of Revenues over Expenditures	(318,700)	8,126,622	8,626,621	499,999
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(318,700)	8,126,622	8,626,621	499,999
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ (318,700)	\$ 8,126,622	\$ 8,626,621	\$ 499,999

City of Hemet
Required Supplementary Information
Year Ended June 30, 2023

**Schedule of Changes in the Net Pension
Liability and Related Ratios
Agent Multiple-employer Plan - Miscellaneous**

	Measurement Period		
	2022	2021	2020
Total Pension Liability			
Service cost	\$ 1,739,825	\$ 1,620,902	\$ 1,707,524
Interest on total pension liability	9,137,300	9,086,211	8,871,075
Changes in assumptions	4,277,964	-	-
Differences between expected and actual experience	(2,261,897)	(391,754)	(58,526)
Benefit payments, including refunds	(7,258,269)	(7,617,503)	(6,651,779)
Net change in total pension liability	5,634,923	2,697,856	3,868,294
Total pension liability - beginning	133,167,786	130,469,930	126,601,636
Total pension liability - ending (a)	<u>\$ 138,802,709</u>	<u>\$ 133,167,786</u>	<u>\$ 130,469,930</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 3,974,114	\$ 3,885,574	\$ 3,788,951
Contributions - employee	703,332	680,978	724,261
Net investment income	(8,438,624)	21,096,786	4,584,933
Benefit payments	(7,258,269)	(7,617,503)	(6,651,779)
Plan to Plan Resource Movement	-	-	-
Administrative/Other Expense	(69,679)	(93,804)	(129,114)
Net change in plan fiduciary net position	(11,089,126)	17,952,031	2,317,252
Plan fiduciary net position - beginning	111,855,611	93,903,580	91,586,328
Plan fiduciary net position - ending (b)	<u>\$ 100,766,485</u>	<u>\$ 111,855,611</u>	<u>\$ 93,903,580</u>
Net pension liability - ending (a) - (b)	<u>\$ 38,036,224</u>	<u>\$ 21,312,175</u>	<u>\$ 36,566,350</u>
Plan fiduciary net position as a percentage of the total pension liability	72.60%	84.00%	71.97%
Covered payroll	\$ 8,647,240	\$ 8,751,743	\$ 9,960,091
Net pension liability as percentage of covered payroll	439.87%	243.52%	367.13%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 valuation date. This applies to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2021, the accounting discount rate changed from 7.15 percent to 6.90 percent. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

Measurement Period						
2019	2018	2017	2016	2015	2014	
\$ 1,890,624	\$ 1,857,379	\$ 1,931,287	\$ 1,729,490	\$ 1,871,677	\$ 1,873,983	
8,592,385	8,241,843	8,110,383	7,937,191	7,613,775	7,253,346	
-	(585,850)	6,866,966	-	(1,903,393)	-	
827,595	(1,731,724)	(1,473,269)	(192,030)	353,826	-	
(6,218,552)	(5,862,944)	(5,834,147)	(5,132,797)	(4,856,565)	(4,666,256)	
5,092,052	1,918,704	9,601,220	4,341,854	3,079,320	4,461,073	
121,509,584	119,590,880	109,989,660	105,647,806	102,568,486	98,107,413	
<u>\$ 126,601,636</u>	<u>\$ 121,509,584</u>	<u>\$ 119,590,880</u>	<u>\$ 109,989,660</u>	<u>\$ 105,647,806</u>	<u>\$ 102,568,486</u>	
\$ 3,789,256	\$ 3,136,888	\$ 2,990,210	\$ 2,647,176	\$ 2,503,520	\$ 2,191,066	
772,222	745,420	743,649	743,644	780,189	871,668	
5,749,884	6,966,209	8,615,176	396,714	1,739,990	11,594,247	
(6,218,552)	(5,862,944)	(5,834,147)	(5,132,797)	(4,856,565)	(4,666,256)	
-	(204)	(38,502)	(382)	(887)	-	
(62,278)	(374,702)	(113,068)	(47,522)	(87,854)	-	
4,030,532	4,610,667	6,363,318	(1,393,167)	78,393	9,990,725	
87,555,796	82,945,129	76,581,811	77,974,978	77,896,585	67,905,860	
<u>\$ 91,586,328</u>	<u>\$ 87,555,796</u>	<u>\$ 82,945,129</u>	<u>\$ 76,581,811</u>	<u>\$ 77,974,978</u>	<u>\$ 77,896,585</u>	
<u>\$ 35,015,308</u>	<u>\$ 33,953,788</u>	<u>\$ 36,645,751</u>	<u>\$ 33,407,849</u>	<u>\$ 27,672,828</u>	<u>\$ 24,671,901</u>	
72.34%	72.06%	69.36%	69.63%	73.81%	75.95%	
\$ 9,693,519	\$ 9,531,865	\$ 9,581,222	\$ 9,353,143	\$ 9,860,790	\$ 9,398,580	
361.22%	356.21%	382.47%	357.18%	280.63%	262.51%	

City of Hemet
Required Supplementary Information
Year Ended June 30, 2023

**Schedule of Changes in the Net Pension
Liability and Related Ratios
Agent Multiple-employer Plan - Safety**

	Measurement Period		
	2022	2021	2020
Total Pension Liability			
Service cost	\$ 4,303,472	\$ 3,968,710	\$ 3,877,702
Interest on total pension liability	14,633,003	13,947,881	13,404,657
Changes in assumptions	8,468,220	-	-
Differences between expected and actual experience	438,599	(250,382)	2,343,095
Benefit payments, including refunds	(10,244,764)	(9,742,340)	(9,217,556)
Net change in total pension liability	17,598,530	7,923,869	10,407,898
Total pension liability - beginning	206,136,328	198,212,459	187,804,561
Total pension liability - ending (a)	<u>\$ 223,734,858</u>	<u>\$ 206,136,328</u>	<u>\$ 198,212,459</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 7,912,960	\$ 7,489,405	\$ 6,947,064
Contributions - employee	1,712,748	1,689,371	1,607,715
Net investment income	(11,839,228)	28,944,164	6,111,153
Benefit payments	(10,244,764)	(9,742,340)	(9,217,556)
Plan to Plan Resource Movement	-	-	-
Administrative/Other Expense	(96,367)	(126,309)	(170,814)
Net change in plan fiduciary net position	(12,554,651)	28,254,291	5,277,562
Plan fiduciary net position - beginning	154,697,372	126,443,081	121,165,519
Plan fiduciary net position - ending (b)	<u>\$ 142,142,721</u>	<u>\$ 154,697,372</u>	<u>\$ 126,443,081</u>
Net pension liability - ending (a) - (b)	<u>\$ 81,592,137</u>	<u>\$ 51,438,956</u>	<u>\$ 71,769,378</u>
Plan fiduciary net position as a percentage of the total pension liability	63.53%	75.05%	63.79%
Covered payroll	\$ 13,164,492	\$ 13,119,703	\$ 12,672,228
Net pension liability as percentage of covered payroll	619.79%	392.07%	566.35%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2021, the accounting discount rate changed from 7.15 percent to 6.90 percent. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

Measurement Period						
2019	2018	2017	2016	2015	2014	
\$ 3,746,584	\$ 3,255,817	\$ 2,874,210	\$ 2,471,569	\$ 2,394,505	\$ 2,495,555	
12,696,170	11,907,636	11,326,420	10,976,376	10,402,942	9,879,182	
-	(582,760)	10,043,106	-	(2,726,343)	-	
4,092,051	2,318,140	(1,131,468)	1,932,999	1,323,162	-	
(8,667,438)	(8,277,450)	(7,718,359)	(7,544,599)	(7,001,597)	(6,313,012)	
11,867,367	8,621,383	15,393,909	7,836,345	4,392,669	6,061,725	
175,937,194	167,315,811	151,921,902	144,085,557	139,692,888	133,631,163	
<u>\$ 187,804,561</u>	<u>\$ 175,937,194</u>	<u>\$ 167,315,811</u>	<u>\$ 151,921,902</u>	<u>\$ 144,085,557</u>	<u>\$ 139,692,888</u>	
\$ 6,605,381	\$ 5,494,582	\$ 4,880,193	\$ 4,516,245	\$ 4,085,934	\$ 3,816,628	
1,569,835	1,429,167	1,142,393	1,032,806	885,734	896,539	
7,562,691	9,055,192	11,060,588	516,112	2,205,144	14,795,183	
(8,667,438)	(8,277,450)	(7,718,359)	(7,544,599)	(7,001,597)	(6,313,012)	
-	(265)	38,502	382	887	-	
(81,214)	(483,180)	(144,246)	(60,481)	(111,835)	-	
6,989,255	7,218,046	9,259,071	(1,539,535)	64,267	13,195,338	
114,176,264	106,958,218	97,699,147	99,238,682	99,174,415	85,979,077	
<u>\$ 121,165,519</u>	<u>\$ 114,176,264</u>	<u>\$ 106,958,218</u>	<u>\$ 97,699,147</u>	<u>\$ 99,238,682</u>	<u>\$ 99,174,415</u>	
<u>\$ 66,639,042</u>	<u>\$ 61,760,930</u>	<u>\$ 60,357,593</u>	<u>\$ 54,222,755</u>	<u>\$ 44,846,875</u>	<u>\$ 40,518,473</u>	
64.52%	64.90%	63.93%	64.31%	68.87%	70.99%	
\$ 11,986,001	\$ 10,732,874	\$ 9,450,596	\$ 9,039,459	\$ 8,826,041	\$ 8,870,562	
555.97%	575.44%	638.66%	599.85%	508.12%	456.77%	

City of Hemet
Required Supplementary Information
Year Ended June 30, 2023

Schedule of Contributions – Last 10 Years*
Agent Multiple-employer Plan – Miscellaneous Plan

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2023	\$ 4,205,154	\$ (4,205,154)	\$ -	\$ 7,398,429	56.84%
2022	3,969,112	(3,969,112)	-	8,647,240	45.90%
2021	3,887,516	(3,887,516)	-	8,747,448	44.44%
2020	3,789,402	(3,789,402)	-	9,960,091	38.05%
2019	3,789,256	(3,789,256)	-	9,693,519	39.09%
2018	3,136,888	(3,136,888)	-	9,531,865	32.91%
2017	2,990,210	(2,990,210)	-	9,581,222	31.21%
2016	2,647,176	(2,647,176)	-	9,353,153	28.30%
2015	2,503,520	(2,503,520)	-	9,860,790	25.39%
2014	2,191,066	(2,191,066)	-	9,398,580	23.31%

Schedule of Contributions – Last 10 Years*
Agent Multiple-employer Plan – Safety Plan

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2023	\$ 8,388,097	\$ (8,388,097)	\$ -	\$ 15,152,188	55.36%
2022	7,912,960	(7,912,960)	-	13,164,492	60.11%
2021	7,487,463	(7,487,463)	-	13,119,703	57.07%
2020	6,947,140	(6,947,140)	-	12,672,228	54.82%
2019	6,605,381	(6,605,381)	-	11,986,001	55.11%
2018	5,494,582	(5,494,582)	-	10,732,874	51.19%
2017	4,880,193	(4,880,193)	-	9,450,596	51.64%
2016	4,516,245	(4,516,245)	-	9,039,459	49.96%
2015	4,085,934	(4,085,934)	-	8,826,041	46.29%
2014	3,816,628	(3,816,628)	-	8,870,562	43.03%

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City of Hemet
Required Supplementary Information
Year Ended June 30, 2023

Schedule of Changes in the Net OPEB Liability and Related Ratios
for the Measurement Periods Ended June 30
Last 10 Years*

	Measurement Period		
	2023	2022	2021
Total OPEB Liability			
Service cost	\$ 101,332	\$ 237,000	\$ 184,471
Interest on total OPEB liability	2,879,946	2,903,335	2,987,576
Changes in assumptions	-	3,206,347	3,010,639
Changes in benefits	-	-	-
Differences between expected and actual experience	(2,466,271)	(2,653,284)	465,835
Benefit payments, including refunds	(3,834,166)	(4,091,232)	(3,984,911)
Net change in total OPEB liability	(3,319,159)	(397,834)	2,663,610
Total OPEB liability - beginning	51,874,975	52,272,809	49,609,199
Total OPEB liability - ending (a)	<u>\$ 48,555,816</u>	<u>\$ 51,874,975</u>	<u>\$ 52,272,809</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 4,087,951	\$ 4,386,817	\$ 4,253,811
Net Investment Income	216,126	(319,692)	432,284
Benefit payments	(3,834,166)	(4,091,232)	(3,984,911)
Administrative Expense	(32,435)	(108,759)	(73,501)
Net change in plan fiduciary net position	437,476	(132,866)	627,683
Plan fiduciary net position - beginning	2,082,554	2,215,420	1,587,737
Plan fiduciary net position - ending (b)	<u>\$ 2,520,030</u>	<u>\$ 2,082,554</u>	<u>\$ 2,215,420</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 46,035,786</u>	<u>\$ 49,792,421</u>	<u>\$ 50,057,389</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.2%	4.0%	4.2%
Covered - employee payroll	28,788,925	20,422,785	25,724,365
Net OPEB liability as a percentage of covered-employee payroll	159.91%	243.81%	194.59%

* OPEB schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

Measurement Period

2020	2019	2018
\$ 208,241	\$ 359,700	\$ 349,223
3,035,365	2,919,091	2,936,563
-	2,845,604	-
-	-	-
-	(191,273)	-
(3,984,013)	(3,858,552)	(3,293,090)
(740,407)	2,074,570	(7,304)
50,349,606	48,275,036	48,282,340
<u>\$ 49,609,199</u>	<u>\$ 50,349,606</u>	<u>\$ 48,275,036</u>
\$ 4,260,842	\$ 4,112,794	\$ 3,540,596
66,550	64,025	61,075
(3,984,013)	(3,858,552)	(3,293,090)
(84,114)	(56,932)	(49,749)
259,265	261,335	258,832
1,328,472	1,067,137	808,305
<u>\$ 1,587,737</u>	<u>\$ 1,328,472</u>	<u>\$ 1,067,137</u>
<u>\$ 48,021,462</u>	<u>\$ 49,021,134</u>	<u>\$ 47,207,899</u>
3.2%	2.6%	2.2%
23,502,304	23,892,668	23,441,109
204.33%	205.17%	201.39%

City of Hemet
Required Supplementary Information
Year Ended June 30, 2023

Schedule of Plan Contributions
for the City's OPEB Plan
Last 10 Years*

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2023	\$ 4,217,306	\$ (4,087,951)	\$ 129,355	\$ 28,788,925	14.20%
2022	3,946,000	(4,386,817)	(440,817)	20,422,785	21.48%
2021	3,797,000	(4,260,842)	(463,842)	25,724,365	16.56%
2020	3,797,000	(4,260,842)	(463,842)	23,502,304	18.13%
2019	3,744,000	(4,112,794)	(368,794)	23,892,668	17.21%
2018	-	(3,540,596)	(3,540,596)	23,441,109	15.10%

* OPEB schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

City of Hemet
Notes to Required Supplementary Information
Year Ended June 30, 2023

BUDGETS AND BUDGETARY ACCOUNTING

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

The City Manager is authorized to transfer budgeted amounts between functions, departments and expenditure accounts within funds. Transfers of appropriations between funds may be made only by authority of the City Council. Formal budgetary integration is employed as a management control device during the fiscal year for the General, Special Revenue, Capital Projects, and Debt Service funds. Formal budgetary control is not employed for Debt Service funds because effective budgetary control is alternatively achieved through debt indenture provisions. It is the policy of the City of Hemet to only budget capital expenditure projects from existing capital projects funds fund balances. No annual revenues are budgeted due to their annual volatility. Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are legally adopted for the General, Special Revenue, Capital Projects, and Debt Service fund types.

SUPPLEMENTARY INFORMATION

City of Hemet Measure U Operating Funds

In November 2016, the citizens of Hemet voted to approve Measure U, a general 1% sales tax measure. While this Measure is considered a General Tax, the City's Council passed a Resolution restricting the use of Measure U revenues to the addition and retention of Public Safety Personnel. Although the funds are housed within the General Fund, by Resolution, they are required to be tracked in separate accounts from General Fund revenues and expenditures. Any Measure U funds not spent at the end of the fiscal year are required to be reserved for future use of the Measure U program. Over the last two fiscal years, Measure U revenues have outpaced original projections. The details of the City's Measure U program for the year ended June 30, 2023 are as follows:

	Police	Fire	Total
Revenues			
Police 2/3, Fire 1/3 overall allocation	\$ 10,787,063	\$ 5,393,532	\$ 16,180,595
Expenditures			
Salary and Fringe Benefits	7,249,594	6,003,758	13,253,352
Operating Supplies and Services	714,560	232,280	946,840
Internal Service Charges	548,100	220,300	768,400
Capital Outlay	990,019	734,906	1,724,925
Total	\$ 9,502,273	\$ 7,191,244	16,693,517
Change in Measure U Operating Funds	1,284,790	(1,797,712)	(512,922)
Beginning Measure U Operating Funds (restated)	13,668,054	6,228,038	19,896,092
Prepaid Measure U Operating Funds	270,005	1,747,346	2,017,351
Committed (20% Reserve)	1,900,455	1,438,249	3,338,704
Committed Measure U Operating Funds	12,782,384	1,244,731	14,027,115
Ending Measure U Operating Funds	\$ 14,952,844	\$ 4,430,326	\$ 19,383,170

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Bridges/Streets Traffic Facilities Capital Projects Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 1,326,600	\$ 969,356	\$ (357,244)
Investment Income	65,000	133,290	68,290
Intergovernmental	-	4,702	4,702
Total Revenues	<u>1,391,600</u>	<u>1,107,348</u>	<u>(284,252)</u>
EXPENDITURES			
Current:			
Public Works	679,231	677,419	1,812
Capital Outlay	-	-	-
Total Expenditures	<u>679,231</u>	<u>677,419</u>	<u>1,812</u>
Excess (Deficiency) of Revenues over Expenditures	<u>712,369</u>	<u>429,929</u>	<u>(282,440)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	712,369	429,929	(282,440)
Fund Balance, Beginning of Year	<u>6,383,785</u>	<u>6,383,785</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 7,096,154</u></u>	<u><u>\$ 6,813,714</u></u>	<u><u>\$ (282,440)</u></u>

City of Hemet Non-Major Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Hemet
Non-Major Governmental Funds - Continued

SPECIAL REVENUE FUNDS - Continued

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

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

City of Hemet
Non-Major Governmental Funds - Continued

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

PERMANENT FUNDS

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

City of Hemet
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2023

	Special Revenue				
	Public Safety/Towing	Gas Tax	Measure A	Article 3	Air Pollution Reduction
ASSETS					
Cash and Investments	\$ 197,576	\$ 7,399,176	\$ 4,559,758	\$ -	\$ 1,039,143
Receivables:					
Accounts	-	-	-	-	29,898
Interest	-	-	-	-	-
Due from Other Governments	-	549,786	730,924	203,885	-
Notes	-	-	-	-	-
Allowance for Forgivable Notes	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	\$ 197,576	\$ 7,948,962	\$ 5,290,682	\$ 203,885	\$ 1,069,041
LIABILITIES					
Accounts Payable	\$ 1,314	\$ 77,721	\$ 555,988	\$ 203,885	\$ 557,291
Accrued Salaries and Benefits	992	3,840	327	-	-
Deposits	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	2,306	81,561	556,315	203,885	557,291
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	-	-	-	203,885	-
Total Deferred Inflows of Resources	-	-	-	203,885	-
FUND BALANCE (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	195,270	7,867,401	4,734,367	-	511,750
Assigned	-	-	-	-	-
Unassigned	-	-	-	(203,885)	-
Total Fund Balances	195,270	7,867,401	4,734,367	(203,885)	511,750
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 197,576	\$ 7,948,962	\$ 5,290,682	\$ 203,885	\$ 1,069,041

Special Revenue						
Lighting and Landscaping Maintenance	Post Prop 218 Lighting	Post Prop 218 Landscaping	Public Works CFD	Asset Seizure	Public Safety Grants	Public Safety CFD
\$ 2,552,468	\$ 1,595,067	\$ 3,331,455	\$ 274,768	\$ 254,420	\$ -	\$ 542,605
-	-	-	-	-	27,774	-
-	-	-	-	-	-	-
42,860	5,596	18,237	260	-	386,218	11,265
-	-	-	-	-	-	-
-	-	-	-	-	-	66,567
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 2,595,328</u>	<u>\$ 1,600,663</u>	<u>\$ 3,349,692</u>	<u>\$ 275,028</u>	<u>\$ 254,420</u>	<u>\$ 413,992</u>	<u>\$ 620,437</u>
\$ 75,259	\$ 5,593	\$ 56,746	\$ 4,777	\$ 223	\$ 1,284	\$ 1,204
2,834	890	5,972	-	-	4,173	2,724
-	-	169,409	89,857	171,445	-	9,654
-	-	-	-	-	58,444	-
-	-	-	-	-	103,445	-
<u>78,093</u>	<u>6,483</u>	<u>232,127</u>	<u>94,634</u>	<u>171,668</u>	<u>167,346</u>	<u>13,582</u>
-	-	-	-	-	315,164	-
-	-	-	-	-	315,164	-
-	-	-	-	-	-	-
2,517,235	1,594,180	3,117,565	180,394	82,752	-	606,855
-	-	-	-	-	-	-
-	-	-	-	-	(68,518)	-
<u>2,517,235</u>	<u>1,594,180</u>	<u>3,117,565</u>	<u>180,394</u>	<u>82,752</u>	<u>(68,518)</u>	<u>606,855</u>
<u>\$ 2,595,328</u>	<u>\$ 1,600,663</u>	<u>\$ 3,349,692</u>	<u>\$ 275,028</u>	<u>\$ 254,420</u>	<u>\$ 413,992</u>	<u>\$ 620,437</u>

Continued

City of Hemet
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2023

	Special Revenue				
	COPS AB 3229	Local Law Enforcement Block Grant	Community Development Block Grant	General Plan	HOME Program
ASSETS					
Cash and Investments	\$ 486,492	\$ -	\$ -	\$ 436,698	\$ 719,006
Receivables:					
Accounts	-	-	-	-	82
Interest	-	-	-	-	-
Due from Other Governments	-	-	686,501	-	-
Notes	-	-	-	-	302,673
Allowance for Forgivable Notes	-	-	-	-	-
Due from Other Funds	90,848	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	\$ 577,340	\$ -	\$ 686,501	\$ 436,698	\$ 1,021,761
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 20,929	\$ -	\$ -
Accrued Salaries and Benefits	-	-	1,922	-	-
Deposits	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Due to Other Funds	-	90,848	660,441	-	-
Total Liabilities	-	90,848	683,292	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCE (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	577,340	-	3,209	436,698	1,021,761
Assigned	-	-	-	-	-
Unassigned	-	(90,848)	-	-	-
Total Fund Balances	577,340	(90,848)	3,209	436,698	1,021,761
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 577,340	\$ -	\$ 686,501	\$ 436,698	\$ 1,021,761

Special Revenue						Capital Projects
CalHome Grant	2001 - 2008 Home Grant	NSP Program	Housing Authority	Indian Gaming Grants	Active Transportation Grant	Public Meeting Facilities
\$ 215,138	\$ 360,607	\$ 40,602	\$ 242,374	\$ 389	\$ -	\$ 223,473
-	-	-	3,500	-	-	-
-	600,113	-	897,353	-	-	-
-	-	-	-	-	352,760	-
329,196	3,991,151	153,874	2,917,106	-	-	-
-	(4,200,113)	-	(1,573,024)	-	-	-
-	660,441	-	-	6,022	-	-
-	-	-	-	-	-	-
-	-	593,919	1,482,500	-	-	-
<u>\$ 544,334</u>	<u>\$ 1,412,199</u>	<u>\$ 788,395</u>	<u>\$ 3,969,809</u>	<u>\$ 6,411</u>	<u>\$ 352,760</u>	<u>\$ 223,473</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 346,738	\$ -
-	-	-	-	-	-	-
-	-	-	5,733	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	6,022	-
-	-	-	5,733	-	352,760	-
-	-	-	-	-	352,760	-
-	-	-	-	-	352,760	-
-	-	-	-	-	-	-
544,334	1,412,199	788,395	3,964,076	6,411	-	223,473
-	-	-	-	-	-	-
-	-	-	-	-	(352,760)	-
<u>544,334</u>	<u>1,412,199</u>	<u>788,395</u>	<u>3,964,076</u>	<u>6,411</u>	<u>(352,760)</u>	<u>223,473</u>
<u>\$ 544,334</u>	<u>\$ 1,412,199</u>	<u>\$ 788,395</u>	<u>\$ 3,969,809</u>	<u>\$ 6,411</u>	<u>\$ 352,760</u>	<u>\$ 223,473</u>

Continued

City of Hemet
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2023

	Capital Projects				
	General Facilities	Flood Control	Law Enforcement Facilities	Fire Facilities	Park Development
ASSETS					
Cash and Investments	\$ 1,433,055	\$ 5,563,401	\$ 639,570	\$ 4,520,341	\$ 2,652,034
Receivables:					
Accounts	-	-	-	-	-
Interest	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Notes	-	-	-	-	-
Allowance for Forgivable Notes	-	-	-	-	-
Due from Other Funds	-	354,137	-	-	-
Due from Fiduciary Funds	-	-	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	\$ 1,433,055	\$ 5,917,538	\$ 639,570	\$ 4,520,341	\$ 2,652,034
LIABILITIES					
Accounts Payable	\$ 13,973	\$ 100	\$ -	\$ -	\$ 45,745
Accrued Salaries and Benefits	-	-	-	-	-
Deposits	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Due to Other Funds	-	-	-	354,137	-
Total Liabilities	13,973	100	-	354,137	45,745
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCE (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	1,419,082	5,917,438	639,570	4,166,204	2,606,289
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	1,419,082	5,917,438	639,570	4,166,204	2,606,289
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 1,433,055	\$ 5,917,538	\$ 639,570	\$ 4,520,341	\$ 2,652,034

Capital Projects				Permanent Fund	
Valley Wide DVL Park	Library Facilities	Equipment Replacement	General Capital	LaSalle Library Endowment	Totals
\$ 415,981	\$ 1,138,734	\$ 4,555,180	\$ 8,564	\$ 1,009,719	\$ 46,407,794
-	-	-	-	-	61,254
-	-	-	-	8,048	1,505,514
-	-	-	-	-	2,988,292
-	-	-	-	-	7,694,000
-	-	-	-	-	(5,773,137)
-	-	-	-	-	1,178,015
-	-	502,320	-	-	502,320
-	-	-	-	-	2,076,419
<u>\$ 415,981</u>	<u>\$ 1,138,734</u>	<u>\$ 5,057,500</u>	<u>\$ 8,564</u>	<u>\$ 1,017,767</u>	<u>\$ 56,640,471</u>
\$ -	\$ 12,584	\$ -	\$ -	\$ 29	\$ 1,981,383
-	-	-	-	-	23,674
-	-	-	-	-	446,098
-	-	-	-	-	58,444
-	-	-	-	-	1,214,893
-	12,584	-	-	29	3,724,492
-	-	-	-	-	871,809
-	-	-	-	-	871,809
-	-	-	-	1,000,000	1,000,000
415,981	1,126,150	-	-	17,738	46,694,117
-	-	5,057,500	8,564	-	5,066,064
-	-	-	-	-	(716,011)
<u>415,981</u>	<u>1,126,150</u>	<u>5,057,500</u>	<u>8,564</u>	<u>1,017,738</u>	<u>52,044,170</u>
<u>\$ 415,981</u>	<u>\$ 1,138,734</u>	<u>\$ 5,057,500</u>	<u>\$ 8,564</u>	<u>\$ 1,017,767</u>	<u>\$ 56,640,471</u>

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue				
	Public Safety/Towing	Gas Tax	Measure A	Article 3	Air Pollution Reduction
REVENUES					
Taxes	\$ -	\$ -	\$ 2,901,824	\$ -	\$ -
Intergovernmental Revenue	-	4,271,311	-	-	118,337
Charges for Services	70,087	-	-	-	-
Investment Income	2,667	104,200	90,622	-	17,330
Miscellaneous	-	220	-	-	-
Total Revenues	72,754	4,375,731	2,992,446	-	135,667
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	50,546	-	-	-	-
Community Development	-	-	-	-	-
Public Works	-	1,492,890	-	-	-
Libraries	-	-	-	-	-
Capital Outlay	-	764,453	4,685,637	203,885	681,961
Total Expenditures	50,546	2,257,343	4,685,637	203,885	681,961
Excess (Deficiency) of Revenues Over Expenditures	22,208	2,118,388	(1,693,191)	(203,885)	(546,294)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	20,000	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	20,000	-	-	-
Net Change in Fund Balances	22,208	2,138,388	(1,693,191)	(203,885)	(546,294)
Fund Balances, Beginning of Year	173,062	5,729,013	6,427,558	-	1,058,044
Fund Balances, End of Year	\$ 195,270	\$ 7,867,401	\$ 4,734,367	\$ (203,885)	\$ 511,750

Special Revenue

Lighting and Landscaping Maintenance	Post Prop 218 Lighting	Post Prop 218 Landscaping	Public Works CFD	Asset Seizure	Public Safety Grants	Public Safety CFD
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,480	216,449	-
1,734,289	388,550	1,957,098	263,981	-	-	1,108,671
34,340	23,875	45,789	1,670	3,862	-	4,655
70,622	-	-	-	-	-	-
<u>1,839,251</u>	<u>412,425</u>	<u>2,002,887</u>	<u>265,651</u>	<u>6,342</u>	<u>216,449</u>	<u>1,113,326</u>
-	-	-	-	-	-	-
-	-	-	-	-	402,354	945,524
-	-	-	-	-	-	-
1,590,555	240,134	1,646,555	85,581	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,590,555</u>	<u>240,134</u>	<u>1,646,555</u>	<u>85,581</u>	<u>-</u>	<u>402,354</u>	<u>945,524</u>
<u>248,696</u>	<u>172,291</u>	<u>356,332</u>	<u>180,070</u>	<u>6,342</u>	<u>(185,905)</u>	<u>167,802</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>248,696</u>	<u>172,291</u>	<u>356,332</u>	<u>180,070</u>	<u>6,342</u>	<u>(185,905)</u>	<u>167,802</u>
<u>2,268,539</u>	<u>1,421,889</u>	<u>2,761,233</u>	<u>324</u>	<u>76,410</u>	<u>117,387</u>	<u>439,053</u>
<u>\$ 2,517,235</u>	<u>\$ 1,594,180</u>	<u>\$ 3,117,565</u>	<u>\$ 180,394</u>	<u>\$ 82,752</u>	<u>\$ (68,518)</u>	<u>\$ 606,855</u>

Continued

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds - Continued
Year Ended June 30, 2023

	Special Revenue				
	COPS AB 3229	Local Law Enforcement Block Grant	Community Development Block Grant	General Plan	HOME Program
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	222,976	-	1,003,716	-	-
Charges for Services	-	-	-	105,900	-
Investment Income	-	-	-	6,198	-
Miscellaneous	-	-	-	-	-
Total Revenues	222,976	-	1,003,716	112,098	-
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Community Development	-	-	746,144	-	-
Public Works	-	-	-	-	-
Libraries	-	-	-	-	-
Capital Outlay	187,740	-	257,572	-	-
Total Expenditures	187,740	-	1,003,716	-	-
Excess (Deficiency) of Revenues Over Expenditures	35,236	-	-	112,098	-
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	35,236	-	-	112,098	-
Fund Balances, Beginning of Year	542,104	(90,848)	3,209	324,600	1,021,761
Fund Balances, End of Year	<u>\$ 577,340</u>	<u>\$ (90,848)</u>	<u>\$ 3,209</u>	<u>\$ 436,698</u>	<u>\$ 1,021,761</u>

Special Revenue						Capital Projects
CalHome Grant	2001 - 2008 Home Grant	NSP Program	Housing Authority	Indian Gaming Grants	Active Transportation Grant	Public Meeting Facilities
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3,997	-	-	3,708
-	-	-	-	-	-	-
-	-	-	3,997	-	-	3,708
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,000	16,559	-	-	-	-	-
-	-	-	-	-	-	2,891
-	-	-	-	-	-	-
-	-	-	-	-	352,760	-
6,000	16,559	-	-	-	352,760	2,891
(6,000)	(16,559)	-	3,997	-	(352,760)	817
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(6,000)	(16,559)	-	3,997	-	(352,760)	817
550,334	1,428,758	788,395	3,960,079	6,411	-	222,656
<u>\$ 544,334</u>	<u>\$ 1,412,199</u>	<u>\$ 788,395</u>	<u>\$ 3,964,076</u>	<u>\$ 6,411</u>	<u>\$ (352,760)</u>	<u>\$ 223,473</u>

Continued

City of Hemet
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds - Continued
Year Ended June 30, 2023

	Capital Projects				
	General Facilities	Flood Control	Law Enforcement Facilities	Fire Facilities	Park Development
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-	-	-
Charges for Services	278,877	691,043	173,062	204,998	431,962
Investment Income	22,000	84,863	8,907	72,576	41,020
Miscellaneous	-	-	-	-	-
Total Revenues	300,877	775,906	181,969	277,574	472,982
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Community Development	-	-	-	-	-
Public Works	123,765	-	2,891	2,891	-
Libraries	-	-	-	-	-
Capital Outlay	-	8,634	-	-	219,154
Total Expenditures	123,765	8,634	2,891	2,891	219,154
Excess (Deficiency) of Revenues Over Expenditures	177,112	767,272	179,078	274,683	253,828
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	177,112	767,272	179,078	274,683	253,828
Fund Balances, Beginning of Year	1,241,970	5,150,166	460,492	3,891,521	2,352,461
Fund Balances, End of Year	\$ 1,419,082	\$ 5,917,438	\$ 639,570	\$ 4,166,204	\$ 2,606,289

Capital Projects				Permanent Fund	
Valley Wide DVL Park	Library Facilities	Equipment Replacement	General Capital	LaSalle Library Endowment	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,901,824
-	-	-	-	-	5,835,269
93,390	259,455	882,300	-	-	8,643,663
5,991	17,125	79,004	-	23,638	698,037
-	-	58,566	-	-	129,408
<u>99,381</u>	<u>276,580</u>	<u>1,019,870</u>	<u>-</u>	<u>23,638</u>	<u>18,208,201</u>
2,891	-	-	-	-	2,891
-	-	-	-	-	1,398,424
-	-	-	-	-	768,703
-	-	-	-	-	5,188,153
-	124,291	-	-	18,779	143,070
-	-	204,530	-	-	7,566,326
<u>2,891</u>	<u>124,291</u>	<u>204,530</u>	<u>-</u>	<u>18,779</u>	<u>15,067,567</u>
<u>96,490</u>	<u>152,289</u>	<u>815,340</u>	<u>-</u>	<u>4,859</u>	<u>3,140,634</u>
-	-	-	-	-	20,000
-	-	-	-	-	-
-	-	-	-	-	20,000
96,490	152,289	815,340	-	4,859	3,160,634
319,491	973,861	4,242,160	8,564	1,012,879	48,883,536
<u>\$ 415,981</u>	<u>\$ 1,126,150</u>	<u>\$ 5,057,500</u>	<u>\$ 8,564</u>	<u>\$ 1,017,738</u>	<u>\$ 52,044,170</u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Safety Towing Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 60,000	\$ 70,087	\$ 10,087
Investment Income	-	2,667	2,667
Miscellaneous	-	-	-
Total Revenues	<u>60,000</u>	<u>72,754</u>	<u>12,754</u>
EXPENDITURES			
Current:			
Public Safety	52,100	50,546	1,554
Capital Outlay	-	-	-
Total Expenditures	<u>52,100</u>	<u>50,546</u>	<u>1,554</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,900</u>	<u>22,208</u>	<u>14,308</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	7,900	22,208	14,308
Fund Balance, Beginning of Year	<u>173,062</u>	<u>173,062</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 180,962</u></u>	<u><u>\$ 195,270</u></u>	<u><u>\$ 14,308</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and Permits	\$ -	\$ -	\$ -
Intergovernmental Revenue	4,563,400	4,271,311	(292,089)
Investment Income	15,000	104,200	89,200
Miscellaneous	<u>-</u>	<u>220</u>	<u>220</u>
Total Revenues	<u>4,578,400</u>	<u>4,375,731</u>	<u>(202,669)</u>
EXPENDITURES			
Current:			
Public Works	2,162,369	1,492,890	669,479
Capital Outlay	<u>4,307,071</u>	<u>764,453</u>	<u>3,542,618</u>
Total Expenditures	<u>6,469,440</u>	<u>2,257,343</u>	<u>4,212,097</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,891,040)</u>	<u>2,118,388</u>	<u>4,009,428</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	20,000	20,000	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net Change in Fund Balances	(1,871,040)	2,138,388	4,009,428
Fund Balances, Beginning of Year	<u>5,729,013</u>	<u>5,729,013</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,857,973</u></u>	<u><u>\$ 7,867,401</u></u>	<u><u>\$ 4,009,428</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Measure A Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 2,531,000	\$ 2,901,824	\$ 370,824
Investment Income	30,000	90,622	60,622
Charges for Services	-	-	-
Total Revenues	<u>2,561,000</u>	<u>2,992,446</u>	<u>431,446</u>
EXPENDITURES			
Current:			
Public Works	-	-	-
Capital Outlay	<u>8,837,111</u>	<u>4,685,637</u>	<u>4,151,474</u>
Total Expenditures	<u>8,837,111</u>	<u>4,685,637</u>	<u>4,151,474</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,276,111)	(1,693,191)	4,582,920
Fund Balance, Beginning of Year	<u>6,427,558</u>	<u>6,427,558</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 151,447</u>	<u>\$ 4,734,367</u>	<u>\$ 4,582,920</u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Air Pollution Reduction Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenue	\$ 112,000	\$ 118,337	\$ 6,337
Investment Income	1,000	17,330	16,330
Charges for Services	-	-	-
Total Revenues	<u>113,000</u>	<u>135,667</u>	<u>22,667</u>
EXPENDITURES			
Current:			
Public Works	-	-	-
Capital Outlay	903,291	681,961	221,330
Total Expenditures	<u>903,291</u>	<u>681,961</u>	<u>221,330</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(790,291)</u>	<u>(546,294)</u>	<u>243,997</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(790,291)	(546,294)	243,997
Fund Balance, Beginning of Year	<u>1,058,044</u>	<u>1,058,044</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 267,753</u>	<u>\$ 511,750</u>	<u>\$ 243,997</u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Lighting/Landscaping Maintenance Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for Services	1,731,226	1,734,289	3,063
Investment Income	-	34,340	34,340
Miscellaneous	50,000	70,622	20,622
Total Revenues	<u>1,781,226</u>	<u>1,839,251</u>	<u>58,025</u>
EXPENDITURES			
Current:			
Public Works	1,733,800	1,590,555	143,245
Capital Outlay	-	-	-
Total Expenditures	<u>1,733,800</u>	<u>1,590,555</u>	<u>143,245</u>
Excess (Deficiency) of Revenues over Expenditures	<u>47,426</u>	<u>248,696</u>	<u>201,270</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	47,426	248,696	201,270
Fund Balance, Beginning of Year	<u>2,268,539</u>	<u>2,268,539</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,315,965</u></u>	<u><u>\$ 2,517,235</u></u>	<u><u>\$ 201,270</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Post Prop 218 Lighting Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for Services	396,703	388,550	(8,153)
Investment Income	-	23,875	23,875
Miscellaneous	-	-	-
	<u>396,703</u>	<u>412,425</u>	<u>15,722</u>
Total Revenues			
EXPENDITURES			
Current:			
Public Works	417,266	240,134	177,132
Capital Outlay	-	-	-
	<u>417,266</u>	<u>240,134</u>	<u>177,132</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	<u>(20,563)</u>	<u>172,291</u>	<u>192,854</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(20,563)	172,291	192,854
Fund Balance, Beginning of Year	<u>1,421,889</u>	<u>1,421,889</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,401,326</u></u>	<u><u>\$ 1,594,180</u></u>	<u><u>\$ 192,854</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Post Prop 218 Landscape Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for Services	1,991,225	1,957,098	(34,127)
Investment Income	-	45,789	45,789
Miscellaneous	-	-	-
	<u>1,991,225</u>	<u>2,002,887</u>	<u>11,662</u>
EXPENDITURES			
Current:			
Public Works	1,925,893	1,646,555	279,338
Capital Outlay	-	-	-
	<u>1,925,893</u>	<u>1,646,555</u>	<u>279,338</u>
Excess (Deficiency) of Revenues over Expenditures	<u>65,332</u>	<u>356,332</u>	<u>291,000</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	65,332	356,332	291,000
Fund Balance, Beginning of Year	<u>2,761,233</u>	<u>2,761,233</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,826,565</u></u>	<u><u>\$ 3,117,565</u></u>	<u><u>\$ 291,000</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Works CFD Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 45,000	\$ 263,981	\$ 218,981
Investment Income	-	1,670	1,670
Total Revenues	<u>45,000</u>	<u>265,651</u>	<u>220,651</u>
EXPENDITURES			
Current:			
Public Works	22,784	85,581	(62,797)
Capital Outlay	-	-	-
Total Expenditures	<u>22,784</u>	<u>85,581</u>	<u>(62,797)</u>
Excess (Deficiency) of Revenues Over Expenditures	22,216	180,070	157,854
Fund Balance, Beginning of Year	<u>324</u>	<u>324</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 22,540</u></u>	<u><u>\$ 180,394</u></u>	<u><u>\$ 157,854</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Asset Seizure Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	2,500	2,480	(20)
Investment Income	1,000	3,862	2,862
Miscellaneous	-	-	-
Total Revenues	<u>3,500</u>	<u>6,342</u>	<u>2,842</u>
EXPENDITURES			
Current:			
Public Safety	7,822	-	7,822
Capital Outlay	-	-	-
Total Expenditures	<u>7,822</u>	<u>-</u>	<u>7,822</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,322)</u>	<u>6,342</u>	<u>10,664</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(4,322)	6,342	10,664
Fund Balance, Beginning of Year	<u>76,410</u>	<u>76,410</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 72,088</u>	<u>\$ 82,752</u>	<u>\$ 10,664</u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Safety Grants Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	4,059,446	216,449	(3,842,997)
Investment Income	-	-	-
Total Revenues	<u>4,059,446</u>	<u>216,449</u>	<u>(3,842,997)</u>
EXPENDITURES			
Current:			
Public Safety	4,057,789	402,354	3,655,435
Capital Outlay	-	-	-
Total Expenditures	<u>4,057,789</u>	<u>402,354</u>	<u>3,655,435</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,657</u>	<u>(185,905)</u>	<u>(187,562)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,657	(185,905)	(187,562)
Fund Balance, Beginning of Year	<u>117,387</u>	<u>117,387</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 119,044</u>	<u>\$ (68,518)</u>	<u>\$ (187,562)</u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Safety CFD Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenue	\$ -	\$ -	\$ -
Charges for Services	987,500	1,108,671	121,171
Investment Income	-	4,655	4,655
Total Revenues	<u>987,500</u>	<u>1,113,326</u>	<u>125,826</u>
EXPENDITURES			
Current:			
Public Safety	987,400	945,524	(41,876)
Capital Outlay	-	-	-
Total Expenditures	<u>987,400</u>	<u>945,524</u>	<u>41,876</u>
Excess (Deficiency) of Revenues over Expenditures	<u>100</u>	<u>167,802</u>	<u>167,702</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	100	167,802	167,702
Fund Balance, Beginning of Year	<u>439,053</u>	<u>439,053</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 439,153</u></u>	<u><u>\$ 606,855</u></u>	<u><u>\$ 167,702</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - COPS/AB 3229 Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	218,469	222,976	4,507
Investment Income	130,000	-	(130,000)
Total Revenues	<u>348,469</u>	<u>222,976</u>	<u>(125,493)</u>
EXPENDITURES			
Current:			
Public Safety	-	-	-
Capital Outlay	347,958	187,740	160,218
Total Expenditures	<u>347,958</u>	<u>187,740</u>	<u>160,218</u>
Excess (Deficiency) of Revenues over Expenditures	<u>511</u>	<u>35,236</u>	<u>34,725</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	511	35,236	34,725
Fund Balance, Beginning of Year	<u>542,104</u>	<u>542,104</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 542,615</u></u>	<u><u>\$ 577,340</u></u>	<u><u>\$ 34,725</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Local Law Enforcement Block Grant Special Revenue Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Public Safety	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	<u>(90,848)</u>	<u>(90,848)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (90,848)</u></u>	<u><u>\$ (90,848)</u></u>	<u><u>\$ -</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Development Block Grant Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	1,394,623	1,003,716	(390,907)
Total Revenues	<u>1,394,623</u>	<u>1,003,716</u>	<u>(390,907)</u>
EXPENDITURES			
Current:			
General Governmental	-	-	-
Community Development	1,136,879	746,144	390,735
Capital Outlay	1,133,351	257,572	875,779
Total Expenditures	<u>2,270,230</u>	<u>1,003,716</u>	<u>1,266,514</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(875,607)</u>	<u>-</u>	<u>875,607</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(875,607)	-	875,607
Fund Balance, Beginning of Year	<u>3,209</u>	<u>3,209</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (872,398)</u></u>	<u><u>\$ 3,209</u></u>	<u><u>\$ 875,607</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Plan Special Revenue Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for Services	135,000	105,900	(29,100)
Investment Income	<u>1,200</u>	<u>6,198</u>	<u>4,998</u>
Total Revenues	<u>136,200</u>	<u>112,098</u>	<u>(24,102)</u>
EXPENDITURES			
Current:			
General Government	47,043	-	47,043
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>47,043</u>	<u>-</u>	<u>47,043</u>
Excess (Deficiency) of Revenues over Expenditures	<u>89,157</u>	<u>112,098</u>	<u>22,941</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	89,157	112,098	22,941
Fund Balance, Beginning of Year	<u>324,600</u>	<u>324,600</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 413,757</u></u>	<u><u>\$ 436,698</u></u>	<u><u>\$ 22,941</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - HOME Program Special Revenue Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total Revenues	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
EXPENDITURES			
Current:			
Community Development	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,000	-	(1,000)
Fund Balance, Beginning of Year	<u>1,021,761</u>	<u>1,021,761</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,022,761</u></u>	<u><u>\$ 1,021,761</u></u>	<u><u>\$ (1,000)</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CalHome Grant Special Revenue Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Investment Income	\$ 1,600	\$ -	\$ (1,600)
Intergovernmental Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,600</u>	<u>-</u>	<u>(1,600)</u>
EXPENDITURES			
Current:			
Community Development	-	6,000	(6,000)
Public Works	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>6,000</u>	<u>(6,000)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,600</u>	<u>(6,000)</u>	<u>(7,600)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,600	(6,000)	(7,600)
Fund Balance, Beginning of Year	<u>550,334</u>	<u>550,334</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 551,934</u></u>	<u><u>\$ 544,334</u></u>	<u><u>\$ (7,600)</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - 2001- 2008 Home Grant Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-
Investment Income	11,000	-	(11,000)
Miscellaneous	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>11,000</u>	<u>-</u>	<u>(11,000)</u>
EXPENDITURES			
Current:			
Community Development	-	16,559	(16,559)
Public Works	-	-	-
Capital Outlay	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>16,559</u>	<u>(16,559)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>11,000</u>	<u>(16,559)</u>	<u>(27,559)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	11,000	(16,559)	(27,559)
Fund Balance, Beginning of Year	<u>1,428,758</u>	<u>1,428,758</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,439,758</u></u>	<u><u>\$ 1,412,199</u></u>	<u><u>\$ (27,559)</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Neighborhood Stabilization Program Grant Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-
Investment Income	-	-	-
Miscellaneous	-	-	-
Total Revenues	-	-	-
EXPENDITURES			
Current:			
Public Works	-	-	-
Community Development	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	788,395	788,395	-
Fund Balance, End of Year	<u>\$ 788,395</u>	<u>\$ 788,395</u>	<u>\$ -</u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Housing Authority Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-
Investment Income	1,500	3,997	2,497
Total Revenues	<u>-</u>	<u>3,997</u>	<u>3,997</u>
EXPENDITURES			
Current:			
Public Works	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>3,997</u>	<u>3,997</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	3,997	3,997
Fund Balance, Beginning of Year	<u>3,960,079</u>	<u>3,960,079</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,960,079</u></u>	<u><u>\$ 3,964,076</u></u>	<u><u>\$ 3,997</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Indian Gaming Grant Special Revenue Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-
Investment Income	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	-	-	-
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Public Works	-	-	-
Capital Outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	6,411	6,411	-
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	<u>\$ 6,411</u>	<u>\$ 6,411</u>	<u>\$ -</u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Meeting Facilities Capital Projects Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	-	-	-
Investment Income	3,000	3,708	708
Total Revenues	<u>3,000</u>	<u>3,708</u>	<u>708</u>
EXPENDITURES			
Current:			
Public Works	3,849	2,891	958
Libraries	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>3,849</u>	<u>2,891</u>	<u>958</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(849)</u>	<u>817</u>	<u>1,666</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(849)	817	1,666
Fund Balance, Beginning of Year	<u>222,656</u>	<u>222,656</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 221,807</u></u>	<u><u>\$ 223,473</u></u>	<u><u>\$ 1,666</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Facilities Capital Projects Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	351,000	278,877	(72,123)
Investment Income	8,000	22,000	14,000
Miscellaneous	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>359,000</u>	<u>300,877</u>	<u>(58,123)</u>
EXPENDITURES			
Current:			
Public Works	123,063	123,765	(702)
Capital Outlay	367,600	-	367,600
	<u>490,663</u>	<u>123,765</u>	<u>366,898</u>
Total Expenditures	<u>490,663</u>	<u>123,765</u>	<u>366,898</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(131,663)</u>	<u>177,112</u>	<u>308,775</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(131,663)	177,112	308,775
Fund Balance, Beginning of Year	<u>1,241,970</u>	<u>1,241,970</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,110,307</u></u>	<u><u>\$ 1,419,082</u></u>	<u><u>\$ 308,775</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Flood Control Capital Projects Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	805,200	691,043	(114,157)
Investment Income	45,000	84,863	39,863
Miscellaneous	-	-	-
Total Revenues	<u>850,200</u>	<u>775,906</u>	<u>(74,294)</u>
EXPENDITURES			
Current:			
Public Works	-	-	-
Capital Outlay	<u>2,085,794</u>	<u>8,634</u>	<u>2,077,160</u>
Total Expenditures	<u>2,085,794</u>	<u>8,634</u>	<u>2,077,160</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,235,594)</u>	<u>767,272</u>	<u>2,002,866</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,235,594)	767,272	2,002,866
Fund Balance, Beginning of Year	<u>5,150,166</u>	<u>5,150,166</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,914,572</u></u>	<u><u>\$ 5,917,438</u></u>	<u><u>\$ 2,002,866</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Law Enforcement Facilities Capital Projects Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	212,000	173,062	(38,938)
Investment Income	<u>1,100</u>	<u>8,907</u>	<u>7,807</u>
Total Revenues	<u>213,100</u>	<u>181,969</u>	<u>(31,131)</u>
EXPENDITURES			
Current:			
Public Works	3,849	2,891	958
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,849</u>	<u>2,891</u>	<u>958</u>
Excess (Deficiency) of Revenues over Expenditures	<u>209,251</u>	<u>179,078</u>	<u>(30,173)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	209,251	179,078	(30,173)
Fund Balance, Beginning of Year	<u>460,492</u>	<u>460,492</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 669,743</u></u>	<u><u>\$ 639,570</u></u>	<u><u>\$ (30,173)</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Fire Facilities Capital Projects Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	252,000	204,998	(47,002)
Investment Income	<u>50,000</u>	<u>72,576</u>	<u>22,576</u>
Total Revenues	<u>302,000</u>	<u>277,574</u>	<u>(24,426)</u>
EXPENDITURES			
Current:			
Public Works	3,849	2,891	958
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,849</u>	<u>2,891</u>	<u>958</u>
Excess (Deficiency) of Revenues over Expenditures	<u>298,151</u>	<u>274,683</u>	<u>(23,468)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	298,151	274,683	(23,468)
Fund Balance, Beginning of Year	<u>3,891,521</u>	<u>3,891,521</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 4,189,672</u></u>	<u><u>\$ 4,166,204</u></u>	<u><u>\$ (23,468)</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Park Development Capital Projects Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	653,900	431,962	(221,938)
Investment Income	<u>23,000</u>	<u>41,020</u>	<u>18,020</u>
Total Revenues	<u>676,900</u>	<u>472,982</u>	<u>(203,918)</u>
EXPENDITURES			
Current:			
Public Works	-	-	-
Capital Outlay	<u>345,463</u>	<u>219,154</u>	<u>126,309</u>
Total Expenditures	<u>345,463</u>	<u>219,154</u>	<u>126,309</u>
Excess (Deficiency) of Revenues over Expenditures	<u>331,437</u>	<u>253,828</u>	<u>(77,609)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	331,437	253,828	(77,609)
Fund Balance, Beginning of Year	<u>2,352,461</u>	<u>2,352,461</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,683,898</u></u>	<u><u>\$ 2,606,289</u></u>	<u><u>\$ (77,609)</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Valley Wide DVL Park Capital Projects Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	127,400	93,390	(34,010)
Investment Income	<u>1,500</u>	<u>5,991</u>	<u>4,491</u>
Total Revenues	<u>128,900</u>	<u>99,381</u>	<u>(29,519)</u>
EXPENDITURES			
Current:			
General Government	3,849	2,891	958
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,849</u>	<u>2,891</u>	<u>958</u>
Excess (Deficiency) of Revenues over Expenditures	<u>125,051</u>	<u>96,490</u>	<u>(28,561)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	125,051	96,490	(28,561)
Fund Balance, Beginning of Year	<u>319,491</u>	<u>319,491</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 444,542</u></u>	<u><u>\$ 415,981</u></u>	<u><u>\$ (28,561)</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Library Facilities Capital Projects Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	330,800	259,455	(71,345)
Investment Income	8,500	17,125	8,625
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>339,300</u>	<u>276,580</u>	<u>(62,720)</u>
EXPENDITURES			
Current:			
Libraries	190,985	124,291	66,694
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>190,985</u>	<u>124,291</u>	<u>66,694</u>
Excess (Deficiency) of Revenues over Expenditures	<u>148,315</u>	<u>152,289</u>	<u>3,974</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	148,315	152,289	3,974
Fund Balance, Beginning of Year	<u>973,861</u>	<u>973,861</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,122,176</u></u>	<u><u>\$ 1,126,150</u></u>	<u><u>\$ 3,974</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Equipment Replacement Capital Projects Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	885,300	882,300	(3,000)
Investment Income	-	79,004	79,004
Miscellaneous	-	58,566	58,566
	<u>885,300</u>	<u>1,019,870</u>	<u>134,570</u>
EXPENDITURES			
Current:			
Public Works	-	-	-
Capital Outlay	770,393	204,530	565,863
	<u>770,393</u>	<u>204,530</u>	<u>565,863</u>
Excess (Deficiency) of Revenues over Expenditures	<u>114,907</u>	<u>815,340</u>	<u>700,433</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	114,907	815,340	700,433
Fund Balance, Beginning of Year	<u>4,242,160</u>	<u>4,242,160</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 4,357,067</u></u>	<u><u>\$ 5,057,500</u></u>	<u><u>\$ 700,433</u></u>

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Capital Capital Projects Fund
Year Ended June 30, 2023

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

City of Hemet
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - LaSalle Library Endowment Permanent Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Charges for Services	-	-	-
Investment Income	-	23,638	23,638
Total Revenues	<u>-</u>	<u>23,638</u>	<u>23,638</u>
EXPENDITURES			
Current:			
General Governmental	-	-	-
Libraries	19,200	18,779	421
Capital Outlay	-	-	-
Total Expenditures	<u>19,200</u>	<u>18,779</u>	<u>421</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(19,200)</u>	<u>4,859</u>	<u>24,059</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(19,200)	4,859	24,059
Fund Balance, Beginning of Year	<u>1,012,879</u>	<u>1,012,879</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 993,679</u></u>	<u><u>\$ 1,017,738</u></u>	<u><u>\$ 24,059</u></u>

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City of Hemet Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

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

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

City of Hemet
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	<u>Admin. Services</u>	<u>Workers' Compensation Admin</u>	<u>Medical Insurance Admin</u>
ASSETS			
Current:			
Cash and Investments	\$ 5,364,567	\$ 2,411,904	\$ 43,148
Accounts Receivable	454	-	-
Due from Other Funds	134,366	-	-
Due from Other Governments	-	-	-
Prepaid Assets	522,661	-	-
Inventory	169,110	-	-
Total Current Assets	<u>6,191,158</u>	<u>2,411,904</u>	<u>43,148</u>
Noncurrent Assets:			
Construction in Progress	-	-	-
Capital Assets	4,637,175	-	-
Less Accumulated Depreciation	<u>(3,626,852)</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>1,010,323</u>	<u>-</u>	<u>-</u>
Total Assets	<u>7,201,481</u>	<u>2,411,904</u>	<u>43,148</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	333,121	37,169	9,937
Accrued Salaries and Benefits	13,529	1,458	-
Due to Other Funds	-	-	-
Current Portion of Long-term Liabilities:			
Claims Payable	<u>-</u>	<u>206,099</u>	<u>17,843</u>
Total Current Liabilities	<u>346,650</u>	<u>244,726</u>	<u>27,780</u>
Noncurrent Liabilities:			
Claims Payable	<u>-</u>	<u>206,099</u>	<u>17,844</u>
Total Noncurrent Liabilities	<u>-</u>	<u>206,099</u>	<u>17,844</u>
Total Liabilities	<u>346,650</u>	<u>450,825</u>	<u>45,624</u>
NET POSITION			
Net Investment in Capital Assets	1,010,323	-	-
Unrestricted	<u>5,844,508</u>	<u>1,961,079</u>	<u>(2,476)</u>
Total Net Position	<u>\$ 6,854,831</u>	<u>\$ 1,961,079</u>	<u>\$ (2,476)</u>

<u>Liability Insurance</u>	<u>OPEB</u>	<u>Total</u>
\$ 100,000	\$ 1,871,878	\$ 9,791,497
-	-	454
-	-	134,366
-	-	-
-	20,048	542,709
-	-	169,110
<u>100,000</u>	<u>1,891,926</u>	<u>10,638,136</u>
-	-	-
-	-	4,637,175
-	-	(3,626,852)
-	-	<u>1,010,323</u>
<u>100,000</u>	<u>1,891,926</u>	<u>11,648,459</u>
51,428	9,934	441,589
640	335	15,962
134,366	-	134,366
<u>1,029,438</u>	<u>11,589</u>	<u>1,264,969</u>
<u>1,215,872</u>	<u>21,858</u>	<u>1,856,886</u>
2,911,635	-	3,135,578
<u>2,911,635</u>	-	<u>3,135,578</u>
<u>4,127,507</u>	<u>21,858</u>	<u>4,992,464</u>
-	-	1,010,323
<u>(4,027,507)</u>	<u>1,870,068</u>	<u>5,645,672</u>
<u>\$ (4,027,507)</u>	<u>\$ 1,870,068</u>	<u>\$ 6,655,995</u>

City of Hemet
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2023

	Admin. Services	Workers' Compensation Admin	Medical Insurance Admin
OPERATING REVENUE			
Charges for Services	\$ 5,692,839	\$ 1,450,999	\$ 318,024
Miscellaneous	88,748	-	-
Total Operating Revenue	<u>5,781,587</u>	<u>1,450,999</u>	<u>318,024</u>
OPERATING EXPENSES			
Personnel Services	1,830,522	162,580	-
Parts and Supplies	584,844	-	-
Maintenance	1,430,815	-	-
Utilities	945,770	-	-
Contracts, Rents and Leases	481,158	55,236	7,767
Insurance	134,700	1,362,365	-
Claims and Judgments	639,250	-	302,759
General Office	-	-	-
Depreciation	101,571	-	-
Total Operating Expenses	<u>6,148,630</u>	<u>1,580,181</u>	<u>310,526</u>
Operating Income (Loss)	<u>(367,043)</u>	<u>(129,182)</u>	<u>7,498</u>
Net Position, Beginning	<u>7,221,874</u>	<u>2,090,261</u>	<u>(9,974)</u>
Net Position, Ending	<u>\$ 6,854,831</u>	<u>\$ 1,961,079</u>	<u>\$ (2,476)</u>

Liability Insurance	OPEB	Total
\$ 1,853,300	\$ 4,969,590	\$ 14,284,752
666	-	89,414
<u>1,853,966</u>	<u>4,969,590</u>	<u>14,374,166</u>
118,105	37,386	2,148,593
-	-	584,844
-	-	1,430,815
-	-	945,770
44,260	-	588,421
2,026,506	4,073,279	7,596,850
-	-	942,009
-	-	-
-	-	101,571
<u>2,188,871</u>	<u>4,110,665</u>	<u>14,338,873</u>
<u>(334,905)</u>	<u>858,925</u>	<u>35,293</u>
<u>(3,692,602)</u>	<u>1,011,143</u>	<u>6,620,702</u>
<u>\$ (4,027,507)</u>	<u>\$ 1,870,068</u>	<u>\$ 6,655,995</u>

City of Hemet
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2023

	Admin. Services	Workers' Compensation Admin	Medical Insurance Admin
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from User Departments	\$ 5,781,539	\$ 1,450,999	\$ 318,024
Cash Paid to Suppliers for Goods and Services	(4,295,385)	(1,385,737)	2,170
Cash Paid to Employees for Services	(1,846,238)	(165,119)	-
Cash Payments for Insurance and Claims	(639,250)	(30,089)	(316,523)
Net Cash From Operating Activities	<u>(999,334)</u>	<u>(129,946)</u>	<u>3,671</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Paid (to) From Other Funds	(134,366)	-	-
Net Cash From Noncapital and Related Financing Activities	<u>(134,366)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(438,893)	-	-
Net Cash From Capital and Related Financing Activities	<u>(438,893)</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,572,593)	(129,946)	3,671
Cash and Cash Equivalents, Beginning of the Year	<u>6,937,160</u>	<u>2,541,850</u>	<u>39,477</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 5,364,567</u>	<u>\$ 2,411,904</u>	<u>\$ 43,148</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Income (Loss)	\$ (367,043)	\$ (129,182)	\$ 7,498
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	101,571	-	-
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(48)	-	-
(Increase) Decrease in Prepaid Assets	(522,661)	-	-
(Increase) Decrease in Inventory	10,117	-	-
Increase (Decrease) in Accounts Payable	(205,554)	31,864	9,937
Increase (Decrease) in Accrued Salaries and Benefits	(15,716)	(2,539)	-
Increase (Decrease) in Claims Payable	-	(30,089)	(13,764)
Net Cash from Operating Activities	<u>\$ (999,334)</u>	<u>\$ (129,946)</u>	<u>\$ 3,671</u>

Liability Insurance	OPEB	Total
\$ 1,869,425	\$ 4,969,590	\$ 14,389,577
(2,027,729)	(4,290,790)	(11,997,471)
(119,803)	(37,972)	(2,169,132)
11,611	(16,308)	(990,559)
<u>(266,496)</u>	<u>624,520</u>	<u>(767,585)</u>
134,366	-	-
<u>134,366</u>	<u>-</u>	<u>-</u>
-	-	(438,893)
<u>-</u>	<u>-</u>	<u>(438,893)</u>
(132,130)	624,520	(1,206,478)
<u>232,130</u>	<u>1,247,358</u>	<u>10,997,975</u>
<u>\$ 100,000</u>	<u>\$ 1,871,878</u>	<u>\$ 9,791,497</u>
\$ (334,905)	\$ 858,925	\$ 35,293
-	-	101,571
15,459	-	15,411
-	(20,048)	(542,709)
-	-	10,117
43,037	(197,463)	(318,179)
(1,698)	(586)	(20,539)
11,611	(16,308)	(48,550)
<u>\$ (266,496)</u>	<u>\$ 624,520</u>	<u>\$ (767,585)</u>

City of Hemet Custodial Funds

CUSTODIAL FUNDS

McSweeny - Accounts for the McSweeny development projects administered by the City on behalf of the McSweeny developers.

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

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

City of Hemet
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2023

	<u>McSweeny</u>	<u>Pass Thru Fees</u>	<u>Heartland CFD 2006</u>	<u>Total Custodial Funds</u>
ASSETS				
Cash and Investments	\$ 461,171	\$ 99,605	\$ -	\$ 560,776
Accounts Receivables	-	-	9,230	9,230
Due from Other Funds	-	-	-	-
Cash and Investments with Fiscal Agent	-	-	1,080,732	1,080,732
	<u>461,171</u>	<u>99,605</u>	<u>1,089,962</u>	<u>1,650,738</u>
Total Assets				
LIABILITIES				
Accounts Payable	251,596	1	-	251,597
Due to City of Hemet	-	-	420,963	420,963
Deposits	-	-	-	-
	<u>251,596</u>	<u>1</u>	<u>420,963</u>	<u>672,560</u>
Total Liabilities				
NET POSITION				
Held for the Benefit of Other Organizations	<u>209,575</u>	<u>99,604</u>	<u>668,999</u>	<u>978,178</u>
	<u>\$ 209,575</u>	<u>\$ 99,604</u>	<u>\$ 668,999</u>	<u>\$ 978,178</u>
Total Net Position				

City of Hemet
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2023

	<u>McSweeney</u>	<u>Pass Thru Fees</u>	<u>Heartland CFD 2006</u>	<u>Total Custodial Funds</u>
ADDITIONS				
Contributions:				
Taxes and assessments collected for others	\$ -	\$ 679,605	\$ 763,890	\$ 1,443,495
Developer Contributions	1,001,125	-	-	1,001,125
Investment Earnings:				
Interest Income	5,270	-	25,681	30,951
Total Additions	<u>1,006,395</u>	<u>679,605</u>	<u>789,571</u>	<u>2,475,571</u>
DEDUCTIONS				
Payments on behalf of Others	918,712	-	-	918,712
Payments to Other Agencies for Service Charges Collected	<u>-</u>	<u>582,995</u>	<u>752,873</u>	<u>1,335,868</u>
Total Deductions	<u>918,712</u>	<u>582,995</u>	<u>752,873</u>	<u>2,254,580</u>
Net Increase (decrease) in fiduciary net position	87,683	96,610	36,698	220,991
Net Position, beginning of the year	<u>121,892</u>	<u>2,994</u>	<u>632,301</u>	<u>757,187</u>
Net Position, end of the year	<u><u>\$ 209,575</u></u>	<u><u>\$ 99,604</u></u>	<u><u>\$ 668,999</u></u>	<u><u>\$ 978,178</u></u>

STATISTICAL SECTION

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City of Hemet (unaudited)
Description of Statistical Section Contents
June 30, 2023

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time	144
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax	154
<u>Debt Capacity</u> these schedules 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	159
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place	164
<u>Operating Information</u> these schedules 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	166

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

	Fiscal Year				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities					
Net Investment in Capital Assets	\$ 325,096	\$ 324,343	\$ 321,098	\$ 315,946	\$ 312,748
Restricted	36,986	39,006	43,671	48,220	55,279
Unrestricted	20,224	(53,711)	(45,551)	(58,471)	(95,864)
Total governmental activities net position	<u>\$ 382,307</u>	<u>\$ 309,638</u>	<u>\$ 319,218</u>	<u>\$ 305,695</u>	<u>\$ 272,163</u>
Business-type activities					
Net Investment in Capital Assets	\$ 4,171	\$ 3,740	\$ 3,522	\$ 3,898	\$ 4,174
Restricted	-	-	-	-	-
Unrestricted	7,828	3,606	6,550	7,068	(845)
Total business-type activities net position	<u>\$ 12,000</u>	<u>\$ 7,346</u>	<u>\$ 10,072</u>	<u>\$ 10,966</u>	<u>\$ 3,329</u>
Primary government					
Net Investment in Capital Assets	\$ 329,267	\$ 328,083	\$ 324,620	\$ 319,844	\$ 316,922
Restricted	36,986	39,006	43,671	48,220	55,279
Unrestricted	28,053	(50,105)	(39,001)	(51,403)	(96,709)
Total primary government net position	<u>\$ 394,307</u>	<u>\$ 316,984</u>	<u>\$ 329,290</u>	<u>\$ 316,661</u>	<u>\$ 275,492</u>

Source: City of Hemet

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

	Fiscal Year				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities					
Net Investment in Capital Assets	\$ 309,342	\$ 308,639	\$ 303,775	\$ 302,783	\$ 308,207
Restricted	64,207	67,601	\$ 53,804	\$ 60,649	\$ 62,663
Unrestricted	(99,715)	(105,649)	\$ (78,520)	\$ (54,833)	\$ (37,757)
Total governmental activities net position	<u>\$ 273,834</u>	<u>\$ 270,591</u>	<u>\$ 279,059</u>	<u>\$ 308,599</u>	<u>\$ 333,113</u>
Business-type activities					
Net Investment in Capital Assets	\$ 3,893	\$ 4,532	\$ 3,973	\$ 3,146	\$ 2,599
Restricted	-	-	\$ -	\$ -	\$ -
Unrestricted	1,868	14,760	\$ 19,623	\$ 20,282	\$ 24,877
Total business-type activities net position	<u>\$ 5,761</u>	<u>\$ 19,292</u>	<u>\$ 23,596</u>	<u>\$ 23,428</u>	<u>\$ 27,476</u>
Primary government					
Net Investment in Capital Assets	\$ 313,235	\$ 313,171	\$ 307,748	\$ 305,929	\$ 310,806
Restricted	64,207	67,601	53,804	60,649	62,663
Unrestricted	(97,847)	(90,889)	(58,897)	(34,551)	(12,880)
Total primary government net position	<u>\$ 279,595</u>	<u>\$ 289,883</u>	<u>\$ 302,655</u>	<u>\$ 332,027</u>	<u>\$ 360,589</u>

Source: City of Hemet

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	\$ 3,082	\$ 3,053	\$ 1,142	\$ 2,777	\$ 3,511
Public Safety	28,308	28,947	21,566	34,746	43,067
Community development	6,627	5,325	3,952	4,874	5,729
Public Works	11,804	12,139	11,652	11,696	13,766
Sanitation	1,921	2,201	2,070	2,048	2,248
Parks	906	843	1,015	1,176	1,407
Libraries	1,751	1,855	1,788	2,085	2,125
Interest and related charges on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>54,397</u>	<u>54,363</u>	<u>43,186</u>	<u>59,402</u>	<u>71,853</u>
Business-type activities:					
Refuse	-	-	-	-	-
Water	7,478	7,919	7,643	9,966	12,052
Total business-type activities expenses	<u>7,478</u>	<u>7,919</u>	<u>7,643</u>	<u>9,966</u>	<u>12,052</u>
Total primary government expenses	<u>\$ 61,875</u>	<u>\$ 62,282</u>	<u>\$ 50,829</u>	<u>\$ 69,368</u>	<u>\$ 83,905</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,606	\$ 600	\$ 586	\$ 602	\$ 759
Public safety	1,069	681	760	1,207	1,289
Community development	718	3,197	2,674	2,261	2,824
Public Works	4,810	2,577	2,724	3,542	3,912
Sanitation	2,883	2,876	3,412	3,918	4,003
Other activities	35	44	2,764	58	159
Operating grants and contributions	2,454	2,742	3,349	2,559	2,719
Capital grants and contributions	5,850	7,211	7,658	6,220	6,503
Total government activities program revenues	<u>19,425</u>	<u>19,928</u>	<u>23,928</u>	<u>20,367</u>	<u>22,168</u>
Business-type activities					
Charges for services:					
Refuse	-	-	-	-	-
Water	7,371	7,090	10,306	11,460	10,602
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>7,371</u>	<u>7,090</u>	<u>10,306</u>	<u>11,460</u>	<u>10,602</u>
Total primary government program revenues	<u>\$ 26,796</u>	<u>\$ 27,018</u>	<u>\$ 34,234</u>	<u>\$ 31,827</u>	<u>\$ 32,770</u>

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Expenses					
Governmental activities:					
General government	\$ 6,181	\$ 4,142	\$ 1,964	\$ 2,343	\$ 3,633
Public Safety	40,916	48,122	46,711	42,656	55,036
Community development	5,535	5,056	5,420	6,065	6,708
Public Works	11,962	12,526	10,728	9,011	13,442
Sanitation	2,167	1,838	2,437	2,846	2,925
Parks	1,205	1,433	1,052	1,513	1,020
Libraries	2,026	1,884	1,892	1,487	1,993
Interest and related charges on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>69,992</u>	<u>75,001</u>	<u>70,204</u>	<u>65,921</u>	<u>84,756</u>
Business-type activities:					
Refuse	-	-	-	-	-
Water	9,261	9,845	10,222	9,687	10,395
Total business-type activities expenses	<u>9,261</u>	<u>9,845</u>	<u>10,222</u>	<u>9,687</u>	<u>10,395</u>
Total primary government expenses	<u>\$ 79,253</u>	<u>\$ 84,846</u>	<u>\$ 80,426</u>	<u>\$ 75,608</u>	<u>\$ 95,151</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 793	\$ 510	\$ 2,589	\$ 2,539	\$ 3,157
Public safety	1,049	1,134	1,892	4,876	17,039
Community development	2,824	2,482	251	244	288
Public Works	3,944	4,531	6,926	10,159	10,047
Sanitation	3,969	4,372	4,339	4,131	5,069
Other activities	141	28	2	12	16
Operating grants and contributions	2,455	2,005	4,039	3,136	2,821
Capital grants and contributions	7,962	7,890	7,758	12,105	11,567
Total government activities program revenues	<u>23,137</u>	<u>22,952</u>	<u>27,796</u>	<u>37,202</u>	<u>50,004</u>
Business-type activities					
Charges for services:					
Refuse	-	-	-	-	-
Water	11,445	11,993	12,114	14,073	14,017
Operating grants and contributions	-	10,416	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>11,445</u>	<u>22,409</u>	<u>12,114</u>	<u>14,073</u>	<u>14,017</u>
Total primary government program revenues	<u>\$ 34,582</u>	<u>\$ 45,361</u>	<u>\$ 39,910</u>	<u>\$ 51,275</u>	<u>\$ 64,021</u>

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Net (expense)/revenue					
Governmental activities	\$ (34,972)	\$ (34,972)	\$ (30,431)	\$ (39,034)	\$ (49,685)
Business-type activities	(107)	(107)	2,410	1,495	(1,450)
Total primary government net expense	<u>\$ (35,079)</u>	<u>\$ (35,079)</u>	<u>\$ (28,021)</u>	<u>\$ (37,539)</u>	<u>\$ (51,135)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	6,207	6,207	6,208	6,485	7,123
Transient occupancy taxes	643	643	854	963	1,026
Sales taxes*	11,043	11,043	12,275	14,175	23,446
Motor vehicle in lieu taxes	4,996	4,996	5,715	6,061	6,393
Franchise and other taxes	4,875	4,875	5,053	4,964	5,048
Investment income	565	565	1,415	194	403
Miscellaneous	184	184	765	439	649
Transfers	(187)	(187)	205	350	138
Total governmental activities	<u>28,327</u>	<u>28,327</u>	<u>32,490</u>	<u>33,631</u>	<u>44,226</u>
Business-type activities					
Investment income	71	71	166	(25)	21
Gain (loss) on sale/disposal of assets	-	-	-	-	-
Miscellaneous	176	176	84	45	81
Transfers	187	187	(205)	(350)	(138)
Total business-type activities	<u>434</u>	<u>434</u>	<u>45</u>	<u>(330)</u>	<u>(36)</u>
Total primary government	<u>\$ 28,760</u>	<u>\$ 28,760</u>	<u>\$ 32,535</u>	<u>\$ 33,301</u>	<u>\$ 44,190</u>
Change in Net Position					
Governmental activities	\$ (6,646)	\$ (6,646)	\$ 2,059	\$ (5,403)	\$ (5,459)
Business-type activities	327	327	2,455	1,165	(1,487)
Total primary government	<u>\$ (6,319)</u>	<u>\$ (6,319)</u>	<u>\$ 4,514</u>	<u>\$ (4,238)</u>	<u>\$ (6,946)</u>

*Sales taxes are one of the highest revenue generating items for the City. This includes, Sales and Use Tax (including Motor Vehicle Tax)

Source: City of Hemet

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Net (expense)/revenue					
Governmental activities	\$ (46,855)	\$ (51,151)	\$ (42,408)	\$ (28,719)	\$ (34,762)
Business-type activities	2,185	12,563	1,892	4,386	3,622
Total primary government net expense	<u>\$ (44,670)</u>	<u>\$ (38,588)</u>	<u>\$ (40,516)</u>	<u>\$ (24,333)</u>	<u>\$ (31,140)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	7,718	7,919	8,028	8,676	9,389
Transient occupancy taxes	975	770	891	1,039	942
Sales taxes*	24,986	25,352	32,268	35,066	34,056
Motor vehicle in lieu taxes	6,786	7,073	7,394	7,758	8,547
Franchise and other taxes	5,117	5,173	5,491	5,848	5,599
Investment income	2,425	957	303	(441)	271
Miscellaneous	357	223	42	254	279
Transfers	163	243	248	27	151
Total governmental activities	<u>48,527</u>	<u>47,710</u>	<u>54,665</u>	<u>58,227</u>	<u>59,234</u>
Business-type activities					
Investment income	350	226	(2)	(494)	578
Gain (loss) on sale/disposal of assets	-	-	-	-	-
Miscellaneous	60	16	-	-	-
Transfers	(163)	(243)	(248)	(27)	(151)
Total business-type activities	<u>247</u>	<u>(1)</u>	<u>(250)</u>	<u>(521)</u>	<u>427</u>
Total primary government	<u>\$ 48,774</u>	<u>\$ 47,709</u>	<u>\$ 54,415</u>	<u>\$ 57,706</u>	<u>\$ 59,661</u>
Change in Net Position					
Governmental activities	\$ 1,672	\$ (3,441)	\$ 12,259	\$ 29,508	\$ 24,473
Business-type activities	2,432	12,562	1,641	3,864	4,048
Total primary government	<u>\$ 4,104</u>	<u>\$ 9,121</u>	<u>\$ 13,900</u>	<u>\$ 33,372</u>	<u>\$ 28,521</u>

*Sales taxes are one of the highest revenue generabasure U) and Measure A.

Source: City of Hemet

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

	Fiscal Year				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund					
Nonspendable	12	13	7	7	4
Restricted	873	1,075	1,253	2,469	1,253
Committed	7,270	7,288	7,727	8,295	9,303
Assigned	6,362	314	215	215	215
Unassigned	4,397	8,226	6,084	1,882	5,920
Total general fund	<u>\$ 18,913</u>	<u>\$ 16,916</u>	<u>\$ 15,287</u>	<u>\$ 12,868</u>	<u>\$ 16,695</u>
All other governmental funds					
Nonspendable	1,354	1,000	1,000	1,000	1,000
Restricted	33,741	36,931	41,418	43,536	46,330
Committed	-	-	-	-	-
Assigned	4,554	4,759	6,586	6,350	4,081
Unassigned, reported in:					
Special revenue funds	(174)	(276)	(297)	(81)	(180)
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 39,476</u>	<u>\$ 42,414</u>	<u>\$ 48,707</u>	<u>\$ 50,805</u>	<u>\$ 51,231</u>

Source: City of Hemet

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

	Fiscal Year				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund					
Nonspendable	8	660	665	2,114	2,137
Restricted	12,805	1,316	1,499	1,926	1,524
Committed	8,214	20,921	23,776	26,387	26,632
Assigned	134	890	1,945	1,749	3,106
Unassigned	1,086	2,926	11,710	21,884	30,214
Total general fund	<u>\$ 22,247</u>	<u>\$ 26,713</u>	<u>\$ 39,595</u>	<u>\$ 54,060</u>	<u>\$ 63,613</u>
All other governmental funds					
Nonspendable	1,000	1,000	1,000	1,000	1,000
Restricted	50,374	51,884	57,161	66,894	69,796
Committed	-	-	-	-	5,861
Assigned	4,056	3,776	3,906	4,250	7,833
Unassigned, reported in:					
Special revenue funds	(191)	(264)	(102)	(91)	(716)
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 55,239</u>	<u>\$ 56,396</u>	<u>\$ 61,965</u>	<u>\$ 72,053</u>	<u>\$ 83,774</u>

Source: City of Hemet

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

	Fiscal Year				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues					
Taxes	\$ 24,275	\$ 30,083	\$ 31,725	\$ 34,284	\$ 44,799
Licenses and permits	1,996	2,119	1,974	1,679	1,784
Intergovernmental revenues	10,033	6,638	6,712	5,677	5,792
Charges for services	10,107	8,966	9,988	10,393	11,307
Fines and forfeitures	400	379	412	443	491
Investment income	565	558	1,430	197	402
Other contributions	-	-	-	-	-
Miscellaneous	184	646	3,823	679	1,261
Total revenues	<u>47,561</u>	<u>49,389</u>	<u>56,064</u>	<u>53,352</u>	<u>65,836</u>
Expenditures					
General government	2,412	2,812	2,307	2,103	2,195
Public safety	26,915	28,017	30,339	32,497	38,450
Community development	6,627	5,248	4,793	4,844	4,856
Public works	5,692	5,562	5,738	5,488	8,804
Sanitation	1,921	2,162	2,035	1,999	2,193
Parks	906	850	1,120	1,205	1,248
Libraries	1,399	1,419	1,506	1,642	1,600
Capital outlay	2,422	4,776	3,772	2,457	2,193
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
SERAF Obligation	-	-	-	-	-
Fiscal-administrative charges	-	-	-	-	-
Total expenditures	<u>48,294</u>	<u>50,846</u>	<u>51,611</u>	<u>52,235</u>	<u>61,539</u>
Excess (deficiency) of revenues over expenditures	<u>(733)</u>	<u>(1,457)</u>	<u>4,453</u>	<u>1,117</u>	<u>4,297</u>
Other financing sources (uses)					
Software Subscriptions	-	-	-	-	-
Transfers in	1,985	1,231	713	325	467
Transfers out	(2,313)	(1,231)	(490)	(1,086)	(513)
Issuance of debt	-	8	11	-	-
Total other financing sources (uses)	<u>(328)</u>	<u>8</u>	<u>234</u>	<u>(761)</u>	<u>(46)</u>
Net change in fund balances	<u>\$ (1,061)</u>	<u>\$ (1,449)</u>	<u>\$ 4,687</u>	<u>\$ 356</u>	<u>\$ 4,251</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

Source: City of Hemet

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

	Fiscal Year				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues					
Taxes	\$ 47,526	\$ 48,194	\$ 46,678	\$ 53,402	\$ 52,888
Licenses and permits	1,968	5,371	2,104	4,287	4,433
Intergovernmental revenues	5,854	5,495	10,157	17,994	30,313
Charges for services	11,152	7,248	3,234	19,740	18,383
Fines and forfeitures	446	336	234	199	276
Investment income	2,425	1,815	299	(1,335)	1,276
Other contributions	-	-	-	-	-
Miscellaneous	2,204	1,960	8	1,150	350
Total revenues	<u>71,575</u>	<u>70,419</u>	<u>62,714</u>	<u>95,437</u>	<u>107,919</u>
Expenditures					
General government	5,148	2,235	2,390	5,150	3,720
Public safety	35,908	40,448	42,039	44,467	50,580
Community development	5,057	4,593	5,420	6,065	6,708
Public works	6,076	5,795	5,125	5,167	5,866
Sanitation	2,104	1,879	2,437	2,846	2,925
Parks	1,153	1,295	1,052	1,513	1,020
Libraries	1,486	1,540	1,587	1,181	1,687
Capital outlay	4,002	7,508	4,127	4,977	14,760
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
SERAF Obligation	-	-	-	-	-
Fiscal-administrative charges	-	-	-	-	-
Total expenditures	<u>60,934</u>	<u>65,293</u>	<u>64,177</u>	<u>71,366</u>	<u>87,266</u>
Excess (deficiency) of revenues over expenditures	<u>10,641</u>	<u>5,126</u>	<u>(1,463)</u>	<u>24,071</u>	<u>20,654</u>
Other financing sources (uses)					
Software Subscriptions	-	-	-	-	468
Transfers in	183	1,876	27	538	171
Transfers out	(1,264)	(1,379)	(2)	(55)	(20)
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	<u>(1,081)</u>	<u>497</u>	<u>25</u>	<u>483</u>	<u>619</u>
Net change in fund balances	<u>\$ 9,560</u>	<u>\$ 5,623</u>	<u>\$ (1,438)</u>	<u>\$ 24,554</u>	<u>\$ 21,273</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

Source: City of Hemet

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
2014	5,946
2015	5,381
2016	5,916
2017	6,136
2018	6,804
2019	7,392
2020	7,592
2021	7,650
2022	7,943
2023	8,579

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

Fiscal Year	City				Redevelopment				Highest Direct Tax Rate
	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
2014	4,330,049,882	165,792,295	(133,510,154)	4,362,332,023	1,311,683,769	72,346,441	N/A**	N/A**	0.24552
2015	4,706,629,409	160,264,993	(145,097,337)	4,721,797,065	1,402,028,714	66,989,353	N/A**	N/A**	0.24552
2016	4,989,091,509	157,483,240	(153,462,996)	4,993,111,753	1,472,420,756	64,336,968	N/A**	N/A**	0.24552
2017	5,294,563,351	166,151,715	(159,158,493)	5,301,556,573	1,554,120,090	66,302,157	N/A**	N/A**	0.24552
2018	5,738,442,456	173,750,554	(152,501,372)	5,759,691,638	1,632,333,531	67,103,391	N/A**	N/A**	0.24552
2019	5,891,505,336	190,128,633	(164,926,297)	5,916,707,672	1,709,804,561	78,020,649	N/A**	N/A**	0.24552
2020	6,150,877,556	190,147,395	(169,524,075)	6,171,500,876	1,794,064,122	76,990,710	N/A**	N/A**	0.24552
2021	6,451,235,055	187,135,933	(178,728,139)	6,459,668,559	1,856,098,890	77,009,200	N/A**	N/A**	0.24552
2022	6,748,837,124	185,630,583	(185,385,214)	6,748,412,303	1,924,292,110	78,939,139	N/A**	N/A**	0.24552
2023	7,460,126,502	185,696,825	(196,544,968)	7,448,557,204	2,080,173,341	77,763,054	N/A**	N/A**	0.24552

NOTE:

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

**The State of California dissolved all Redevelopment Agencies effective 02/01/2012. All activity for the wind down of the Agencies was moved to a Successor Agency.

Source: Riverside County Auditor-Controller

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Direct Rates:										
City of Hemet Basic Area	0.24552	0.24552	0.24552	0.24552	0.24552	0.24552	0.24552	0.24552	0.24552	0.24547
Overlapping Rates:										
Hemet Unified School	0.30653	0.30653	0.30653	0.30653	0.30653	0.30653	0.30653	0.30653	0.30653	0.30650
County General	0.25433	0.25433	0.25433	0.25433	0.25433	0.25433	0.25433	0.25433	0.25433	0.25437
Eastern Municipal Water District	0.04435	0.04435	0.04435	0.04435	0.04435	0.04435	0.04435	0.04435	0.04435	0.04440
Flood control Zone 4	0.03923	0.03923	0.03923	0.03923	0.03923	0.03923	0.03923	0.03923	0.03923	0.03920
Riv. Co. Office of Education	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641	0.03640
Mt. San Jacinto Junior College	0.03527	0.03527	0.03527	0.03527	0.03527	0.03527	0.03527	0.03527	0.03527	0.03530
Eastern Municipal Water Improvement Dist 17	0.01665	0.01665	0.01665	0.01665	0.01665	0.01665	0.01665	0.01665	0.01665	0.01665
Valley Wide Recreation & Park District	0.01455	0.01455	0.01455	0.01455	0.01455	0.01455	0.01455	0.01455	0.01455	0.01455
San Jacinto Valley Cemetery	0.00458	0.00458	0.00458	0.00458	0.00458	0.00458	0.00458	0.00458	0.00458	0.00458
Flood Control Administration	0.00238	0.00238	0.00238	0.00238	0.00238	0.00238	0.00238	0.00238	0.00238	0.00238
San Jacinto Basin Resource Conservation	0.00020	0.00020	0.00020	0.00020	0.00020	0.00020	0.00020	0.00020	0.00020	0.00020
Proposition 13 Rate	1.00000	1.00000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Bond issues:										
Hemet Unified School District Debt Sv	0.12502	0.11991	0.13729	0.12409	0.11019	0.10173	0.11571	0.11876	0.12323	0.12000
Metropolitan Water District Debt Sv	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.00350
Total Rate	1.12852	1.12341	1.14079	1.12759	1.11369	1.10523	1.11921	1.12226	1.12673	1.12350

NOTE:

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

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

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

City of Hemet
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

Taxpayer	2023			2014		
	Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Assessed Value	Rank	Percent of Total City Taxable Assessed Value
TIG Devonshire LLC	\$ 54,768,571	1	0.74%	-		-
Physicians for Healthy Hospitals Inc	51,157,048	2	0.69%	-		-
Freedom Properties Hemet	47,426,872	3	0.64%	-		-
Granite Village West LP	47,424,137	4	0.64%	-		-
Walmart Real Estate Business Trust	42,835,638	5	0.58%	-		-
FFLP CC	34,250,459	6	0.46%	-		-
551 N Santa Fe St LLC	30,917,014	7	0.42%	-		-
Providence Hemet Apts	29,905,087	8	0.40%	-		-
CBYW Hemet ILF PROPCO LP	28,401,955	9	0.38%	-		-
Spectrum Pacific West	27,445,667	10	0.37%	-		-
PHH Real Estate	-		-	43,143,302	1	0.99%
Freedom Properties Hemet	-		-	40,393,658	2	0.93%
Grainte Village West LP	-		-	40,143,096	3	0.92%
MCS Hemet Valley Center	-		-	33,291,017	4	0.76%
FFLP CC	-		-	29,511,962	5	0.68%
James J. Femino	-		-	28,723,400	6	0.66%
Emeritus Corporation	-		-	25,742,429	7	0.59%
Time Warner NY Cable LLC	-		-	25,655,600	8	0.59%
Walmart Real Estate Business Trust	-		-	25,406,937	9	0.58%
Essex JMS Acquisition	-		-	18,064,357	10	0.41%
	<u>\$ 394,532,448</u>		<u>5.30%</u>	<u>\$ 310,075,758</u>		<u>7.11%</u>

Source: HDL, Coren & Cone

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

Fiscal Year	City Tax Levy	Redevelopment Tax Increment	Successor Agency Tax Increment	Collected within the Fiscal Year of the Levy			Collection of Delinquent taxes	Total Collections to Date Including Delinquencies	
				City Amount	Redevelopment Amount *	Percentage of Levy		Amount	Percentage of Levy
2014	4,384	-	10,840	4,333	-	98.84%	455	4,788	109.21%
2015	4,722	-	10,589	4,709	-	99.71%	240	4,949	104.79%
2016	4,965	-	10,714	4,960	-	99.89%	280	5,240	105.53%
2017	5,240	-	10,652	5,285	-	100.86%	214	5,499	104.95%
2018	5,514	-	10,683	5,552	-	100.68%	255	5,806	105.30%
2019	5,809	-	10,667	5,896	-	101.50%	193	6,088	104.81%
2020	6,146	-	10,675	6,083	-	98.98%	164	6,247	101.65%
2021	6,373	-	10,671	6,430	-	100.89%	169	6,599	103.54%
2022	6,648	-	10,673	6,734	-	101.29%	224	6,957	104.65%
2023	7,239	-	10,672	7,228	-	99.85%	71	7,299	100.83%

NOTE:

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

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

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

Source: Riverside County Auditor Controller
HDL, Coren & Cone

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

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	1999 TAB	2002 TAB	Notes Payable	Water Revenue Bonds	Capital Leases	Certificates of Participation			
2014	-	*	*	-	-	-	-	-	0.00%	-
2015	-	*	*	-	-	-	-	-	0.00%	-
2016	-	*	*	-	-	-	-	-	0.00%	-
2017	-	*	*	-	-	-	-	-	0.00%	-
2018	-	*	*	-	-	-	-	-	0.00%	-
2019	-	*	*	-	-	-	-	-	0.00%	-
2020	-	*	*	-	-	-	-	-	0.00%	-
2021	-	*	*	-	-	-	-	-	0.00%	-
2022	-	*	*	-	-	-	-	-	0.00%	-
2023	-	*	*	-	-	-	-	-	0.00%	-

NOTE:

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

Sources: City of Hemet Financial Statements
State of California Franchise Tax Board
State Department of Finance

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

Fiscal Year	Population	General Obligation Bonds	Tax Allocation Bonds	Total	Percentage of Assessed Value *	Per Capita
2014	81,537	-	**	-	0.00%	-
2015	82,253	-	**	-	0.00%	-
2016	80,070	-	**	-	0.00%	-
2017	81,868	-	**	-	0.00%	-
2018	83,166	-	**	-	0.00%	-
2019	84,754	-	**	-	0.00%	-
2020	85,175	-	**	-	0.00%	-
2021	84,525	-	**	-	0.00%	-
2022	89,646	-	**	-	0.00%	-
2023	89,918	-	**	-	0.00%	-

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

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

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

City of Hemet
Direct and Overlapping Governmental Activities Debt
as of June 30, 2021

2022-2023 Assessed Valuation: \$ 7,449,917,200

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2023	% Applicable (1)	City's Share of Debt 6/30/22
Metropolitan Water District	\$19,215,000	0.21%	\$ 39,391
Eastern Municipal Water District, I.D. No. 24	55,000	52.235%	\$ 28,729
Eastern Municipal Water District, I.D. No. U12	185,000	1.94%	\$ 3,583
Eastern Municipal Water District, I.D. No. U18	200,000	100.000%	\$ 200,000
Eastern Municipal Water District, I.D. No. U21	85,000	13.09%	\$ 11,129
Mt. San Jacinto Community College District	247,850,000	6.25%	\$ 15,498,061
Hemet Unified School District	252,580,000	50.30%	\$ 127,055,317
San Jacinto Unified School District	75,310,000	6.56%	\$ 4,940,336
Hemet Unified School District Community Facilities District No. 2004-1	2,445,000	100.000%	\$ 2,445,000
Hemet Unified School District Community Facilities District No. 2005-2, 3 & 4	16,425,000	100.000%	\$ 16,425,000
Hemet Unified School District Community Facilities District No. 2020-3	3,065,000	100.000%	\$ 3,065,000
Hemet Unified School District Community Facilities District No. 2020-4	3,390,000	100.000%	\$ 3,390,000
Hemet Unified School District Community Facilities District No. 2021-1	5,715,000	100.000%	\$ 5,715,000
San Jacinto Unified School District Community Facilities District No. 2005-4	6,855,000	29.185%	\$ 2,000,632
Eastern Municipal Water District Community Facilities District No. 2001-02	2,635,000	100.000%	\$ 2,635,000
Eastern Municipal Water District Community Facilities District No. 2004-27	5,295,000	100.000%	\$ 5,295,000
Eastern Municipal Water District Community Facilities District No. 2005-38	1,910,000	100.000%	\$ 1,910,000
Eastern Municipal Water District Community Facilities District No. 2006-56	3,430,000	100.000%	\$ 3,430,000
Eastern Municipal Water District Community Facilities District No. 2003-20	637,818	100.000%	\$ 637,818
City of Hemet Community Facilities District No. 1999-1	5,345,000	100.000%	\$ 5,345,000
California Statewide Communities Development Authority Community Facilities District No 2018-2 I.A. No. 1	16,415,000	100.000%	\$ -
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 216,484,996
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	\$686,776,829	2.057%	\$ 14,126,999
Riverside County Pension Obligations	748,540,000	2.057%	\$ 15,397,468
Riverside County Flood Control District, Zone No. 4	5,380,000	10.403%	\$ 559,681
Hemet Unified School District Certificates of Participation	35,945,000	50.303%	\$ 18,081,413
San Jacinto Unified School District Certificates of Participation	39,175,000	6.560%	\$ 2,569,880
City of Hemet	0	100.000%	0
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 50,735,442
Less: Riverside County Administrative Center Authority (100% self-supporting from tax increment revenues)			-
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 50,735,442
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):			
Hemet Redevelopment Agency Tax Allocation Bonds	6,810,000	100.000%	6,810,000
Riverside County Project Areas Tax Allocation Bonds	321,602,321	0.405-4.76%	2,732,036
TOTAL OVERLAPPING TAX INCREMENT DEBT			9,542,036
TOTAL DIRECT DEBT			\$0
TOTAL GROSS OVERLAPPING DEBT			276,762,474
TOTAL NET OVERLAPPING DEBT			276,762,474
GROSS COMBINED TOTAL DEBT			\$ 276,762,474 (2)
NET COMBINED TOTAL DEBT			\$ 276,762,474

(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 2022-23 Assessed Valuations:

Total Overlapping Tax and Assessment Debt	2.91%
Total Direct Debt	0.00%
Gross Combined Total Debt	3.71%
Net Combined Total Debt	3.84%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,908,246,281):

Total Overlapping Tax Increment Debt	0.50%
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Source: California Municipal Statistics, Inc.

City of Hemet
 Legal Debt Margin Information
 Last Ten Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 163,587,451	\$ 171,057,453	\$ 181,336,069	\$ 192,577,682	\$ 203,270,441	\$ 214,746,714	\$ 224,300,756	\$ 235,219,009	\$ 246,129,447	\$ 272,384,308
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 163,587,451</u>	<u>\$ 171,057,453</u>	<u>\$ 181,336,069</u>	<u>\$ 192,577,682</u>	<u>\$ 203,270,441</u>	<u>\$ 214,746,714</u>	<u>\$ 224,300,756</u>	<u>\$ 235,219,009</u>	<u>\$ 246,129,447</u>	<u>\$ 272,384,308</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2023:

Assessed Value	\$ 7,263,581,534
Debt limit (3.75% of assessed value)	<u>\$ 272,384,308</u>
Debt applicable to limit:	
General obligation bonds	
Legal debt margin	<u>\$ 272,384,308</u>

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

Source: Riverside County Assessor's Office

City of Hemet
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended June 30	Tax Allocation Bonds*				Water Revenue Bonds					
	Net Tax Increment	Debt Service		Coverage	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
2013	1,033	420	658	0.96	-	-	-	-	-	-
2014	723	445	639	0.67	-	-	-	-	-	-
2015	992	465	619	0.92	-	-	-	-	-	-
2016	956	580	359	1.02	-	-	-	-	-	-
2017	1,693	470	411	1.92	-	-	-	-	-	-
2018	935	485	394	1.06	-	-	-	-	-	-
2019	905	505	375	1.03	-	-	-	-	-	-
2020	899	530	365	1.00	-	-	-	-	-	-
2021	962	545	330	1.10	-	-	-	-	-	-
2022	829	575	302	0.95	Water Revenue Bond paid off in Fiscal year ending 6/30/2009					
2023	2	610	272	0.00						

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

Source: City of Hemet Financial Statements

City of Hemet
Demographic and Economic Statistics
Last Ten Years

Calendar Year	Population (1)	Personal Income (2) (in thousands) Local Area Zip Codes	Per Capita Personal Income Local Area Zip Codes	Unemployment Rate (3)
2013	80,877	1,475,417 (4)	18,243	12.80%
2014	81,537	1,535,426 (4)	18,831	10.70%
2015	82,253	1,484,696 (4)	18,050	9.70%
2016	80,070	1,777,480 (4)	22,199	8.70% (3)
2017	81,868	1,855,529 (4)	22,665	7.80% (3)
2018	83,166	2,022,498 (4)	24,319	5.60% (3)
2019	84,754	2,125,464 (4)	25,078	5.10% (3)
2020	85,175	2,211,416 (4)	25,963	13.60% (3)
2021	84,525	- *	- *	10.40% (3)
2022	89,646	- *	- *	5.70% (3)
2023	89,918	- *	- *	6.70% (3)

*2021, 2022 & 2023 Personal Income Data is not yet available as of August 31, 2023.

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

City of Hemet
Principal Employers
2021

Employer	Number of Employees	Percent of Total Employment
Hemet Unified School District	3,750	13.30%
Physicians For Healthy Hospitals	1,077	3.82%
County of Riverside (Various service centers)	725	2.57%
Walmart Supercenter	400	1.42%
Gosch Ford, Toyota, Hyundai & Inland Chevrolet	316	1.12%
City of Hemet	306	1.09%
Stater Bros	246	0.87%
Village Healthcare Retirement	227	0.80%
Home Depot	195 *	0.69%
Forest River, Inc.	180	0.64%
Manorcare Health Services	188	0.67%
Winco Foods	173	0.61%
McCrometer, Inc.	160	0.57%
Lowe's	142	0.50%
Target	140 *	0.50%
In-n-Out	112	0.40%

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

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

Numbers are approximate per their Human Resources Department

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	29	31	33	30	30	24	30	34	33	38
Community Development (Building, Planning, Engineering)	35	28	27	28	30	22	20	21	19	16
Library	12	12	12	13	12	12	9	9	9	10
Police										
Sworn	61	70	63	75	90	70	70	71	68	78
Non-sworn	28	29	29	35	41	35	33	31	33	39
Fire										
Firefighters and Officers	44	39	39	42	58	49	49	47	54	55
Civilians	3	2	2	3	3	3	2	2	2	4
Public Works										
Water	18	18	21	20	19	14	15	15	16	18
Sewer/Storm Drain/Street Sweeping	4	4	4	8	9	6	10	16	14	18
Refuse	1	0	0	0	0	0	0	0	0	0
Streets, Parks, LLMD	33	31	31	31	29	28	16	15	15	14
Facility & Equipment Maintenance	11	11	10	11	12	10	9	7	9	10
Clean City Youth	4	0	0	0	0	0	0	0	0	0
Administration	8	5	5	4	6	6	4	5	5	5
TOTAL	291	280	276	300	339	279	267	273	277	305

Source: City of Hemet Payroll Process
Report - Active Employees

City of Hemet
Operating Indicators
by Function
Last Ten Fiscal Years

Function:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Calls for Service (1)	70,599	25,000	52,346 *	79,101 *	81,566	82,298	82,027	78,286	75,202	71,602
Arrests (1)	3,222	2,109	3,433 *	2,593 *	3,339	4,357	2,637	3,077	2,944	2,733
Sworn Officer's per 1000 population	0.86	0.85	0.87 *	0.86 *	0.84	0.83	0.82	0.83	0.80	0.85
Fire										
Calls for Service (1)	13,613	15,693	12,672 *	17,946 *	16,918	17,976	17,656	17,666	18,251	18,850
Fire/Explosion (included in total above)	254	286	255 *	761 *	333	557	596	517	516	528
Medical Aid (included in total above)	11,383	15,407	10,816 *	13,867 *	13,958	14,659	14,317	14,159	15,501	16,877
Community Development										
Permits: New Single Family + Mobile set up	127	120	80	2	62	55	97	246	641	368
Conditional Use Permits applied/approved	9/2	9/11	13/6 *	6/6 *	6/5	13/11	8/4	14/7	11/12	8/1
Site Development Reviews applied/approved	5/4	5/4	7/4 *	3/3 *	7/10	6/3	11/6	23/11	22/4	12/9
Library										
Number of items checked out	360,792	451,956	430,614 *	680,326 *	447,775	532,834	481,709	99,018	84,020	99,320
Number of Cardholders	133,366	138,244	110,629 *	149,965 *	152,164	153,527	145,736	116,189	107,579	110,737
Total items in collection	104,977	94,434	98,114 *	101,451 *	90,082	105,498	519,774	790,591	678,238	701,856
Simpson Senior Center										
Citizens served through:										
Simpson Center	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lunch Program	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Prime of Life	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Public Works										
Trees trimmed	1,300 **	1,000	1,800	1,750	1,750 *	1,600	1,595	1,649	1,358	1,818
Poured Sidewalk (sq ft)	70,190	100,000	12,000	38,050	55,000 *	26,283	72,150	17,000	17,400	26,526
Asphalt remove and replace (sq ft)	1,358,833	1,000,000	158,000	N/A	N/A	80,882 *	1,265,000	695,246	421,075	740,800
Striping painted (linear ft)	1,000,000 **	N/A	850,000	N/A	N/A	-	-	558,876	202,000	550,000
Equipment CHP 90 day inspections/maint	116	112	124	124	128	112	124	281	242	254
Equipment light duty preventative maint	858	864	766	811	897	774	714	918	1,389	1,432
Buildings maintained (sq ft)	285,907	285,907	285,907	285,907	285,907	285,907	285,907	285,907	285,907	285,907
Miscellaneous service requests	1,500 **	2,789	3,893 *	1,290 *	1,318	1,459	1,600	1,536	1,500	1,553
Refuse collected:										
Commercial tons	-	-	-	-	-	-	-	-	-	-
Residential tons	-	-	-	-	-	-	-	-	-	-
Roll-off tons	-	-	-	-	-	-	-	-	-	-
Green Waste tons	-	-	-	-	-	-	-	-	-	-
Commingled Recyclable tons	-	-	-	-	-	-	-	-	-	-
Cardboard tons	-	-	-	-	-	-	-	-	-	-
Water										
Number of active accounts	9,075	7,761	9,304	9,317	9,226	9,171	9,171	9,815	9,760	9,362
Water introduced into the System (acre ft)	4,597	5,262	3,539	3,784	3,847	3,512	3,195 ***	3,374 ***	3,030 ***	2,744 ***
1 acre foot=325.851 gallons										

* These numbers are estimated from historical data. Data was not available.

** These numbers are estimated. The estimates for FY13/14 are due to a change in software used to track Service Orders in various Public Works departments. In Fiscal Year 09/10, the City contracted with YMCA and most currently Valley Wide Recreation to run the Simpson Center and all services associated with it.

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

N/A is data that was not available

Source: Various departments within City of Hemet

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	4	5	5	5	5	5	5	5	5	5
Recreation and Culture:										
Number of parks	10	12	12	12	12	12	12	12	12	12
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes	104,977	111,149	88,756	80,115	80,115	80,115	85,438	92,037	97,396	100,439
Public Works:										
Area of City (square miles)	26	28	28	28	28	28	28	29	29	29
Miles of Streets	360	360	360	360	360	360	360	360	360	360
Number of Street lights	3,600	3,600	3,600	5,479	5,479	5,479	4,249	4,249	4,249	4,311
Number of water accounts	9,075	7,760	9,304	9,317	9,226	9,171	9,171	9,815	9,760	9,362
Miles of water mains	120	120	120	130	130	130	132	132	132	132
Number of vehicles (city wide)	227	314	320	314	337	351	354	347	338	326

N/A = not available
Source: Various City Departments

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

Effective	7/1/2014 Bimonthly	7/1/2015 Bimonthly	7/1/2016 Monthly	7/1/2017 Monthly	7/1/2018 Monthly	7/1/2019 Monthly	7/1/2020 Monthly	7/1/2021 Monthly	7/1/2022 Monthly	7/1/2023 Monthly
Water										
Low Water Usage Rates										
0-1000 CF	\$ 56.00	\$ 56.00	N/A							
Normal Water Usage Rates										
Base Water Rates										
5/8" Meter	42.28	42.28	24.95	26.25	27.55	30.15	30.15	30.15	30.15	30.15
3/4" Meter	45.58	45.58	27.26	28.87	30.49	33.81	33.81	33.81	33.81	33.81
1" Meter	54.58	54.58	32.83	34.86	36.93	41.16	41.16	41.16	41.16	41.16
2" Meter	141.50	141.50	81.02	85.25	89.47	97.91	97.91	97.91	97.91	97.91
Consumption Water Rates per 100 CF										
0-600 CF	2.30	2.30	6.25	4.41	4.54	4.79	4.79	4.79	4.79	4.79
'601-1200 CF	2.50	2.50	6.25	4.41	4.54	4.79	4.79	4.79	4.79	4.79
'1201-over CF	2.88	2.88	6.25	4.41	4.54	4.79	4.79	4.79	4.79	4.79
Refuse										
Standard cart (60 gallon)	-	-	-	-	-	-	-	-	-	-
Large cart (90 gallon)	-	-	-	-	-	-	-	-	-	-
Sewer										
City sewer and storm drain	15.04	15.04	10.30	10.80	11.30	11.30	11.30	11.30	11.30	11.30

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

Source: City of Hemet Water Department

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

Type of Customer	Calendar Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Single Family Residential	636,811	639,159	734,462	619,717	631,454	617,295	566,067	587,959	541,157	505,783
Multi-Family Residential	491,472	436,877	428,529	458,262	467,488	450,826	404,052	419,053	408,380	389,479
Commercial/Institutional	454,675	351,109	375,643	529,217	397,603	342,816	303,233	339,598	332,316	287,904
Landscape Irrigation	131,711	114,399	109,508	82,723	116,710	118,988	118,251	123,084	127,815	93,497
Total	<u>1,714,669</u>	<u>1,541,545</u>	<u>1,648,142</u>	<u>1,689,919</u>	<u>1,613,256</u>	<u>1,529,926</u>	<u>1,391,602</u>	<u>1,469,694</u>	<u>1,409,668</u>	<u>1,276,663</u>

Source: City of Hemet Water Department
 *data provided is through October