



City of Ridgecrest



Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007



City of Ridgecrest, California

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2007

Prepared by:
Administrative Services Department
100 W. California
Ridgecrest, CA 93555
J.C. Winegardner, Administrative Service Director/
City- Agency Treasurer
June 30, 2007

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

Table of Contents



**City of Ridgecrest
 Comprehensive Annual Financial Report
 For the year ended June 30, 2007**

Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	i
Letter of Transmittal	v
Certificate of Achievement for Excellence in Financial Reporting - GFOA	xvii
Organization Chart	xviii
Principal Officials.....	xix
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information).....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	19
Statement of Activities and Changes in Net Assets	20
Fund Financial Statements:	
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet	28
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.....	29
Statement of Revenues, Expenditures and Changes in Fund Balances	30
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets.....	31
<i>Proprietary Fund Financial Statements:</i>	
Statement of Net Assets.....	36
Statement of Revenues, Expenses and Changes in Net Assets	37
Statement of Cash Flows	38
<i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Assets.....	42
Statement of Changes in Fiduciary Net Assets - Trust Funds.....	43
Notes to Basic Financial Statements.....	45
Required Supplementary Information:	
Budgetary Information.....	68
Budget Comparison Schedule - General Fund.....	68
Budget Comparison Schedule - Ridgecrest Redevelopment Agency Special Revenue Fund	69
Defined Benefit Pension Plan	69

**City of Ridgecrest
 Comprehensive Annual Financial Report
 For the year ended June 30, 2007**

Table of Contents, Continued

	<u>Page</u>
<u>FINANCIAL SECTION, Continued</u>	
Supplementary Information:	
<i>Non-Major Governmental Funds:</i>	
Combining Balance Sheet.....	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	78
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Capital Improvement Fund	81
State Gas Tax Special Revenue Fund.....	82
Park Development Special Revenue Fund.....	83
TDA Street Fund Special Revenue Fund.....	84
Business Development Center Special Revenue Fund.....	85
Business Park Special Revenue Fund	86
Supplemental Law Enforcement Special Revenue Fund.....	87
Grant Operation Special Revenue Fund	88
Nutrition Grant Fund Special Revenue Fund	89
Traffic Congestion Relief Special Revenue Fund.....	90
Special Project Special Revenue Fund	91
Fire Facilities Improvement Special Revenue Fund	92
Traffic Impact Fees Special Revenue Fund	93
Park Development Impart Fee Special Revenue Fund	94
Law Enforcement Special Revenue Fund	95
Storm Drainage Facilities Special Revenue Fund	96
Sub-Standard Improvements Capital Projects Fund.....	97
<i>Internal Service Funds:</i>	
Balance Sheets.....	100
Statements of Revenues, Expenses and Changes in Retained Earnings.....	102
Statement of Cash Flows	104
<i>Fiduciary Funds:</i>	
Combining Statement of Fiduciary Net Assets	108
Statement of Changes in Fiduciary Net Assets – Trust Funds.....	109
Statement of Changes in Assets and Liabilities – All Agency Funds.....	110

**City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007**

Table of Contents, Continued

	<u>Page</u>
<u>STATISTICAL SECTION (Unaudited)</u>	
Index to Statistical Section	111
Net Assets by Component	112
Changes in Net Assets.....	113
Governmental Activities Tax Revenues by Source	115
Fund Balances of Governmental Funds.....	116
Changes in Fund Balances of Governmental Funds.....	118
Assessed Value and Actual Value of Taxable Property	120
Direct and Overlapping Property Tax Rates.....	122
Top Ten Principal Property Tax Payers.....	123
Property Tax Levies and Collections.....	124
Ratios of Outstanding Debt by Type.....	125
Ratios of General Bonded Debt Outstanding	126
Direct and Overlapping Governmental Activities Debt.....	127
Legal Debt Margin Information.....	128
Pledged Revenue Coverage.....	129
Demographic and Economic Statistics.....	130
Principal Employers	131
Full Time Equivalent City Government Employees by Function/Program	132
Operating Indicators by Function/Program.....	133
Capital Asset Statistics by Function/Program	134

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



*City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007*

Introductory Section





CITY OF RIDGECREST

PHONE 760-499-5000
100 WEST CALIFORNIA AVENUE • RIDGECREST, CALIFORNIA 93555-4054

December 21, 2007

**Honorable Mayor, City Council and
Citizens of the City of Ridgecrest:**

Attached herein we hereby submit the Comprehensive Annual Financial Report (CAFR) of the City of Ridgecrest, California (City) for the Fiscal Year ended June 30, 2007. These financial statements are presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded Certificates of Achievement for Excellence in Financial Reporting to the City of Ridgecrest for its comprehensive annual financial report for the Fiscal Year ended June 30, 2004, June 30, 2005, and June 30, 2006. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate by the GFOA.

The primary purpose in providing this report is to inform the Mayor and City Council of all financial and administrative activities of the previous fiscal year. In addition, this report is directed to two other groups: the citizens of Ridgecrest and the financial community. At this juncture, we also note that the City of Ridgecrest's credit rating has been reviewed by Standard and Poors and the rating has been maintained at A-. For the citizens, the report provides an opportunity to correlate City services and accomplishments with the expenditure of financial resources. For the financial community, this report provides information necessary to evaluate financial practices of the City, assure their soundness in accordance with GAAP, and determine the financial capacity of the City to incur and service debt for long-range capital planning.

Responsibility for the accuracy of the data presented and completeness and fairness of the presentation, including disclosures, rests with the City. Consequently, management assumes full responsibility for the completeness and reliability of all 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 to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformance 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, 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.

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

PROFILE OF THE CITY OF RIDGECREST

The City of Ridgecrest, incorporated in 1963, Ridgecrest is located in the southern portion of the Indian Wells Valley and in the northeast corner of Kern County, surrounded by four mountain ranges; the Sierra Nevada on the west, the Cosos on the north, the Argus Range on the east, and the El Paso Mountains on the south. It is approximately an hour and quarter from the Lancaster/Palmdale area and approximately two hours from both Bakersfield and San Bernardino. A favorable characteristic of the City is its proximity to two major highways, the 395 and 14. Air travel in and out of the city is provided through the Inyokern Airport. These attributes make Ridgecrest, a central location for shopping and business for the Eastern Kern County area. Ridgecrest is also easily accessible to the rest of southern California making it an ideal location for industry.

Ridgecrest evolved into a growing and dynamic city during the 1950's and 1960's as a support community, vital to the mission of the Navy, by providing housing and services for Federal employees and contractors. Ridgecrest incorporated in 1963 and now provides shopping for over 40,000 people throughout the Indian Well Valley.

China Lake Naval Weapons Center (NWC) and now the China Lake Naval Air Weapons Station (NAWS) is home to the Naval Air Warfare Center Weapons Division, which continues to be the major source of employment for Ridgecrest residents. The economic stability of Ridgecrest as a service community for the NAWS has been essential to its successful emergence as a community in its own right, as well as, the same location characteristics that initially attracted the NAWS; growing space, clean air, good water, highway accessibility, easy access to multiple recreational opportunities, and proximity to Los Angeles and Bakersfield. Ridgecrest's friendly business attitude continues to serve as an attraction for business to relocate to Ridgecrest and the Indian Wells Valley.

As the only incorporated community in the Indian Wells Valley, Ridgecrest boasts a thriving economy and a robust population of about 27,900 people. Ridgecrest acts as the shopping and business center for northeastern Kern County.

The City provides a full range of municipal services. These include public safety; recreation and community services; parks; maintenance and improvement of streets and infrastructure; planning and zoning; housing; economic development; transit; and general government. The City also operates and maintains a waste water plant that serves not only the City residents but also provides service to the Naval Base. The annual budget serves as the foundation for the City's financial planning and control. The City Council is required to adopt an annual budget on or before June 30 of each year for the General Fund, Special Revenue Funds, Enterprise Funds, Capital Projects Fund and Internal Service Funds. The City also adopts a multi-year capital improvement program and a redevelopment agency budget.

The level of appropriated budgetary control is the total adopted budget, which is defined as the total budget for all funds and divisions, and includes all revisions and amendments approved by the City Council subsequent to the initial budget adoption. The City Manager may authorize transfers within each fund and between line items or programs within each department; however, supplemental appropriations and transfers between funds during the budget year must be approved by City Council by a majority vote. Unexpended or unencumbered appropriations expire at the end of the fiscal year. Encumbered appropriations and appropriations related to grants and donations are re-appropriated in the ensuing

year's budget by action of the City Council. The City utilizes an encumbrance system, whereby commitments such as purchase orders and unperformed contracts are recorded as reserved fund balances at year end.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook

Economic indicators have greatly improved in the last year with the expansion of the NAWS in China Lake. Over 2,000 civil jobs will be transferred to the station with an additional 3,000 jobs being generated as a result of new supporting military contractor and local business expansion. These new jobs are expected to generate from 12,500 to 15,000 new residents moving to the community. These new individuals will require new home construction with an estimated of 3,000 new housing units over the next 4 years.

Retail sales present a very good picture with the opening of several new large box retailers.

Retail sales, also an indication of a strong local economy, continue to grow at a moderate rate. The second quarter of 2007 indicated an increase over 2006 of over 2% in retail sales.

Since the late 1990s, real estate values have experienced a phenomenal revival. This trend began in the western portion of Kern County and has migrated east to Ridgecrest. Ridgecrest should continue to enjoy a solid property tax base.

Additionally, local construction permit activity continues to be robust. The following table summarizes local construction activity:

Year	Permits	Inspections	Valuation
1999	282	1,177	1.9 M
2000	400	1,241	2.6 M
2001	464	1,605	3.95 M
2002	509	2,014	9.9 M
2003	496	2,671	11.3 M
2004	473	2,039	16.3 M
2005	465	2,557	23.0 M
2006	768	5,850	35.0 M
2007	585	5,455	20.0 M

Economic Development

The city is fast becoming the regional retail center for Eastern Kern County with the introduction of several new big box retailers and its position as the third largest community in Kern County. Ridgecrest is well positioned to continue its retail expansion.

The economy continues to be strong with several new retail & office developments now underway. Over 1800 housing units are now fully entitled and approved.

Sixty percent of the Ridgecrest Business Park is now under development with 6 new buildings in construction.

China Lake Boulevard, the major transit and commercial corridor, is now seeing development throughout its length with several new smaller retail centers being developed.

Retail vacancy rates continue to fall and are expected to be fewer than 8% for the next fiscal year.

Land values continue to rise for commercial/retail property within the City as commercial land becomes more valuable.

This growth has occurred before the effects of BRAC are felt in the economy. The City continues to position itself as the regional retail center with its continuing growth in this sector.

This year has seen the development of:

- ❖ The economy in 2007-08 continues on its upward trend in all areas of the economy.
- ❖ The Ridgecrest Business Park will see the completion of the new Spring Hills Suites by Marriott in 2008 along with a new 24,000 square foot office building. Also the development of a second hotel, the Hampton Inn, will begin construction in 2008 with completion in 2009 along with an additional 24,000 square foot office building. Other Business Park projects will include the development of a lighting and landscape district, two new restaurants and meeting facilities.
- ❖ Several fast food restaurants are planned for 2008 with the restoration of the existing vacant Burger King and a new Taco Del Mar, Juice It Up and Subway have opened on S. China Lake Boulevard. The opening of several new retail projects will occur in 2008 with several others under the development planning process.
- ❖ The BRAC process is currently scheduled to provide a final business plan for the Naval Air Weapons Station, China Lake (NAWS) in early 2008 which will positively impact the economy further in 2008 through 2011.
- ❖ The new Rite Aid building on China Lake Boulevard is scheduled to open in January of 2008. The Wal-Mart Super Center is currently scheduled to complete the development planning and building review process in 2008 and is now planning a 225,000 square foot store.
- ❖

Final BRAC planning should be completed in 2008 with the beginning of implementation, which will provide additional economy growth in 2008 and 2011.

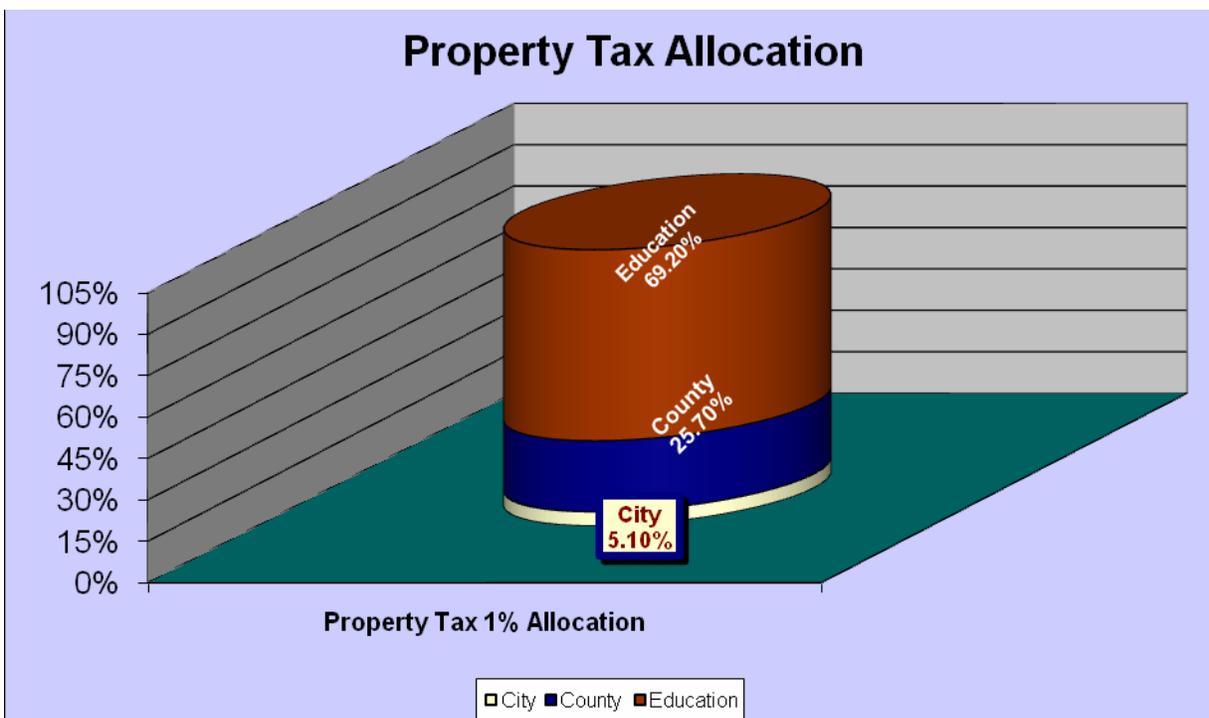
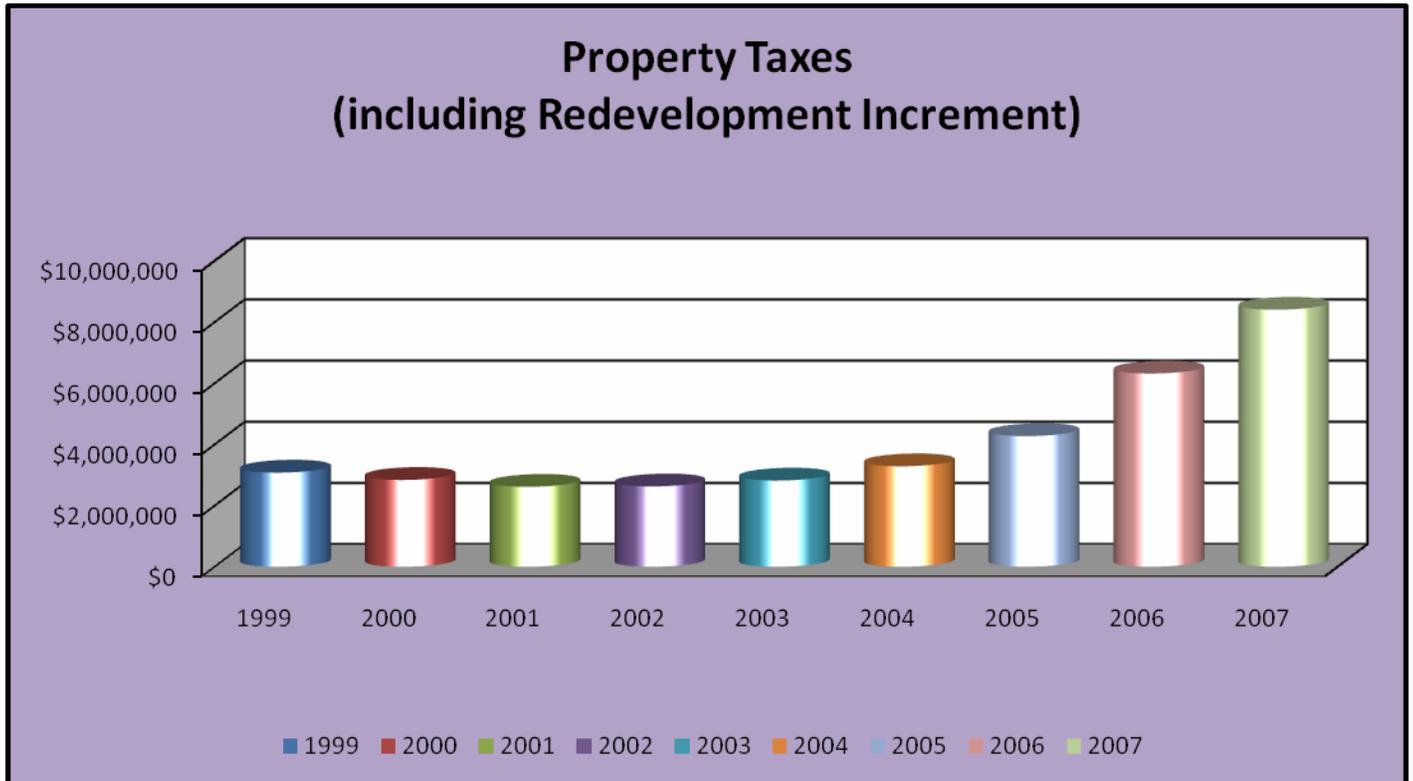
Keeping in mind the economic uncertainties mentioned earlier, the City Council has adopted a conservative budget for Fiscal Year 2006-2007. It recognizes negative impacts on revenues caused by the state of the economy and the Council's own ongoing requirement for adequate reserves. The City's budget has grown primarily due to increases in Workers' Compensation cost, funding of Cultural Affairs, Recreation & Parks Maintenance Operations, PERS retirement cost, and the City Council's desire to increase the level of funding for public safety. Additionally, the Council has directed several initiatives towards the transition of the anticipated increase in population related to the expansion caused by the Base Realignment and Closure (BRAC); this has fueled much of the anticipated economic development activity of the City and the Agency for Fiscal Year 2007.

Even with these financially uncertain times, Ridgecrest is better off than most cities, experiencing growth in many of its major revenue categories. The City's four largest revenue sources are property tax, sales tax, Vehicle License Fees, and transient occupancy tax. These major sources are discussed in more detail below.

Property Tax

Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (moveable property) located within the City. Property is assessed by the County Assessor at a tax rate of 1.0% of the assessed value. The City receives 5.2% of the tax rate from the County of Kern - Auditor/Controller's Office.

Since the beginning of the millennium (FY 99-00) to Fiscal Year 2005-06, property taxes increase an average of 46.83%. This increase has been due to changes during Fiscal Years 2002-03 and 2005-06. Beginning in Fiscal Year 2002-03 they climbed 15.28%, an indication of rising local property values as well as new development activity. During Fiscal Year 2006-07 property taxes increased 7.5% over the previous year. Most of the significant increase relates to the State's Triple Flip payment and the associated reclassification from the payment of "property tax in lieu of sales tax" to Property Tax. Even with the potential impacts of the unknown surrounding BRAC – prior to the early May announcement, Ridgecrest is experiencing increases in property tax due to the sale of real estate. If the trend continues of a shortage of housing in Southern California, prices and, therefore, property tax will be pushed even further upward.

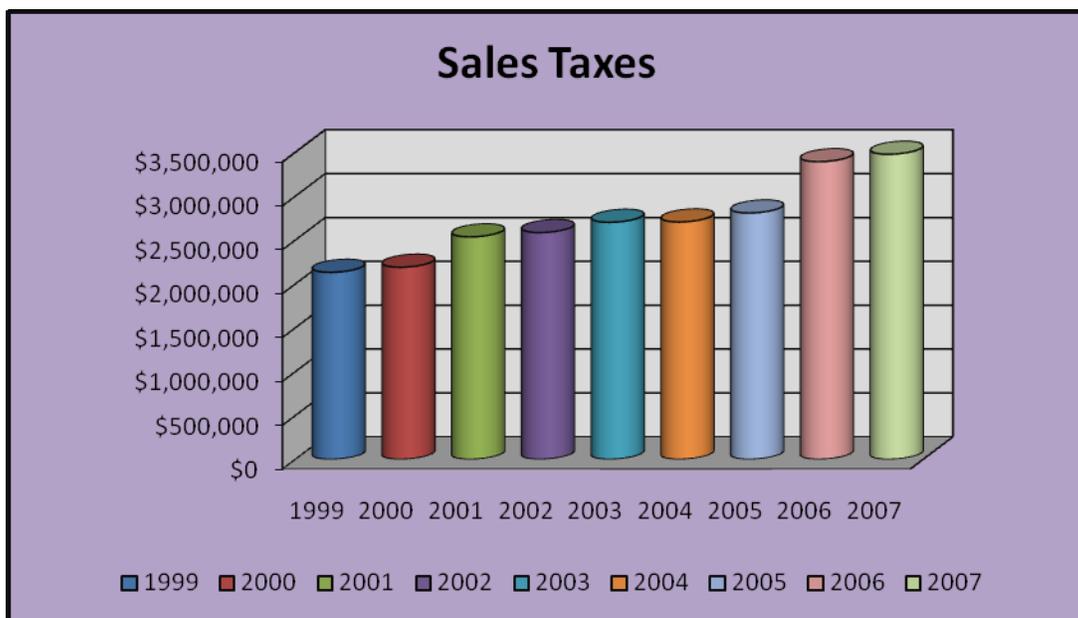


Sales Tax

The City's single largest revenue source is sales tax. The total sales tax in Kern County is 7.25% of the sale price of taxable goods and services sold at retail. Ridgecrest receives 1% of taxable sales from the State Board of Equalization.

Since prior to the beginning of the millennium (FY 1998-1999) sales tax has continued to rise an average of 7.10%.

The biggest concern for City Sales tax is the Sales Tax leakage to the metropolitan areas of Bakersfield and Lancaster-Palmdale. Even with significantly higher tax rates, a significant amount of local retail sales is spent outside of Ridgecrest. While there is an 18 month lag on new retail sales development due to Triple Flip, there will be a see-saw effect of the prior year impact of the Triple Flip Advance, yet the local retail sales environment remains strong. The most recent sales tax report (second quarter of 2007) indicates growth of -5.9% over the same period for Fiscal Year 2006.



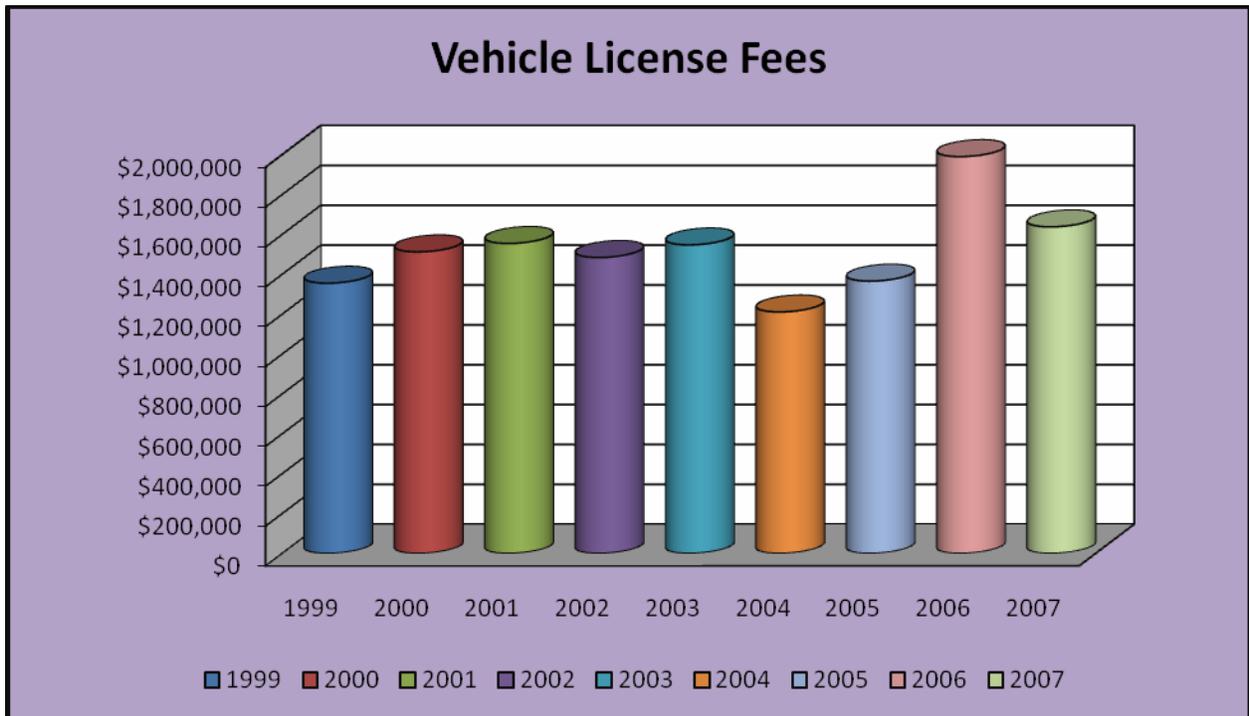
Vehicle License Fees

The second largest source of revenue to the City of Ridgecrest is Motor Vehicle in Lieu Fees. VLF, formerly local revenue, is collected by the State of California and apportioned based upon State Department of Finance "certified population". Beginning in Fiscal Year 1998, the State of California began to lower VLF registration fees with the assurance that the lost revenue would be backfilled from the State's General fund. This was fine as long as the State had the budget to provide local cities and counties. During the last three State budget cycles this revenue has been the target of State budget cuts, providing approximately \$4 billion statewide to local governments for the funding of police, street maintenance, parks and recreation as well as general city services.

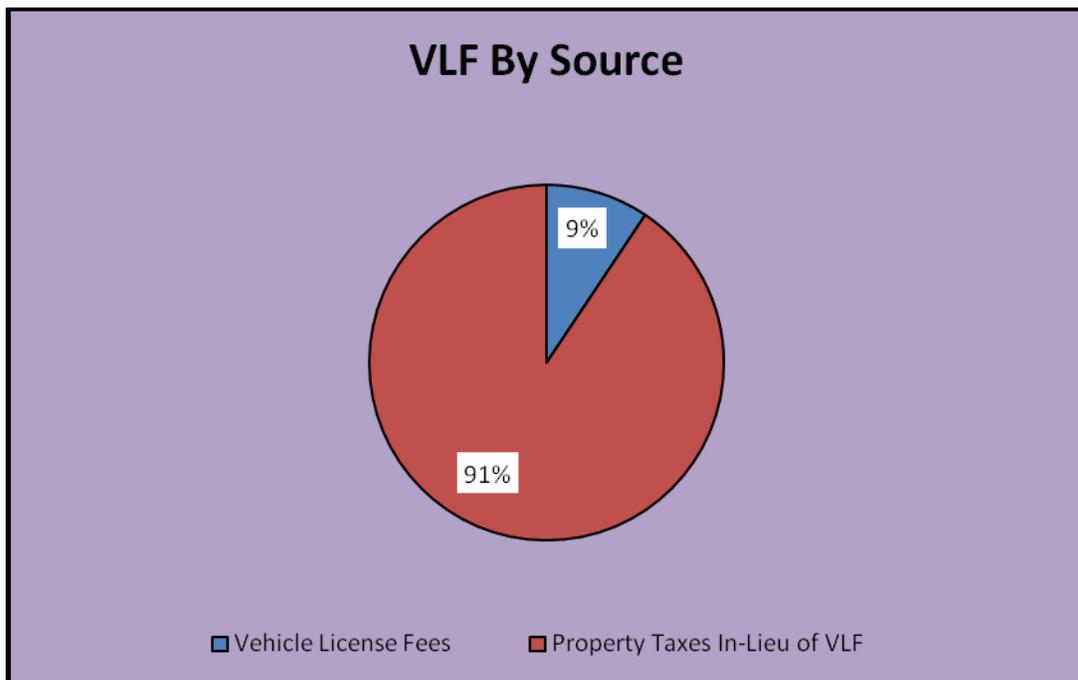
From the millennium through Fiscal Year 2003 VLF has climbed an average of 3.53%. This growth provided a total of \$1.547 million to the City in Fiscal Year 2002-03. However, the State of California "borrowed" three months worth of VLF in Fiscal Year 2004, lowering the overall average since the millennium to a negative 1.52%. The average from the millennium through Fiscal Year 2007 has been 1.8%. There was a decrease over the prior year of 17.7%; due to the State "borrowing" of VLF in 2004 there was an overall decline in that year from the prior year of 21.73% bringing the five year average to its lowest point.

It should be noted that VLF funds now, like Sales Tax, have been split by the State into two pieces. These two pieces are the statutory rate and the "Property Tax In Lieu of VLF". In Fiscal Year 2006 the Statutory component (the rate by State law was reduced from 2.0% to 0.65%) brought to the Ridgecrest Treasury \$153,415. The Property Tax In-Lieu of VLF receipts totaled \$1,484,455 in Fiscal Year 2006-07.

Because the second component is paid like property taxes (December, May, and June) there has been a significant cash flow impact on Ridgecrest operations. Over the long term the Treasurer may be forced into the short-term debt market or to due inter-fund borrowing because of the impact of Triple Flip and VLF Property Tax Payments. The below chart indicates the growth of VLF and reflects VLF in 2007 in its aggregate - both the statutory component and the in-lieu component.



The following chart shows the relative share of the two components of VLF for Fiscal Year 2007:

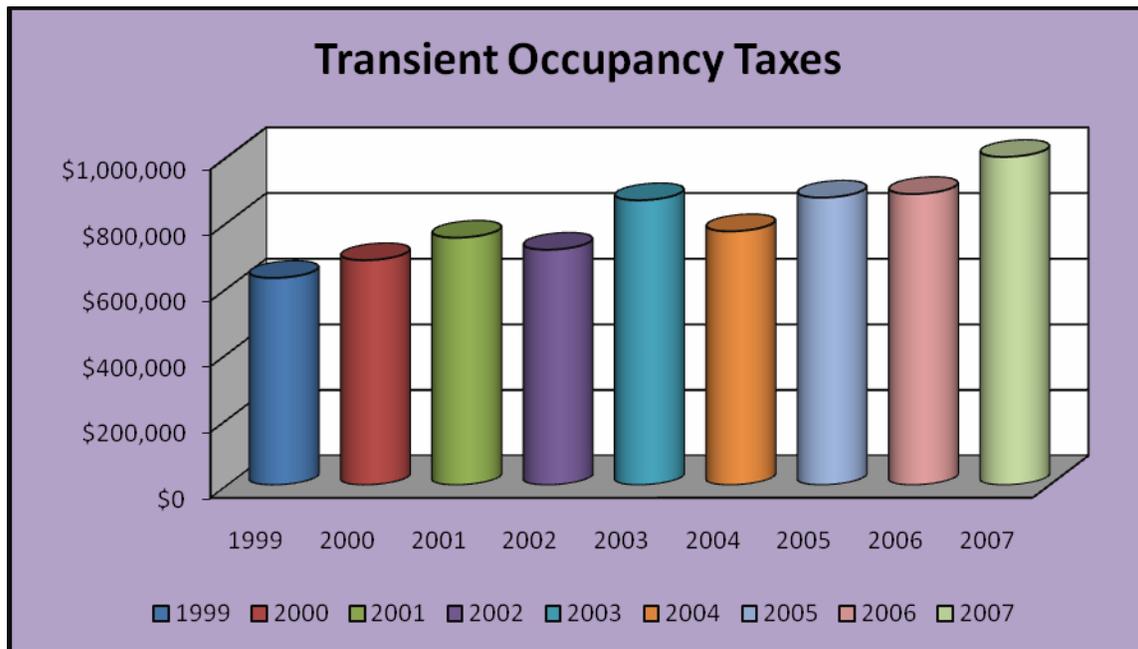


Transient Occupancy Tax

The City's fourth largest revenue source, transient occupancy tax (TOT) is imposed on occupants of hotel, motel, inn, tourist home or other lodging facilities unless such occupancy is for 30 days or longer. The tax is applied to the customer's lodging bill. The total tax rate is 10%.

TOT collections provide funding for such economic development initiatives as the Ridgecrest Area Convention and Visitors Bureau (RACVB), the Chamber of Commerce, the City's Community and Economic Development program, as well as other city services. A significant amount of TOT growth over the past few years can be linked to Military base and contractor activity.

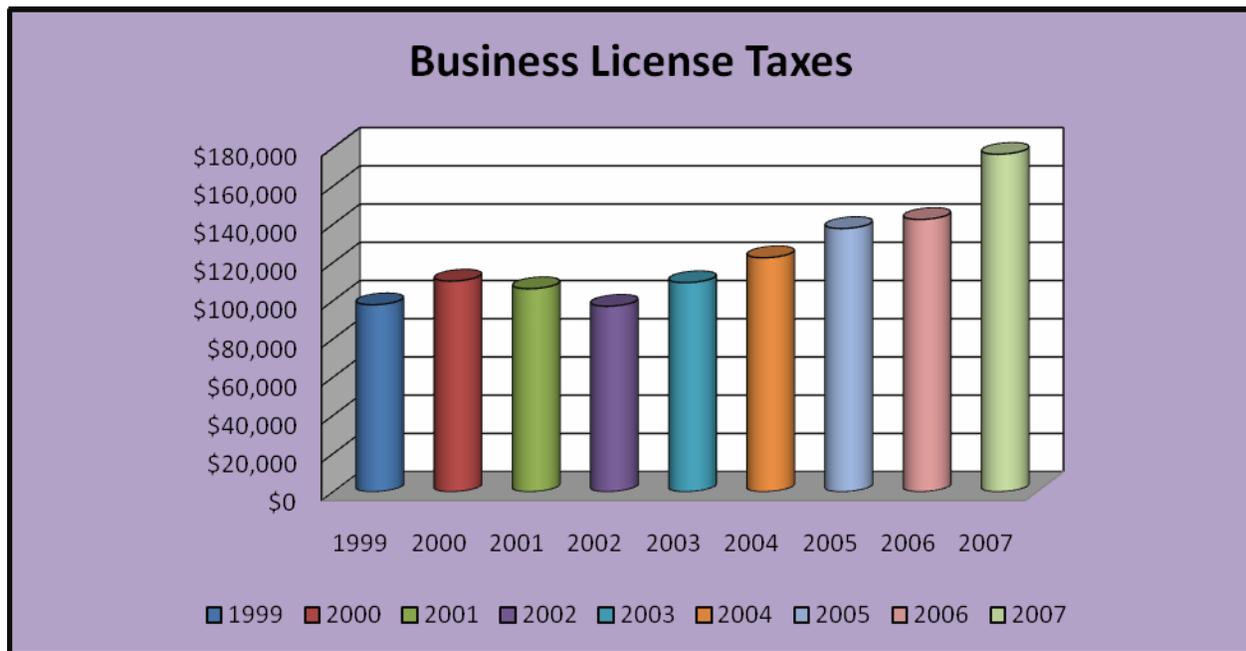
TOT has averaged 5.48% growth rate since Fiscal Year 1998-99. The largest single growth during that period was in the 2002-2003 Fiscal Year which saw a growth of 21%. During the last fiscal year TOT increased by 12.74%.



Business License Taxes

Another significant source of City revenue is the Business License Tax. This Tax is not regulatory in nature. It is based on unit count as opposed to the more common gross receipt ordinances by other cities throughout the state.

Beginning in Fiscal Year 2003 the Finance Department, now the Finance Division of the Administrative Services Department, took over once again the administration of the business license ordinance. Since that time due to more consistent enforcement overall revenue has climbed from \$97,000 in 2002 to over \$176,000 in 2007. This represents a growth of over 6% per year. This represented a change of 24% over the previous year. Total collections in Fiscal Year 2007 once again increased to over \$176,000.



CASH MANAGEMENT POLICIES AND PRACTICES

Under the direction of the City Treasurer, as directed by the City of Ridgecrest Municipal Code, cash temporarily idle during the year is invested as outlined in the City's investment policy. The investment policy is presented to the City Council on an annual basis for renewed approval.

With the exception of the funds that are required to be held in trust by bond indenture agreements, 100% of the City's idle cash is invested into one of three State of California Local Agency Investment Fund (LAIF) accounts.

All investments comply with State law and the City's Statement of Investment Policy, which is annually reviewed and approved by the City Council. The City Treasurer is required to submit a quarterly investment report to the City Council that provides a summary of the status of the current portfolio and material transactions entered into during the quarter.

The City's investments of \$26,647,757 with LAIF at June 30, 2007, included a portion of the pool funds invested in structured notes and asset-backed securities and similar transactions. This compares to \$25,133,561 at June 30, 2006 an approximate increase of 6%. These investments may include the following:

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

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

The City's LAIF investment was recorded at cost. The difference between fair value and cost is immaterial. The fair value is determined by multiplying the account balance with LAIF by a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants total aggregate amortized cost by total aggregate fair value.

As of June 30, 2007, LAIF had invested 3.466% of the pool investments funds in Structured Notes and Asset-Backed Securities.

RISK MANAGEMENT

The City is a member of the PARSAC Risk Management Authority (Authority). The Authority is comprised of 35 California member cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

Each member city has a representative on the Board of Directors. Officers of the Authority are elected annually by the Board of Directors.

General Liability Insurance

Annual deposits are paid by member cities and are adjusted retroactively to cover costs. Each member city has a specific retention level. The City has a retention level of \$150,000 and pays 100% of all losses incurred under \$150,000. The City does not share or pay for losses of other cities under \$150,000. Losses of \$150,000 to \$1,000,000 are prorated among all participating cities on a payroll basis. Losses in excess of \$1,000,000 are covered by excess insurance purchased by the participating cities, as a part of the pool, to a limit of \$10,000,000. This cost is also prorated on a payroll basis.

Workers' Compensation

Beginning July 1, 2006, the City of Ridgecrest became fully Self Insured with respect to Workers' Compensation. The City has a Self Insured Retention (SIR) of \$150,000 per claim and additional coverage above its SIR with CSAC Excess Insurance Authority (EIA) to \$5 million per claim; there is an additional \$45 million of reinsurance above CSAC-EIA coverage bringing the total coverage to over \$50 million per claim.

The CSAC-EIA is ranked as the second largest public entity risk pool and the largest property and casualty pool in the nation.

The CSAC Excess Insurance Authority (EIA) is a risk sharing pool of California public agencies, dedicated to controlling losses and providing effective risk management solutions.

In 1979, 29 California counties came together to form a Joint Powers Authority (JPA) called the CSAC Excess Insurance Authority to pool their risk and provide a viable and cost effective solution for the counties' insurance and risk management needs.

Since then, the EIA's membership has expanded to include 93% of the counties in California, over 80% of the cities, as well as numerous school districts, special districts, housing authorities, fire districts, and other Joint Powers Authorities.

The City continues its relationship of liability coverage with PARSAC. PARSAC is a joint powers authority for medium-sized California municipalities which have agreed to pool risks and losses. Each member's share of pooled costs depends on the losses of all members as well as the member's own loss experience. Liability claims programs are managed by a third-party claims administrator under the direction of the Risk Management Division of the Finance Department.

The amounts included in the Self-Insurance Program internal service fund are significant partly due to requirements of Government Accounting Standards Board (GASB) Statement No.10. In complying with GASB 10, the City must record as a liability and expenditure not only actual risk/loss experienced in the areas of workers' compensation and liability, but also claims incurred but not reported (IBNR). IBNR claims include exposure for losses that a city is not yet aware of, as well as any statistically probable increase in costs for accidents that are already known to the City. The appropriate amount to include on the financial statements for IBNR claims is typically developed by an actuary.

Workers' Compensation & Liability Claims

The following table reflects the IBNR Claims payable for the last four (4) fiscal years:

Year	IBNR
2004	783,714
2005	431,816
2006	532,041
2007	482,238

Unemployment Insurance

The City participates in a direct-cost reimbursement method for unemployment insurance. This program is administered by the State Employment Development Department to provide salary continuance for employees who were terminated involuntarily. For Fiscal Year 2006-2007 the total cost reimbursed was \$4,492; this was down from the 2005-2006 reimbursed cost of \$10,707.

PENSION AND OTHER POSTEMPLOYMENT BENEFITS

The City provides three defined benefit pension plans - two for safety employees (2% at 50 for Police) and one for miscellaneous employees (2% at 55). These plans are part of the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. The City makes contributions to the plans based on amounts determined by CalPERS actuaries. The City also contributes the employees' required contributions on their behalf and for their account.

Funding Policy - City employees are required by State statute to contribute 7% for miscellaneous employees and 9% for safety employees of their annual covered salary. The City employer makes the contributions required of City employees on their behalf and for their account which amounted to \$441,606 for the year ended June 30, 2007. The City employer is required to contribute for Fiscal Year 2006-2007 at an actuarially determined rate; the current rate is 8.711% for miscellaneous employees and 19.407% for police employees of annual covered payroll. The contribution requirements of City employees and the City employer are established and may be amended by PERS. These rates are changing to 13.283% and 19.691% for miscellaneous and safety employees respectively in Fiscal Year 2007-2008 due to a control amendment that became effective August 17, 2007.

Annual Pension Cost - For Fiscal Year ended June 30, 2007, the City's annual pension cost of \$724,411 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases range from 3.25% to 14.45% depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2005 was 17 years for prior and current service unfunded liability.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ridgecrest for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The timely preparation of this report has been accomplished with the efficient and dedicated services of the entire staff of the Administrative Services Department. We specifically acknowledge the tireless efforts of the Finance Division's Accounting Manager and Budget Officer, respectively Tess Sloan, W. Tyrell Staheli, and Kristi L. Cole, whose contributions have been significant in the production of this report. We also thank the City's independent auditors, Caporicci & Larson, for their assistance and expertise; and all City departments for their cooperation during the audit engagement and their participation in preparing this report. We would like to express our appreciation to the Mayor and City Council and the City Organization Committee for their interest and support in planning and conducting the City's financial affairs in a responsible and progressive manner.

Respectfully submitted,



Harvey M. Rose
City Manager/Agency Executive Director



James C. Winegardner
Administrative Services Director/
City Treasurer/Agency Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ridgecrest
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Chloe S. Cox

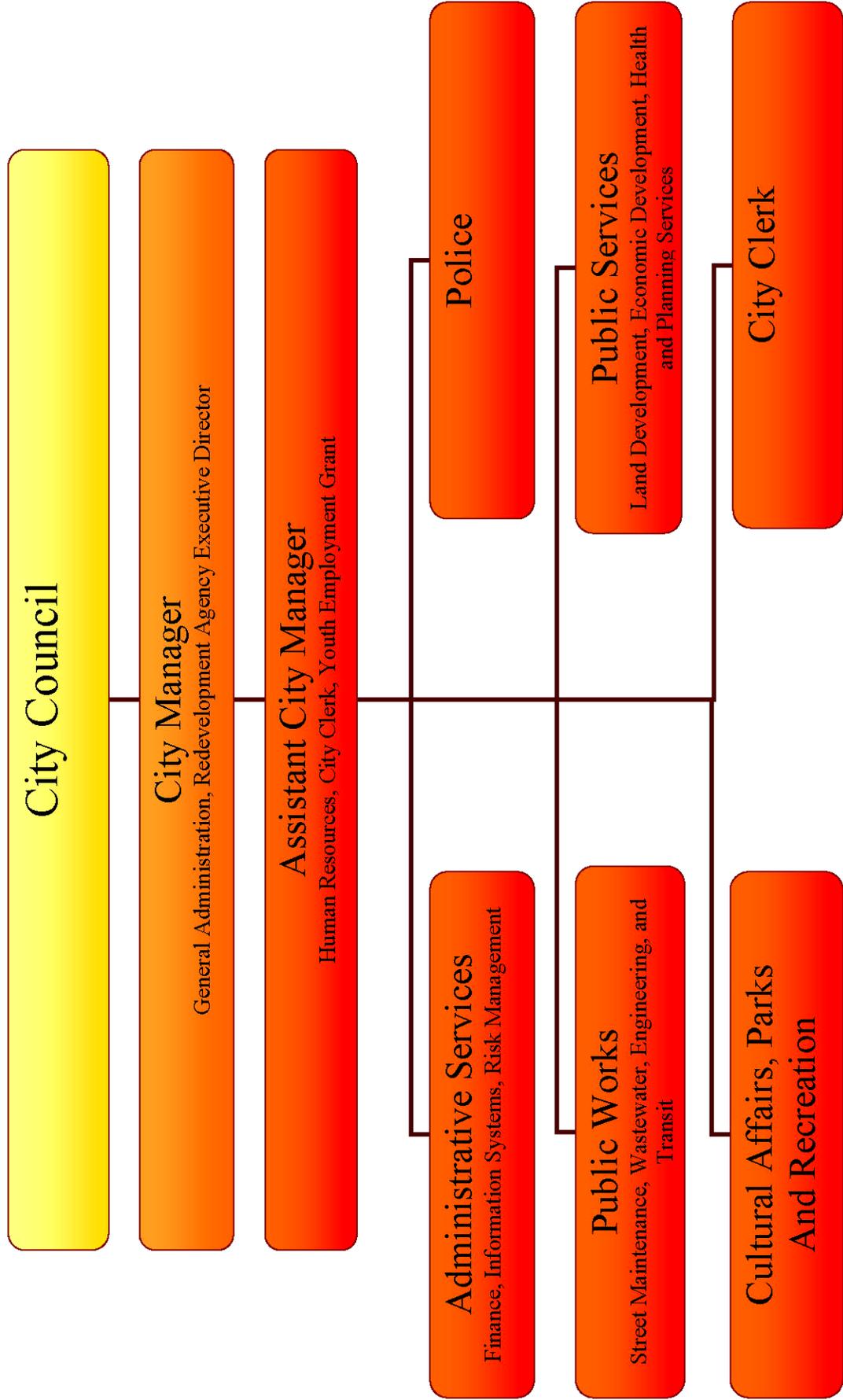
President

Jeffrey R. Emer

Executive Director

CITY OF RIDGECREST

Comprehensive Annual Financial Report For Fiscal Year Ended June 30, 2007





City of Ridgecrest

Comprehensive Annual Financial Report

For the Year Ended June 30, 2007

Mayor Marshall “Chip” Holloway
Steve Morgan, Mayor Pro-Tem
Thomas Wiknich, Vice Mayor
Ronald Carter, Council Member
Daniel Clark, Council Member

City Staff

Harvey M. Rose, City Manager/RDA Executive Director
Michael Avery, Assistant City Manager/Chief of Police
J. C. Winegardner, Administrative Services Director/City-Agency Treasurer
Dennis Speer, Public Works Director
James McRea, Public Services Director
James B. Ponek, Cultural Recreation Arts and Parks Director
Rita L. Gable, City Clerk

*City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007*

This Page Intentionally Left Blank



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

Financial Section





INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ridgecrest, California (City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on the Required Supplementary Information.

Toll Free Ph: (877) 862-2200

Toll Free Fax: (866) 436-0927

Oakland

180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County

9 Corporate Park, Suite 100
Irvine, California 92606

Sacramento

777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego

4858 Mercury, Suite 106
San Diego, California 92111

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

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 Supplementary Information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Capricci & Carlson

Irvine, California
November 30, 2007

MANAGEMENT DISCUSSION AND ANALYSIS

Management of the City of Ridgecrest (the "City") provides the Management Discussion and Analysis of the City's Comprehensive Annual Financial Report (CAFR) for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements, which follow. Keep in mind that the Financial Highlights, immediately following, are strictly snapshots of information. Net assets, changes in net assets, and fund disclosures are discussed in more detail later in the report.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

- ♦ *Government-Wide Highlights*

Net Assets - Assets of the City exceeded its liabilities at fiscal year ending June 30, 2007 by \$82.3 million this compared to \$78.4 million at fiscal year end June 30, 2006. This is an overall increase of \$3.9 million or 4.97% of prior year net assets. Assets for governmental activities exceeded liabilities by \$51.8 million and this compares to \$49.36 million at June 30, 2006 an increase of 4.94%. Assets for business-type activities exceeded liabilities by \$30.4 million and this compares to \$29 million at June 30, 2006 an increase of 4.83%.

Changes in Net Assets - The City's net assets increased \$3.87 million in fiscal year 2006-2007; this compared to a \$1.49 million increase in fiscal year 2005-2006. Net assets of governmental activities increased by \$2.47 million compared to a 2005-2006 increase of \$1.487 million. Net assets of business-type activities increased by \$1.4 million compared to an increase of 2005-2006 of \$0.497 million.

- ♦ *Fund Highlights*

Governmental Funds - At the close of fiscal year 2006-2007 the City's total governmental funds reported a fund balance of \$14.3 million as compared to \$10.4 million in 2005-2006, an increase of \$3.9 million from the prior year.

General Fund - The fund balance of the general fund on June 30, 2007 was \$2.2 million, a decrease of \$458,281 from the prior year. It is noted that an additional \$344,414 of this amount was designated for capital projects and Public Safety and Community Development activities, a decrease of \$291,166 from the prior year.

Redevelopment Agency - The fund balance of the redevelopment fund on June 30, 2007 was \$917,667 which compares to \$-4 million, an increase of \$3.1 million from the prior year.

Capital Improvement Projects Fund - The fund balance of the capital improvement projects fund on June 30, 2007 was \$-0.691 million as compared to \$0.717 million, a decrease of \$1.408 million from the prior year. The net deficit in the Public Works Projects in this fund was covered by transfers from General Fund and the Gas Tax Fund. Additionally, there was an advance from the General Fund to cover a cash deficit in this fund. The City via the Public Works Department and overseen by the Administrative Services Department is going to aggressively seek reimbursement from the granting agencies to eliminate all project deficits.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. They are comprised of the following:

- ♦ *Statement of Net Assets*
The Statement of Net Assets presents summarized information of all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This financial statement combines and consolidates governmental funds' current financial resources with capital assets and long-term obligations.
- ♦ *Statement of Activities and Changes in Net Assets*
The Statement of Activities and Changes in Net Assets presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, transportation, cultural and leisure services and housing and community development. Business type activities include operations of the waste water plant and the City's Transit system.

The government-wide financial statements include not only the City itself (known as the primary government), but also the activities of legally separate component units: the Redevelopment Agency of the City of Ridgecrest (RDA). Because the City Council acts as the governing board for each of these component units and because they function as part of the City government, their activities are blended with those of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements provide detail information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement No. 34 (GASB 34) and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, while all Non-Major Funds are summarized and presented in a single column.

- ♦ *Governmental Funds*
Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance with the government-wide financial statements can be found on pages 29 and 31.

The City has sixteen governmental funds, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The City's three major funds are: General Fund, Redevelopment Agency Fund, and Capital Improvement Projects Fund. Data from the non-major governmental funds (e.g., State Gas Tax Fund, City Debt Service, and etc.) are combined into a single, aggregated presentation. The governmental fund financial statements can be found on pages 28-31. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 74-80.

- ♦ *Proprietary Funds*
The City maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for waste water and transit activities. Internal service funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units on a cost reimbursement basis. The goal of the internal service funds is to measure the full cost of providing goods or services for the purpose of fully recovering that cost through fees or charges. Because internal services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary funds financial statements use the accrual basis of accounting.

The basic proprietary funds financial statements can be found on pages 36-38.

- ♦ *Fiduciary Funds*
Fiduciary (Agency) funds are used to account for resources held for the benefit of parties outside the government. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-66.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information includes budgetary comparison schedules for the major funds, schedules and disclosure of the modified approach for the city pavement infrastructure, and information regarding the obligation to provide pension benefits to employees. This information can be found on pages 67-69.

City of Ridgecrest's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current Assets	\$ 20,509,612	\$ 17,565,008	\$ 13,239,030	\$ 12,597,513	\$ 33,748,642	\$ 30,162,521
Capital Assets	55,768,304	57,408,668	17,439,700	16,761,833	73,208,004	74,170,501
Total Assets	76,277,916	74,973,676	30,678,730	29,359,346	106,956,646	104,333,022
Current Liabilities	1,332,634	4,548,629	236,261	317,731	4,420,266	4,866,360
Long-term Liabilities	20,269,106	21,068,724	-	-	20,269,106	21,068,724
Total Liabilities	21,601,740	25,617,353	236,261	317,731	24,689,372	25,935,084
Investments in Capital Net of Related Debt	36,151,924	36,723,055	17,439,700	16,761,833	53,591,624	53,484,888
Restricted	12,758,127	9,423,134	-	-	12,758,127	9,423,134
Unrestricted	2,914,754	3,210,134	13,002,769	12,279,782	15,917,523	15,489,916
Total Net Assets	\$ 51,824,805	\$ 49,356,323	\$ 30,442,469	\$ 29,041,615	\$ 82,267,274	\$ 78,397,938

Net Assets

The chart above reflects the City's combined net assets (governmental and business-type activities) which total \$82.3 million at the close of fiscal year ending June 30, 2007.

By far, the largest portion of the City's total net assets (79%) reflects its investment in capital assets (e.g., land, streets, sewers, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

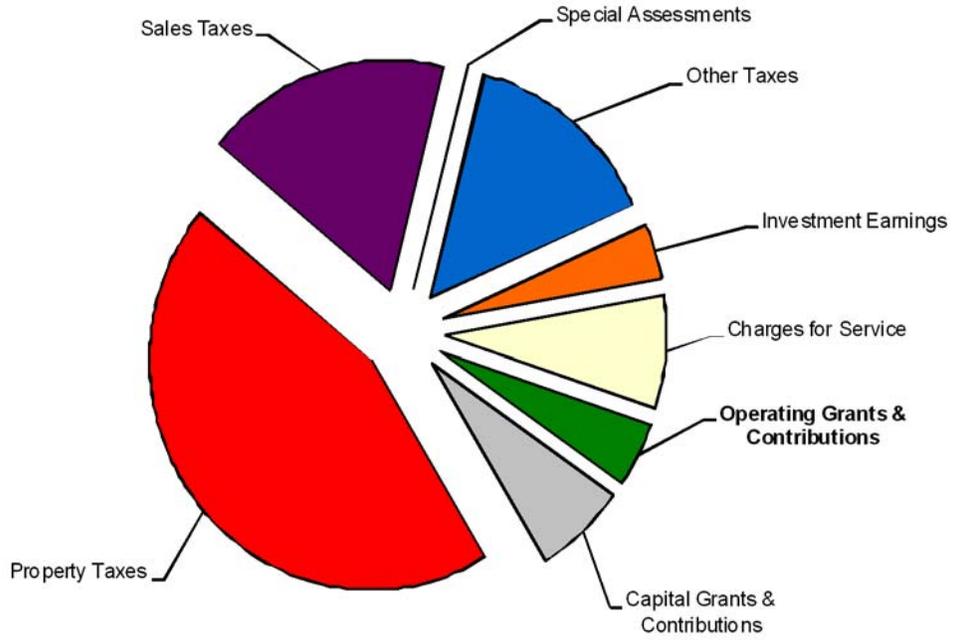
The remaining City net assets (21%) represent resources that are subject to external restrictions (e.g., capital projects, community development, debt services, and special projects) and resources that are unrestricted to meet the City's ongoing obligations to citizens and creditors.

At the end of the fiscal year 2006-07, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's net assets were increased by \$3.9 million during the fiscal year. This increase is the net result of all the revenues and expenses and cannot be attributed to any specific items.

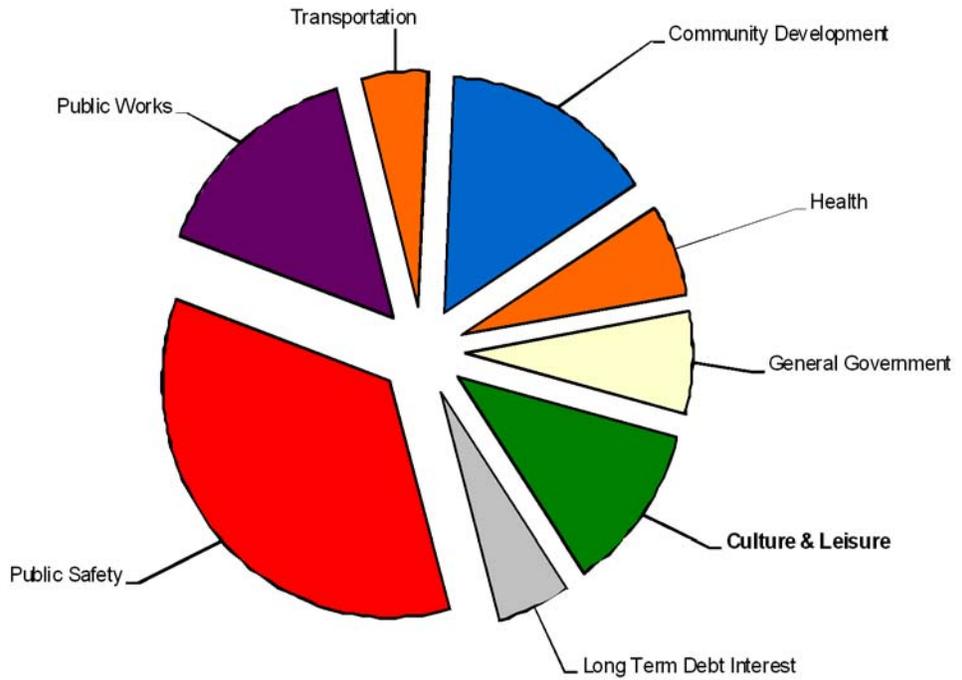
Governmental Activities

Governmental activities increased the City's net assets by \$2.47M, and the business type activities showed an increase in net assets of \$1.4M. This compares to a prior year increase in governmental activities of \$0.98M and an increase in business type activities of \$0.903M. The charts that follow show the program revenues, general revenues, and expenses by function for all City activities, including the Redevelopment Agency.

Revenues by Source Governmental Activities



Expenses by Function Governmental Activities



**Statement of Changes in Net Assets
For the Year Ended June 30,**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 1,535,742	\$ 1,681,128	\$ 2,306,802	\$ 2,198,218	\$ 3,842,544	\$ 3,879,346
Operating grants and contributions	890,959	763,657	54,811	-	945,770	763,657
Capital grants and contributions	1,277,771	432,633	-	-	1,277,771	432,633
Total program revenues	3,704,472	2,877,418	2,361,613	2,198,218	6,066,085	5,075,636
General revenues:						
Property taxes	8,621,750	6,520,691	-	-	8,621,750	6,520,691
Sales taxes	3,477,010	3,392,280	-	-	3,477,010	3,392,280
Other taxes	2,797,223	3,007,834	614,994	718,734	3,412,217	3,726,568
Investment earnings	743,571	454,613	683,951	502,255	1,427,522	956,868
Gain (loss) on sale of assets	-	809,326	-	-	-	809,326
Other revenues	819,361	2,171,014	7,828	13,388	827,189	2,184,402
Total general revenues	16,458,915	16,355,758	1,306,773	1,234,377	17,765,688	17,590,135
Total revenues	20,163,387	19,233,176	3,668,386	3,432,595	23,831,773	22,665,771
Expenses:						
General government	1,248,003	1,788,039	-	-	1,248,003	1,788,039
Public safety	6,272,651	5,977,850	-	-	6,272,651	5,977,850
Public works	2,755,773	1,144,047	-	-	2,755,773	1,144,047
Transportation	847,028	3,010,805	-	-	847,028	3,010,805
Community development	2,726,996	1,491,230	-	-	2,726,996	1,491,230
Health	1,135,383	897,909	-	-	1,135,383	897,909
Culture & Leisure	2,062,233	1,661,169	-	-	2,062,233	1,661,169
Interest on long-term debt	927,572	2,176,002	-	-	927,572	2,176,002
Transit	-	-	664,494	657,291	664,494	657,291
Waste Water	-	-	1,322,303	1,877,549	1,322,303	1,877,549
Total expenses	17,975,639	18,147,051	1,986,797	2,534,840	19,962,436	20,681,891
Increase (decrease) in net assets before transfers	2,187,747	1,086,125	1,681,589	897,755	3,869,336	1,983,880
Transfers	280,735	401,031	(280,735)	(401,031)	-	-
Change in net assets	2,468,482	1,487,156	1,400,854	496,724	3,869,336	1,983,880
Net assets, beginning of year (as restated)	49,356,323	47,869,167	29,041,615	28,544,891	78,397,938	76,414,058
Net assets, end of year	\$ 51,824,805	\$ 49,356,323	\$ 30,442,469	\$ 29,041,615	\$ 82,267,273	\$ 78,397,937

- Charges for services are primarily for recreation, building, planning engineering, and waste water services.
- Operating and capital grants and contributions include Federal and State grants and other governments and impact fees.
- Property taxes include the general, voter-approved debt service, and the redevelopment property taxes.
- Other taxes include mainly hotel, business, property transfer, and gas taxes.
- General government expenses include those expenses necessary for the operation of the general operation of the City. These include but are not limited to:
 - City Council
 - Management
 - Legal Expenses
 - Human Resources, Financial Services, Technology, Risk Management, Insurance and Other Administrative Services
 - Engineering

- Public Safety Expenses include primarily Police Services.
- Community Development expenses includes planning, building, housing, code enforcement, and Redevelopment Agency expenditures.
- Culture & Leisure expenditures cover Parks and Recreation services including the operation of the Senior Center, Recreation Services, and the Community Center.

Business Type Activities

The City operates two business-type activities. These are the City's Transit System and its Wastewater System. These business-type activities increased the City's net assets by \$1,400,854 over the prior year. This compares to an increase of \$754,099 from Fiscal Year 2005-2006.

As in prior years the City's Transit System was supported primarily through a combination of State and Federal assistance. The largest of these was the State Transportation Development Act (TDA). Since the decline of Federal funds beginning in Fiscal year 2002, the City has been using TDA and other operational funds to purchase buses. The Wastewater fund is 100% supported by user fees collected for the City via property tax billing by Kern County.

INTERNAL SERVICE FUNDS

The City has seven internal service funds: Self-Insurance/Risk Management, Administration, Technology, Finance, Printing and Reproduction, Workers' Compensation, and Fleet Maintenance. These funds are used to account for interdepartmental operations where the costs of services provided to the departments are financed or recovered by charging the user department.

Self-Insurance/Risk Management

In addition to providing for Liability, Workers' Compensation, and Property Insurance funding, the Self Insurance and Risk Management Internal Service Fund also provides funding for the liquidation of vacation, sick leave, and other compensated absences.

Administration

The Administration internal service fund provides funding for administration projects and activities provided to city departments.

Financial Operations & Financial Reserves

The Finance internal service fund includes funding for financial reserves, the support staff, accounts payable, budget, accounting, payroll as well as other expenses associated with the City's finance functions.

Technology

The Technology internal service fund provides funding for the service, repair, and replacement of technology equipment, i.e. desktops, servers, network components and maintenance.

Printing and Reproduction

The Printing and Reproduction internal service fund is set up to provide, maintain, and replace the equipment and supplies used for printing and reproduction of documents.

Workers' Compensation

The Workers' Compensation Fund accounts for resources that are received and expended on the City's self insurance plan. This plan has been in effect since July 1, 2007.

Fleet Maintenance

The Fleet Maintenance internal service fund provides for the maintenance, repair, and replacement of the City's fleet.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

As previously noted, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Please note that unlike the Government-Wide financial statements displayed previously, the fund financial statements that follow are not reflected on a full accrual basis.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental Funds - The following schedule is a summary of governmental fund revenues for fiscal year ended June 30, 2007, and includes Major and Non-Major Funds. It reflects the amount and percent of increase or decrease of each source of revenue.

Source of Revenue	FY 04-05 Amount	Percent of Total	FY 05-06 Amount	Percent of Total	FY 06-07 Amount	Percent of Total
Taxes	\$ 8,725,616	63.5%	\$ 12,247,901	65.6%	\$ 14,137,641	70.8%
Intergovernmental	2,626,347	19.1%	1,917,323	10.3%	1,783,935	8.9%
Licenses, Permits & Fees	447,594	3.3%	649,325	3.5%	1,361,033	6.8%
Charges for Services	773,345	5.6%	923,449	4.9%	93,950	0.5%
Fines and Forfeitures	97,364	0.7%	93,498	0.5%	640,658	3.2%
Use of Money & Property	274,229	2.0%	464,460	2.5%	786,753	3.9%
Assessment Revenue	1,738	0.0%	26,427	0.1%	4,520	0.0%
Other Revenues	804,769	5.9%	2,349,961	12.6%	1,148,125	5.8%
Total	\$ 13,751,002	100.0%	\$ 18,672,344	100.0%	\$ 19,956,615	100.0%

As of the end of the current year, the City of Ridgcrest's governmental funds reported combined ending fund balances of \$14.3M, an increase of \$3.9M in comparison with the prior year. Approximately 12.5 % (compared to the prior year's 7.9%) of this total amount, or \$1.758M (compared to the prior year's 1.8M), is available for spending at the government's discretion (unreserved fund balance) on operating activities. This is due to a change in the methodology in handling COP financing between the City and the Redevelopment Agency, which resulted in an action on the part of the Redevelopment Agency. The action was the change of the accounting procedure in handling the COP accounting which now is reflected by the transfer out to the City Debt Service fund of approximately \$4.7M.

There is an additional \$1.24M in the General Fund (unreserved and undesignated). It compares to the \$1.72M in the prior year. There is an additional \$1.6M in other governmental funds in unreserved and undesignated fund balance for special revenue purposes (this compares to the prior year or balance to \$183K). Additionally, there is \$765,000 in the unreserved and undesignated funds for debt service (this compares to \$778,000 in the prior year for debt service); finally, in the capital improvement projects fund there is a -1.3M and in other governmental funds \$458,000 designated for capital improvement in the undesignated in unreserved fund balances, this nets to a -\$900,000 for capital projects in the unreserved and undesignated fund balances in all governmental funds (this compares to Capital Improvement and \$389,000 in other governmental funds unreserved undesignated balance \$652K.)

The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for existing contracts and purchase orders (\$1,374,536), 2) to pay debt service (\$575,637), 3), inventory held for resale, or 4) for a variety of other restricted purposes (\$10,031,097). The general fund is the chief operating fund of the City. At the end of the current fiscal year unreserved fund balance of the general fund was \$1.24M, while total fund balance was \$2.2M. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund outgo. Unreserved fund balance represents 28% of total general fund expenditures, while total fund balance represents 20% of that same amount.

During the current fiscal year the fund balance of the City's general fund decreased by \$458,281. Key factors include rising revenues that were also offset by increased operational costs including workers' compensation expenditures, public safety costs, PERS retirement, and other operating costs.

Proprietary Funds - The City of Ridgecrest proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Wastewater fund at the end of the fiscal year amounted to \$13M, and those found in the Transit System fund amounted to 20K. The total growth in net assets was \$1.4M. Other factors concerning the finances of these two funds have already been addressed in the discussion of the business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund expenditures came under the budget by \$3,120,081. The expenditure savings were the result of a citywide effort to cut costs in order to cope with increased expenses, in particular retirement costs, while facing declining ongoing revenues. General Government Departments (Council, Manager, Finance/Administrative Services) contributed \$1,077,528 of this savings; Police contributed a savings of \$569,947 to the overall savings; Community Development contributed \$207,011 of the overall savings; Parks and Recreation went over budget by \$51,030 and Public Works Engineering contributed \$15,873. The general fund total revenues were above the adopted budget estimates by negative \$2,633,306, primarily due to property taxes, sales taxes and other taxes.

	For the Fiscal Year Ended June 30, 2006					For the Fiscal Year Ended June 30, 2007				
	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget		Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget	
	Original	Final		Original	Final	Original	Final			
Fund balance, July 1	\$ 1,405,780	\$ 1,009,165	\$ 2,344,973	\$ 1,335,808		\$ 652,785	\$ 469,846	\$ 2,665,209	\$ 2,195,363	
Resources (inflows):										
Property taxes	4,716,521	6,095,870	7,604,513	1,508,643		7,899,498	7,899,498	7,302,776	(596,722)	
Intergovernmental revenue	1,690,858	768,468	768,749	281		753,508	763,508	357,632	(405,876)	
Licenses, fees, and permits	234,285	960,695	631,480	(329,215)		655,900	707,424	364,091	(343,333)	
Current services	627,150	835,679	821,299	(14,380)		104,317	104,317	93,950	(10,367)	
Fines and penalties	81,100	105,300	93,498	(11,802)		188,058	188,058	179,942	(8,116)	
Use of money and property	110,150	139,750	183,523	43,773		871,246	873,917	586,524	(287,393)	
Other revenues	156,174	25,600	330,272	304,672		23,998	23,998	92,130	68,132	
Transfers from other funds	2,213,045	1,881,339	900,702	(980,637)		2,440,618	2,440,618	1,390,987	(1,049,631)	
Amount available for appropriation	9,829,283	10,812,701	11,334,036	521,335		12,937,143	13,001,338	10,368,032	(2,633,306)	
Charges to appropriations (outflows):										
General government	2,134,143	1,562,059	1,253,110	308,949		1,869,172	2,265,560	1,188,032	1,077,528	
Public safety	4,149,757	5,605,977	5,598,742	7,235		6,374,036	6,575,022	6,005,075	569,947	
Public works	669,956	9,201	9,172	29		446,233	15,873	-	15,873	
Community development	654,543	719,469	492,771	226,698		1,037,691	757,643	550,632	207,011	
Health	16,683	22,076	13,249	8,827		17,437	21,527	11,446	10,081	
Culture and leisure	1,412,045	1,631,946	1,778,949	(147,003)		1,688,209	1,848,647	1,899,677	(51,030)	
Non-departmental:										
Transfers to other funds	1,545,151	1,801,292	2,067,598	(266,306)		2,467,954	2,462,122	1,171,451	1,290,671	
Total charges to appropriations	10,582,278	11,352,020	11,213,591	138,429		13,900,732	13,946,394	10,826,313	3,120,081	
Excess of resources over (under) charges to appropriations	(752,995)	(539,319)	120,445	659,764		(963,589)	(945,056)	(458,281)	486,775	
Fund balance, June 30	\$ 652,785	\$ 469,846	\$ 2,465,418	\$ 1,995,572		\$ (310,804)	\$ (475,210)	\$ 2,206,928	\$ 2,682,138	

During the current fiscal year, unreserved fund balance in the general fund remained stable at \$1.2M. There were \$1.1M of reserves and designations including \$619,360 for encumbrances and contracts; \$175K for Economic Development (Building Division-related services) and another \$26,431 in Police-related reserves (donations and technology funding).

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2007, amounts to \$66.9M (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and highways, sewers, storm drains and related infrastructure.

	Government Activities	Business-Type Activities	Total
<i>Non-Depreciable Assets:</i>			
Land	\$ 3,824,168	\$ 1,614,217	\$ 5,438,385
Construction in process	833,690	-	833,690
Total non-depreciable assets, net	<u>4,657,858</u>	<u>1,614,217</u>	<u>6,272,075</u>
<i>Depreciable Assets:</i>			
Buildings and improvements	26,291,588	2,602,036	28,893,624
Machinery and equipment	4,380,088	1,014,077	5,394,165
Infrastructure	87,563,847	20,737,438	108,301,285
	118,235,523	24,353,551	142,589,074
Less accumulated depreciation	<u>(67,125,077)</u>	<u>(8,528,068)</u>	<u>(75,653,145)</u>
Total depreciable assets, net	<u>51,110,446</u>	<u>15,825,483</u>	<u>66,935,929</u>
Total capital assets	<u><u>\$ 55,768,304</u></u>	<u><u>\$ 17,439,700</u></u>	<u><u>\$ 73,208,004</u></u>

Additional information on the capital assets can be found in Note 4 on pages 60-61 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$21.5M. Of this amount, \$2.5M comprises debt backed by the full faith and credit of the City of Ridgecrest. The remainder of the debt represents bonds secured solely specified by revenue sources; i.e., the Redevelopment Agency tax increment.

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due within one year	Due in more than one year
1999 Refunding Tax Allocation Bonds	\$ 6,765,000	\$ -	\$ (185,000)	\$ 6,580,000	\$ 195,000	\$ 6,385,000
2002 Tax Allocation Refunding Bonds	2,825,000	-	(355,000)	2,470,000	365,000	2,105,000
2005 Refunding Certificates of Participation	9,870,000	-	(355,000)	9,535,000	345,000	9,190,000
Capital Lease Obligations	1,225,615	-	(194,235)	1,031,380	170,690	860,690
Compensated Absences	1,582,462	1,050,289	(763,818)	1,868,933	622,753	1,246,180
Total	<u><u>\$ 22,268,077</u></u>	<u><u>\$ 1,050,289</u></u>	<u><u>\$ (1,853,053)</u></u>	<u><u>\$ 21,485,313</u></u>	<u><u>\$ 1,698,443</u></u>	<u><u>\$ 19,786,870</u></u>

There were no changes in the total debt for the current fiscal year. Total deletions of \$1.8M were primarily due to the defeasance of the 1999 COP as well as other Redevelopment Agency debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its assessed valuation. Additional information on the City of Ridgecrest long-term debt can be found in Note 5 on pages 62-64 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economy continues to be strong with several new retail & office developments now underway. Over 1800 housing units are now fully entitled and approved.

60% of the Ridgecrest Business Park is now under development with 6 new buildings in construction.

China Lake Boulevard, the major transit and commercial corridor, is now seeing development throughout its length with several new smaller retail centers being developed.

Retail vacancy rates continue to fall and are expected to be fewer than 8% for the next fiscal year.

Land values continue to rise for commercial/retail property within the City as commercial land becomes more valuable.

This growth has occurred before the effects of BRAC are felt in the economy. The City continues to position itself as the regional retail center with its continuing growth in this sector.

This year has seen the development of:

- ✚ Two new hotels and office developments; Hilton's Hampton Inn & Suites and Grand Stay Hotel & Suites.
- ✚ Two new office buildings totaling over 50,000 square feet of Class A office space.
- ✚ Four small retail centers throughout the City.
- ✚ Four New Restaurants are being developed or completed.
- ✚ Several Big Box stores should begin in 2007 including Rite Aid, Wal-Mart Super Center, a new 120,000 square foot retail center as well as two new retail projects on China Lake.

Final BRAC planning should be completed in 2007 with the beginning of implementation, which will provide additional economy growth in 2007 & 2008.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Ridgecrest's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, 100 W. California Avenue, Ridgecrest, California, 93555.

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

Basic Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

Government-Wide Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



City of Ridgecrest
Statement of Net Assets
June 30, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 16,862,914	\$ 11,857,534	\$ 28,720,448
Cash and investments with fiscal agent	2,640,512	-	2,640,512
Accounts receivable	1,749,891	209,129	1,959,020
Interest receivable	172,476	172,367	344,843
Other receivable	2,339	-	2,339
Deposits	10,240	-	10,240
Due from Fiduciary Fund	56,599	-	56,599
Internal balances	(1,000,000)	1,000,000	-
Inventories	14,641	-	14,641
Total current assets	<u>20,509,612</u>	<u>13,239,030</u>	<u>33,748,642</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	4,657,858	1,614,217	6,272,075
Depreciable, net	51,110,446	15,825,483	66,935,929
Total capital assets, net	<u>55,768,304</u>	<u>17,439,700</u>	<u>73,208,004</u>
Total noncurrent assets	<u>55,768,304</u>	<u>17,439,700</u>	<u>73,208,004</u>
Total assets	<u>76,277,916</u>	<u>30,678,730</u>	<u>106,956,646</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,332,634	37,326	1,369,960
Retention payable	192,237	-	192,237
Salaries payable	190,808	21,637	212,445
Payroll taxes payable	1,441	-	1,441
Other payroll deductions payable	136,588	-	136,588
Deposits payable	365,483	-	365,483
Unearned revenue	116,388	177,298	293,686
Interest payable	149,983	-	149,983
Compensated absences - due within one year	622,753	-	622,753
Long-term debt - due within one year	1,075,690	-	1,075,690
Total current liabilities	<u>4,184,005</u>	<u>236,261</u>	<u>4,420,266</u>
Long-term liabilities:			
Claims payable	482,238	-	482,238
Compensated absences - due in more than one year	1,246,178	-	1,246,178
Long-term debt - due in more than one year	18,540,690	-	18,540,690
Total long-term liabilities	<u>20,269,106</u>	<u>-</u>	<u>20,269,106</u>
Total liabilities	<u>24,453,111</u>	<u>236,261</u>	<u>24,689,372</u>
NET ASSETS			
Invested in capital assets, net of related debt	<u>36,151,924</u>	<u>17,439,700</u>	<u>53,591,624</u>
Restricted for:			
Special projects	2,796,656	-	2,796,656
Debt service	9,493,264	-	9,493,264
Capital projects	468,207	-	468,207
Total restricted	<u>12,758,127</u>	<u>-</u>	<u>12,758,127</u>
Unrestricted	<u>2,914,754</u>	<u>13,002,769</u>	<u>15,917,523</u>
Total net assets	<u>\$ 51,824,805</u>	<u>\$ 30,442,469</u>	<u>\$ 82,267,274</u>

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Activities and Changes in Net Assets
For the fiscal year ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 1,248,003	\$ 216,526	\$ -	\$ -	\$ 216,526
Public safety	6,272,651	265,239	-	-	265,239
Public works	2,755,773	-	-	-	-
Community development	2,726,996	636,286	-	-	636,286
Transportation	847,028	-	890,959	183,482	1,074,441
Health	1,135,383	25	-	1,094,289	1,094,314
Culture and leisure	2,062,233	417,666	-	-	417,666
on long term debt	927,572	-	-	-	-
Total governmental activities	17,975,640	1,535,742	890,959	1,277,771	3,704,472
Business-type activities:					
TDA transit	664,494	159,721	54,811	-	214,532
Wastewater improvement	1,322,303	2,147,081	-	-	2,147,081
Total business-type activities	1,986,797	2,306,802	54,811	-	2,361,613
Total primary government	\$ 19,962,437	\$ 3,842,544	\$ 945,770	\$ 1,277,771	\$ 6,066,085

General revenues:

Taxes:

Property taxes

Sales taxes

Other taxes

Total taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (1,031,477)	\$ -	\$ (1,031,477)
(6,007,412)	-	(6,007,412)
(2,755,773)	-	(2,755,773)
(2,090,710)	-	(2,090,710)
227,413	-	227,413
(41,069)	-	(41,069)
(1,644,567)	-	(1,644,567)
(927,572)	-	(927,572)
<u>(14,271,168)</u>	<u>-</u>	<u>(14,271,168)</u>
-	(449,962)	(449,962)
-	824,778	824,778
<u>-</u>	<u>374,816</u>	<u>374,816</u>
<u>(14,271,168)</u>	<u>374,816</u>	<u>(13,896,352)</u>
8,621,750	-	8,621,750
3,477,010	-	3,477,010
2,797,223	614,994	3,412,217
<u>14,895,983</u>	<u>614,994</u>	<u>15,510,977</u>
743,571	683,951	1,427,522
819,361	7,828	827,189
280,735	(280,735)	-
<u>16,739,650</u>	<u>1,026,038</u>	<u>17,765,688</u>
2,468,482	1,400,854	3,869,336
49,356,323	29,041,615	78,397,938
<u>\$ 51,824,805</u>	<u>\$ 30,442,469</u>	<u>\$ 82,267,274</u>

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



*City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007*

Fund Financial Statements

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

Governmental Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Funds of the City are outlined below:

The General Fund - This fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In Ridgecrest, these services include general government, safety, community development, culture and recreation and public works.

Ridgecrest Redevelopment Agency Fund - The Ridgecrest Redevelopment Agency (RRA) was established in 1986 and its purpose is to prepare and carry out plans for improvement, rehabilitation and redevelopment of the blighted areas within the City of Ridgecrest.

Capital Improvement Capital Projects Fund - Funds set aside for Capital Improvement Projects.

Other Governmental Funds - Other Governmental Funds is the aggregate of all the non-major governmental funds.

City of Ridgecrest
Balance Sheet
Governmental Funds
June 30, 2007

	Major Funds					Total Governmental Funds
	General Fund	Ridgecrest Redevelopment Agency	Capital Improvements Capital Projects Fund	City Debt Service Fund	Other Governmental Funds	
ASSETS						
Cash and investments	\$ 2,020,864	\$ 8,913,105	\$ -	\$ -	\$ 2,354,243	\$ 13,288,212
Cash and investments with fiscal agent	-	1,873,936	-	766,576	-	2,640,512
Accounts receivable	646,173	1,076,498	15,463	2,932	8,825	1,749,891
Interest receivable	14,195	57,536	-	-	38,010	109,741
Other receivables	2,339	-	-	-	-	2,339
Due from other funds	366,914	-	-	-	-	366,914
Deposits	-	-	-	-	10,240	10,240
Advances to other funds	-	-	-	8,724,159	-	8,724,159
Total assets	\$ 3,050,485	\$ 11,921,075	\$ 15,463	\$ 9,493,667	\$ 2,411,318	\$ 26,892,008
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 132,985	\$ 820,877	\$ 154,986	\$ 403	\$ 53,974	\$ 1,163,225
Retentions payable	-	-	192,237	-	-	192,237
Salaries payable	142,452	7,754	-	-	10,148	160,354
Payroll taxes payable	1,441	-	-	-	-	1,441
Other payroll deductions payable	136,588	-	-	-	-	136,588
Due to other funds	-	-	310,315	-	-	310,315
Deposits payable	362,983	2,500	-	-	-	365,483
Deferred revenue	67,108	448,118	49,280	-	-	564,506
Advances from other funds	-	9,724,159	-	-	-	9,724,159
Total liabilities	843,557	11,003,408	706,818	403	64,122	12,618,308
Fund Balances:						
Reserved for:						
Encumbrances	619,360	25,031	667,117	4,034	58,994	1,374,536
Capital projects	-	1,296,697	-	-	10,241	1,306,938
Debt service	-	575,637	-	-	-	575,637
Advances to other funds	-	-	-	8,724,159	-	8,724,159
Total reserved	619,360	1,897,365	667,117	8,728,193	69,235	11,981,270
Unreserved, designated for:						
General fund	344,414	-	-	-	-	344,414
Special revenue	-	-	-	-	189,689	189,689
Total unreserved, designated	344,414	-	-	-	189,689	534,103
Unreserved, undesignated:						
General fund	1,243,154	-	-	-	-	1,243,154
Special revenue	-	(979,698)	-	-	1,630,306	650,608
Debt service	-	-	-	765,071	-	765,071
Capital projects	-	-	(1,358,472)	-	457,966	(900,506)
Total unreserved, undesignated	1,243,154	(979,698)	(1,358,472)	765,071	2,088,272	1,758,327
Total fund balances (deficit)	2,206,928	917,667	(691,355)	9,493,264	2,347,196	14,273,700
Total liabilities and fund balances	\$ 3,050,485	\$ 11,921,075	\$ 15,463	\$ 9,493,667	\$ 2,411,318	\$ 26,892,008

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2007

Total Fund Balances - Total Governmental Funds \$ 14,273,700

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. (Net of \$107,555 of internal service fund capital assets)

Non-depreciable	4,657,858
Depreciable, net	51,002,891
	55,660,749

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Compensated absences - due within one year	(622,753)
Compensated absences - due in more than one year	(1,246,178)
Long-term debt - due within one year	(1,075,690)
Long-term debt - due in more than one year	(18,540,690)
	(21,485,311)

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.

(149,983)

Deferred revenues recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available are recognized as revenues in the Government-Wide Financial Statements.

448,118

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 are reported with governmental activities.

3,077,532

Net Assets of Governmental Activities **\$ 51,824,805**

City of Ridgecrest
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2007

	Major Funds					
	General Fund	Ridgecrest Redevelopment Agency	Capital		Other Governmental Funds	Total Governmental Funds
			Improvements Capital Projects Fund	City Debt Service Fund		
REVENUES:						
Taxes	\$ 7,302,776	\$ 6,395,176	\$ -	\$ -	\$ 439,689	\$ 14,137,641
Intergovernmental	357,632	215,315	409,890	-	801,098	1,783,935
License and permits	364,091	-	-	-	996,942	1,361,033
Fines and forfeitures	93,950	-	-	-	-	93,950
Use of property and money	179,942	308,610	860	37,076	114,170	640,658
Charges for services	586,524	-	517	-	199,712	786,753
Assessment revenues	-	-	-	-	4,520	4,520
Other revenues	28,993	24,843	1,094,289	-	-	1,148,125
Total revenues	8,913,908	6,943,944	1,505,556	37,076	2,556,131	19,956,615
EXPENDITURES:						
Current:						
General government	1,188,032	-	156,168	-	66,396	1,410,596
Public safety	6,005,075	-	-	-	64,932	6,070,007
Public works	-	-	1,628,512	-	1,102,314	2,730,826
Community development	550,632	1,146,531	-	-	125,557	1,822,720
Health	11,446	-	1,094,289	-	-	1,105,735
Culture and leisure	1,899,677	-	273,081	-	-	2,172,758
Debt service:						
Principal	-	540,000	-	529,235	-	1,069,235
Interest	-	577,150	-	476,006	-	1,053,156
Total expenditures	9,654,862	2,263,681	3,152,050	1,005,241	1,359,199	17,435,033
REVENUES OVER (UNDER) EXPENDITURES	(740,954)	4,680,263	(1,646,494)	(968,165)	1,196,932	2,521,582
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital asset	63,137	401,631	-	-	62,858	527,626
Transfers in	1,390,987	2,258,125	237,586	209,868	873,006	4,969,572
Transfers out	(1,171,451)	(2,402,765)	-	-	(586,197)	(4,160,413)
Total other financing sources (uses)	282,673	256,991	237,586	209,868	349,667	1,336,785
Net change in fund balances	(458,281)	4,937,254	(1,408,908)	(758,297)	1,546,599	3,858,367
FUND BALANCES:						
Beginning of year	2,665,209	(4,019,587)	717,553	10,251,561	800,597	10,415,333
End of year	\$ 2,206,928	\$ 917,667	\$ (691,355)	\$ 9,493,264	\$ 2,347,196	\$ 14,273,700

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ 3,858,367
--	--------------

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

Governmental funds report capital outlay as expenditures. Capital outlay expenditures are included in the Statement of Revenue, Expenditures, and Changes in Fund Balances through out various departments. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.

2,108,419

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in governmental funds (Net of \$16,576 of Internal Service Fund depreciation).

(3,603,915)

Proceeds from sale of property provide current financial resources to governmental funds, but sale of property decrease capital assets on government-wide statements

(234,733)

Long-term compensated absences were reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, long-term compensated absences were not reported as expenditures in governmental funds.

(286,471)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets. This is the amount by which proceeds exceeded repayments.

Principal payment on debt service

1,069,235

Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from prior year.

125,584

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(24,891)

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

(543,113)

Change in Net Assets of Governmental Activities	\$ 2,468,482
--	---------------------

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



*City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007*

Proprietary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



PROPRIETARY FUND FINANCIAL STATEMENTS

T.D.A. Transit Fund - The T.D.A. Transit Fund is intended to show the financial position and results of operations of only those transactions attributable to the Ridgecrest Transit System (RTS), operated by the City of Ridgecrest, California.

Wastewater Improvement Fund - This fund was established to receive and disburse funds collected through sewer services charge fees and sewer facilities charges. These funds are used for the operation and maintenance of sewer disposal facilities and the financing of construction outlet sewers.

Internal Service Funds - These funds are used to account for the financing of goods and services provided by one or more departments or agencies to other departments or agencies of the City and to other government units, on a cost reimbursement basis.

City of Ridgecrest
Statement of Net Assets
Proprietary Funds
June 30, 2007

	Major Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 130,517	\$ 11,727,017	\$ 11,857,534	\$ 3,574,702
Accounts receivable	78,729	130,400	209,129	-
Interest receivable	1,867	170,500	172,367	62,735
Total current assets	211,113	12,027,917	12,239,030	3,637,437
Noncurrent assets:				
Inventories	-	-	-	14,641
Capital assets:				
Non-depreciable:				
Land	-	1,614,217	1,614,217	-
Depreciable:				
Buildings and improvements	-	2,602,036	2,602,036	-
Machinery and equipment	469,472	544,605	1,014,077	124,431
Infrastructure	-	20,737,438	20,737,438	-
Less accumulated depreciation	(364,652)	(8,163,416)	(8,528,068)	(16,876)
Advances to other funds	-	1,000,000	1,000,000	-
Total noncurrent assets	104,820	18,334,880	18,439,700	122,196
Total assets	315,933	30,362,797	30,678,730	3,759,633
LIABILITIES				
Accounts payable	2,850	34,476	37,326	169,409
Salaries payable	10,768	10,869	21,637	30,454
Claims payable	-	-	-	482,238
Unearned revenue	177,298	-	177,298	-
Total liabilities	190,916	45,345	236,261	682,101
NET ASSETS				
Invested in capital assets	104,820	17,334,880	17,439,700	107,555
Unrestricted	20,197	12,982,572	13,002,769	2,969,977
Total net assets	\$ 125,017	\$ 30,317,452	\$ 30,442,469	\$ 3,077,532

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2007

	Major Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
OPERATING REVENUES:				
Charges for services	\$ 159,721	\$ 2,147,081	\$ 2,306,802	\$ 2,504,186
Other revenue	-	7,828	7,828	365,201
Total operating revenues	159,721	2,154,909	2,314,630	2,869,387
OPERATING EXPENSES:				
Public works	624,320	-	624,320	-
Health	-	946,056	946,056	-
Administration	-	-	-	2,818,625
Public safety	-	-	-	280,538
Depreciation	40,174	376,247	416,421	16,576
Total operating expenses	664,494	1,322,303	1,986,797	3,115,739
OPERATING INCOME (LOSS)	(504,773)	832,606	327,833	(246,352)
NONOPERATING REVENUES (EXPENSES):				
Taxes	614,994	-	614,994	-
Intergovernmental	54,811	-	54,811	-
Use of money and property	5,182	678,769	683,951	231,663
Total nonoperating revenues	674,987	678,769	1,353,756	231,663
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	170,214	1,511,375	1,681,589	(14,689)
TRANSFERS AND CAPITAL CONTRIBUTIONS:				
Transfers in	-	-	-	433,942
Transfers out	(110,576)	(170,159)	(280,735)	(962,366)
Total transfers and capital contributions	(110,576)	(170,159)	(280,735)	(528,424)
Change in net assets	59,638	1,341,216	1,400,854	(543,113)
NET ASSETS:				
Beginning of year, as restated (Note 9)	65,379	28,976,236	29,041,615	3,620,645
End of year	\$ 125,017	\$ 30,317,452	\$ 30,442,469	\$ 3,077,532

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2007

	Major Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ (6,287)	\$ 2,166,921	\$ 2,160,634	\$ 2,504,186
Payments to suppliers for operation	(622,236)	(934,420)	(1,556,656)	(3,006,253)
Payments to employees	1,682	377	2,059	10,018
Insurance premiums and settlements	-	-	-	(49,805)
Cash received from (payments to) other	-	7,828	7,828	365,201
Net cash provided (used) by operating activities	(626,841)	1,240,706	613,865	(176,653)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Advances to other funds	-	200,000	200,000	-
Taxes	614,994	-	614,994	-
Intergovernmental	54,811	-	-	-
Transfers in	-	-	-	433,942
Transfers out	(110,576)	(170,159)	(280,735)	(962,366)
Net cash provided (used) by noncapital financing activities	559,229	29,841	534,259	(528,424)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(1)	(1,094,287)	(1,094,288)	(106,441)
Net cash provided (used) by capital and related financing activities	(1)	(1,094,287)	(1,094,288)	(106,441)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	5,484	643,622	649,106	215,292
Net cash provided (used) by investing activities	5,484	643,622	649,106	215,292
Net increase (decrease) in cash and cash equivalents	(62,129)	819,882	757,753	(596,226)
CASH AND INVESTMENTS:				
Beginning of year	192,646	10,907,135	11,099,781	4,170,928
End of year	\$ 130,517	\$ 11,727,017	\$ 11,857,534	\$ 3,574,702
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (504,773)	\$ 832,606	\$ 327,833	\$ (246,352)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	40,174	376,247	416,421	16,576
Changes in current assets and liabilities:				
Accounts receivable	(68,759)	19,840	(48,919)	-
Due from other funds	-	-	-	-
Inventories	-	-	-	(832)
Accounts payable	2,084	11,636	13,720	93,742
Due to other funds	-	-	-	-
Salaries payable	1,682	377	2,059	10,018
Claims payable	-	-	-	(49,805)
Unearned revenue	(97,249)	-	(97,249)	-
Total adjustments	(122,068)	408,100	286,032	69,699
Net cash provided (used) by operating activities	\$ (626,841)	\$ 1,240,706	\$ 613,865	\$ (176,653)

See accompanying Notes to Basic Financial Statements.

*City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007*

Fiduciary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



FIDUCIARY FUND FINANCIAL STATEMENTS

Private Purpose Trust Funds

To account for donations received and held by the City of Ridgecrest as an agent for individuals, developers, private organizations and other governmental agencies.

Agency Funds

To account for collections received from special assessment districts and their disbursement to bondholders.

City of Ridgecrest
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and investments	\$ 7,031	\$ 1,047,181
Accounts receivable	-	687
Interest receivable	100	7,025
Total assets	\$ 7,131	\$ 1,054,893
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 2,220	\$ -
Due to City of Ridgecrest	-	56,599
Due to bondholders	-	998,294
Total liabilities	2,220	\$ 1,054,893
Net Assets:		
Held in trust for Parks & Recreation and Senior Center	4,911	
Total net assets	\$ 4,911	

City of Ridgecrest
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2007

	Private Purpose Trust Funds
REVENUES:	
Use of property and money	\$ 435
Other revenues	646
Total revenues	<u>1,081</u>
EXPENDITURES:	
General government	5,825
Total expenditures	<u>5,825</u>
REVENUE OVER (UNDER) EXPENDITURES	(4,744)
NET ASSETS:	
Beginning of year	9,655
End of year	<u>\$ 4,911</u>

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

Notes to Basic Financial Statements



City of Ridgecrest
Notes to Basic Financial Statements
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Ridgecrest, California (City), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, the City of Ridgecrest (City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Basis of Accounting and Measurement Focus

Using the blended method, the following component unit is included in the accompanying basic financial statements of the City:

Redevelopment Agency of the City of Ridgecrest (Agency) - The Agency's purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City.

The above component unit is included in the City's basic financial statements using the blended method since the governing body of the component unit is substantially the same as the governing body of the City and the component unit provided services entirely to the City. The activities of the Agency are included in the special revenue, debt service, and capital project funds.

Detailed financial statements are available for the above component unit from the City's Finance Department.

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 with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

The Government-Wide Financial Statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. (In the Statement of Activities, internal service fund transactions have been eliminated.) However, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

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

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

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

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

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

Governmental Funds of the City are outlined below:

The General Fund - This fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In Ridgecrest, these services include general government, safety, community development, culture and recreation and public works.

Ridgecrest Redevelopment Agency Fund - The Ridgecrest Redevelopment Agency (RRA) was established in 1986 and its purpose is to prepare and carry out plans for improvement, rehabilitation and redevelopment of the blighted areas within the City of Ridgecrest.

Capital Improvement Capital Projects Fund - Funds set aside for Capital Improvement Projects.

Other Governmental Funds - Other Governmental Funds is the aggregate of all the non-major governmental funds.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Change in Net Assets, and a Statement of Cash Flows for all proprietary funds.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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.

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

Proprietary Funds of the City are outlined below:

T.D.A. Transit Fund - The T.D.A. Transit Fund is intended to show the financial position and results of operations of only those transactions attributable to the Ridgecrest Transit System (RTS), operated by the City of Ridgecrest, California.

Wastewater Improvement Fund - This fund was established to receive and disburse funds collected through sewer services charge fees and sewer facilities charges. These funds are used for the operation and maintenance of sewer disposal facilities and the financing of construction outlet sewers.

Internal Service Funds - The City has six internal service funds. Administration fund is used to account for the cost of citywide central service function. Human Resources & Risk Management fund is used to account for the costs of the City’s risk management and self-insurance programs and its personnel management costs. Information systems fund is used to account for the cost associated with electronic data processing operations. This includes computer and network equipment maintenance and replacement as well as technical support services. Printing and Reproduction Fund is used to account for the cost related to the centralized of copying, printing and reproduction of electronic data in paper form. Financial Services Fund is used to account for the cost related to financial services provided to other departments as well as financial services. Fleet Maintenance Fund is used to account for the cost of maintenance of motor vehicles, heavy and light equipment and equipment replacements.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Assets and a Statement of Changes in Fiduciary Net Assets. The City has two types of fiduciary funds. They are the private purpose trust funds and agency funds. The private purpose trust funds account for donations received and held by the City as an agent for individuals, developers, private organizations and other governmental agencies. The specific purposes for these donations are for parks and recreation and senior citizens related programs. The agency funds account for collections received from special assessment districts and their disbursement to bondholders. The agency fund is custodial in nature and does not involve measurement of results of operations. Spending of agency fund resources is controlled primarily through legal agreements and applicable State and Federal laws. Agency funds are reported using the accrual basis of accounting.

C. Use of Restricted and Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

D. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year end are reported as reservations of fund balances. Unexpended appropriations lapse at year end.

E. Cash, Cash Equivalents and Investment

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Cash, Cash Equivalents and Investment, Continued

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified for the following areas:

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

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

F. Restricted Cash and Investments

Certain restricted cash and investments are held by a fiscal agent for the redemption of bonded debt and for acquisition and construction of capital projects.

G. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure at \$100,000, all other capital assets are set at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and improvements	15-50 years
Machinery and Equipment	5-20 years
Infrastructure	15-50 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructures into the 2006-07 basic financial statements.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, park lands, and buildings. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Capital Assets, Continued

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

H. Long-Term Liabilities

Government-Wide Financial Statements

Long-term debt and other financed obligations are reported as liabilities in the appropriate funds.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

Fund Financial Statements

The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

I. Net Assets

Government-Wide Financial Statements

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Net Assets, Continued

Fund Financial Statements

Fund Equity - Reservations of fund balances of governmental funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity not available for future expenditures.

J. Compensated Absences

Government-Wide Financial Statements

For governmental activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

K. Property Taxes

Property taxes are levied on January 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is March 1. The County of Kern, California (County) bills and collects the property taxes and remits them to the City according to a payment schedule established by the County. City property tax revenues are recognized when received in cash except at year end when they are accrued pursuant to the modified accrual basis of accounting. The City recognizes as revenues at June 30 available taxes or those collected within 60 days.

The County is permitted by State law to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The City receives a share of this basic levy proportionate to what it received during the years 1976 to 1978.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

2. CASH AND INVESTMENTS

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2007:

	Government-Wide Statement of Net Assets		Fiduciary Funds Statement of Net Assets	Total
	Governmental Activities	Business-Type Activities		
Cash and investments	16,862,914	11,857,534	1,054,212	\$ 29,774,660
Cash and investments with fiscal agent	2,640,512	-	-	2,640,512
Total	\$ 19,503,426	\$ 11,857,534	\$ 1,054,212	\$ 32,415,172

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the City Treasurer invests to enhance interest earnings. The pooled interest earned is allocated to the funds based on average month-end cash and investment balances in these funds.

A. Cash Deposits

The carrying amounts of the City's cash deposits were \$3,125,453 at June 30, 2007. Bank balances before reconciling items were \$2,295,674 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below.

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

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

2. CASH AND INVESTMENTS, Continued

B. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

- Securities of the U.S. Government or its agencies.
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies.
- Negotiable Certificates of Deposit.
- California Local Agency Investment Fund.
- Investment-grade obligations of state, local governments or public authorities.
- Money market mutual funds.
- Passbook savings account and demand deposits.

The City has complied with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*. No current adjustments have been made to the accompanying basic financial statements because the City's investments were primarily in the State of California Local Agency Investment Fund and the fair value adjustment was immaterial.

C. External Investment Pool

The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2007, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

- ◆ Structured Notes - debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- ◆ Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

As of June 30, 2007, the City had \$26,647,757 invested in LAIF which had invested 3.466% of the pool investment funds in Structured Notes and Asset-Backed Securities.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures

At June 30, 2007, the City had the following deposits and investments:

Interest Rate Risk:

	<u>Fair Value</u>	<u>1 year or less</u>
Demand accounts	\$ 3,125,453	\$ 3,125,453
Petty cash	1,450	1,450
California Local Agency Investment Fund	26,647,757	26,647,757
Investment held by Fiscal Agents	2,640,512	2,640,512
Total	<u>\$ 32,415,172</u>	<u>\$ 32,415,172</u>

Credit Risk:

	<u>Credit Quality Ratings</u>		<u>Fair Value</u>
	<u>Moody's</u>	<u>Standard & Poor's</u>	
Cash and Investments:			
Cash deposits	Not Rated		\$ 3,125,453
California Local Agency Investment Fund	Not Rated		26,647,757
Investments held by Fiscal Agents	Not Rated		2,640,512
Total Cash and Investments			<u>\$ 32,413,722</u>

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

3. INTERFUND TRANSACTIONS

A. Government-Wide Financial Statements

Internal Balances

At June 30, 2007, the City had the following interfund receivables and payables:

Internal Balances		Internal Balances
		Business-Type Activities
	Governmental Activities	\$ 1,000,000

Transfers

At June 30, 2007, the City had the following transfers:

Transfers In		Transfers Out
		Business-Type Activities
	Governmental Activities	\$ 280,735

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers were used to (1) move revenues from the funds that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt services from funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

B. Fund Financial Statements

Due from and to other funds

At June 30, 2007, the City had the following short-term interfund receivables and payables:

Due to Other funds		Due from other funds	
		General	Total
	Capital Improvement Fund	\$ 310,315	\$ 310,315
	Fiduciary Funds	56,599	56,599
	Total	\$ 366,914	\$ 366,914

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

3. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Advances to and from other funds

At June 30, 2007, the City had the following long-term interfund receivables and payables:

		Advances to other funds		Total
		Ridgecrest Redevelopment Agency	Enterprise Fund Wastewater Improvement	
Advances from other funds	Ridgecrest Redevelopment Agency	\$ 8,724,159	\$ 1,000,000	\$ 9,724,159
	Total	\$ 8,724,159	\$ 1,000,000	\$ 9,724,159

On June 19, 2002, the Wastewater Improvement Enterprise Fund loaned the Ridgecrest Redevelopment Agency Fund in the amount of \$2,000,000 for the purpose of paying costs and expenses in connection with implementing the redevelopment plan. The loan is to be repaid over 10 years.

The annual requirements to amortize the note are as follows:

Year Ending	Principal	Interest	Total
June 30,			
2008	\$ 200,000	\$ 50,000	\$ 250,000
2009	200,000	40,000	240,000
2010	200,000	30,000	230,000
2011	200,000	20,000	220,000
2012	200,000	10,000	210,000
Total	\$ 1,000,000	\$ 150,000	\$ 1,150,000

On November 1, 2005, the City and the Agency have entered into a reimbursement agreement, pursuant to which the Agency has agreed to reimburse the City for all Lease payments. The Agency's reimbursement obligation is secured by a pledge of certain tax increment revenues arising in the Agency's Ridgecrest Redevelopment Project. Certain outstanding and future bonds of the Agency have or may have a claim on tax increment revenues that is senior to the Agency's reimbursement obligation under the Reimbursement Agreement. At June 30, 2007, the outstanding balance of the agreement was \$8,724,159.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

3. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Transfers

At June 30, 2007, the City had the following transfers:

		Transfers Out						Total
		General Fund	Ridgecrest Redevelopment Agency	Non-major Governmental Funds	Enterprise Funds		Internal Service Funds	
					TDA Transit	Wastewater Improvement		
Transfers In	General Fund	\$ -	\$ 86,239	\$ 233,484	\$ 96,998	\$ 149,266	\$ 825,000	\$ 1,390,987
	Ridgecrest Redevelopment Agency	-	2,258,125	-	-	-	-	2,258,125
	Capital Projects Fund:							
	Capital Improvements	237,206	-	380	-	-	-	237,586
	City Debt Service Fund	202,507	7,361	-	-	-	-	209,868
	Non-major Governmental Funds	528,888	15,120	328,998	-	-	-	873,006
	Internal Service Funds	202,850	35,920	23,335	13,578	20,893	137,366	433,942
	Total	\$ 1,171,451	\$ 2,402,765	\$ 586,197	\$ 110,576	\$ 170,159	\$ 962,366	\$ 5,403,514

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers were used to (1) move revenues from the funds that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt services from funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

4. CAPITAL ASSETS

A. Government-Wide Financial Statements

The following is a summary of capital assets for governmental activities:

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
<i>Non-Depreciable Assets:</i>				
Land	\$ 4,027,873	\$ -	\$ (203,705)	\$ 3,824,168
Construction in progress	740,484	121,734	(28,528)	833,690
Total non-depreciable assets	<u>4,768,357</u>	<u>121,734</u>	<u>(232,233)</u>	<u>4,657,858</u>
<i>Depreciable Assets:</i>				
Buildings and improvements	25,916,584	375,004	-	26,291,588
Machinery and equipment	4,259,303	326,703	(205,918)	4,380,088
Infrastructure	86,172,427	1,391,420	-	87,563,847
Total depreciable assets	<u>116,348,314</u>	<u>2,093,127</u>	<u>(205,918)</u>	<u>118,235,523</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(14,657,148)	(1,022,206)	-	(15,679,354)
Machinery and equipment	(3,330,885)	(270,049)	203,418	(3,397,516)
Infrastructure	(45,719,970)	(2,328,237)	-	(48,048,207)
Total accumulated depreciation	<u>(63,708,003)</u>	<u>(3,620,492)</u>	<u>203,418</u>	<u>(67,125,077)</u>
Total depreciable assets, net	<u>52,640,311</u>	<u>(1,527,365)</u>	<u>(2,500)</u>	<u>51,110,446</u>
Total governmental activities	<u>\$ 57,408,668</u>	<u>\$ (1,405,631)</u>	<u>\$ (234,733)</u>	<u>\$ 55,768,304</u>

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2007 are as follows:

General Government	\$ 198,626
Public Safety	80,533
Transportation	2,328,236
Community Development	889,720
Culture and Leisure	106,801
Internal Service Fund	16,576
Total depreciation expense	<u>\$ 3,620,492</u>

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

4. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of capital assets for business-type activities:

	Balance June 30, 2006	Additions	Deletions	Adjustments	Balance June 30, 2007
<i>Non-Depreciable Assets:</i>					
Land	\$ 1,614,217	\$ -	\$ -	\$ -	\$ 1,614,217
Construction in progress	1,117,932	-	(1,117,932)	-	-
Total non-depreciable assets	<u>2,732,149</u>	<u>-</u>	<u>(1,117,932)</u>	<u>-</u>	<u>1,614,217</u>
<i>Depreciable Assets:</i>					
Buildings and improvements	943,985	1,658,051	-	-	2,602,036
Machinery and equipment	1,014,077	-	-	-	1,014,077
Infrastructure	20,183,269	554,169	-	-	20,737,438
Total depreciable assets	<u>22,141,331</u>	<u>2,212,220</u>	<u>-</u>	<u>-</u>	<u>24,353,551</u>
<i>Less accumulated depreciation:</i>					
Buildings and improvements	(3,637,943)	(226,042)	-	-	(3,863,985)
Machinery and equipment	(2,007,727)	(65,745)	-	-	(2,073,472)
Infrastructure	(2,465,977)	(124,634)	-	-	(2,590,611)
Total accumulated depreciation	<u>(8,111,647)</u>	<u>(416,421)</u>	<u>-</u>	<u>-</u>	<u>(8,528,068)</u>
Total depreciable assets, net	<u>14,029,684</u>	<u>1,795,799</u>	<u>-</u>	<u>-</u>	<u>15,825,483</u>
Total business-type activities	<u>\$ 16,761,833</u>	<u>\$ 1,795,799</u>	<u>\$ (1,117,932)</u>	<u>\$ -</u>	<u>\$ 17,439,700</u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2007 are as follows:

TDA Transit	\$ 40,174
Wastewater Improvement	376,247
Total depreciation expense	<u>\$ 416,421</u>

B. Fund Financial Statements

The fund financial statements do not present general government capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

5. LONG-TERM DEBT

The following is a summary of long-term debt for the year ended June 30, 2007:

	Balance			Balance June 30, 2007	Due within one year	Due in more than one year
	June 30, 2006	Additions	Deletions			
1999 Refunding Tax Allocation Bonds	\$ 6,765,000	\$ -	\$ (185,000)	\$ 6,580,000	\$ 195,000	\$ 6,385,000
2002 Tax Allocation Refunding Bonds	2,825,000	-	(355,000)	2,470,000	365,000	2,105,000
2005 Refunding Certificates of Participation	9,870,000	-	(335,000)	9,535,000	345,000	9,190,000
Capital Lease Obligations	1,225,615	-	(194,235)	1,031,380	170,690	860,690
Compensated Absences	1,582,462	1,050,289	(763,818)	1,868,933	622,753	1,246,180
Total	\$ 22,268,077	\$ 1,050,289	\$ (1,833,053)	\$ 21,485,313	\$ 1,698,443	\$ 19,786,870

1999 Refunding Tax Allocation Bonds

The Agency issued its Ridgecrest Redevelopment Project 1999 Refunding Tax Allocation Bonds to provide funds to refund the 1990 and 1991 Tax Allocation Bonds of the Agency, to fund a debt service reserve account and to pay the costs of issuing the bonds.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 195,000	\$ 404,440	\$ 599,440
2009	205,000	393,813	598,813
2010	215,000	382,435	597,435
2011	230,000	370,288	600,288
2012	245,000	356,488	601,488
2013-2017	1,460,000	1,541,415	3,001,415
2018-2022	1,965,000	1,029,064	2,994,064
2023-2026	2,065,000	332,502	2,397,502
Total	\$ 6,580,000	\$ 4,810,445	\$ 11,390,445

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

5. LONG-TERM DEBT, Continued

2002 Tax Allocation Refunding Bonds

Proceeds from the \$4,475,000 Tax Allocation Refunding were issued to refund the 1993 Tax Allocation Refunding Bonds. The present value amount saved due to this refunding is \$153,489. The new bonds issued are due in annual installments ranging from \$310,000 to \$465,000 through June 30, 2013. Interest ranges from 2% to 5% and is paid semi-annually.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 365,000	\$ 117,726	\$ 482,726
2009	380,000	101,300	481,300
2010	400,000	84,200	484,200
2011	420,000	65,200	485,200
2012	440,000	45,250	485,250
2013	465,000	23,250	488,250
Total	\$ 2,470,000	\$ 436,926	\$ 2,906,926

2005 Refunding Certificates of Participation

On November 22, 2005, the City issued Refunding Certificates of Participation in the amount of \$10,275,000. The purpose of the bonds was to refund the City's 1999 Refunding Certificates of Participation. The bonds accrue interest rates between 3.00% and 4.50%. Interest on the bonds is payable semiannually on each September 1 and March 1, commencing March 1, 2006. Principal is payable in annual installments ranging from \$335,000 to \$710,000, commencing March 1, 2006 through March 1, 2026.

The City has covenanted in the Lease Agreement to include the Lease Payments required by the Lease Agreement in each of its budgets and to make the necessary annual appropriations for all such Lease Payments. The Lease Payments, however, are subject to abatement under certain circumstances. In addition, the City and the Agency have entered into a Reimbursement Agreement dated as of November 1, 2005, pursuant to which the Agency has agreed to reimburse the City for all Lease payments. The Agency's reimbursement obligation is secured by a pledge of certain tax increment revenues arising in the Agency's Ridgecrest Redevelopment Project. Certain outstanding and future bonds of the Agency have or may have a claim on tax increment revenues that is senior to the Agency's reimbursement obligation under the Reimbursement Agreement.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

5. LONG-TERM DEBT, Continued

2005 Refunding Certificates of Participation, Continued

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 345,000	\$ 400,636	\$ 745,636
2009	360,000	390,286	750,286
2010	370,000	378,766	748,766
2011	380,000	366,556	746,556
2012	395,000	353,256	748,256
2013-2017	2,245,000	1,493,880	3,738,880
2018-2022	2,765,000	974,490	3,739,490
2023-2026	2,675,000	307,352	2,982,352
Total	\$ 9,535,000	\$ 4,665,222	\$ 14,200,222

Capital Lease Obligations

The City entered into various lease agreements for copiers and equipment during the fiscal years ended June 30, 1996, 2003, 2005 and 2006. The leases have been classified as capital lease obligations. The copiers are for the Finance Department and Police Department. The equipment was acquired for the City Hall and the Senior Center. The gross amount of asset acquired in Capital Lease is \$1,551,663. The debt requirements due under the terms of all the leases are as follows:

For Years Ending June 30,	
2008	\$ 224,010
2009	165,865
2010	162,829
2011-2016	699,660
Total Minimum lease Payments	<u>1,252,364</u>
Less amount representing interest	<u>(220,984)</u>
Present value of lease payments	\$ 1,031,380

Compensated Absences

Compensated absences at June 30, 2007, amounted to \$1,868,933. Typically, the Self-Insurance Fund (Internal Service Fund) has been used to liquidate the liability for compensated absences. There is no fixed payment schedule for compensated absences.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

6. RISK MANAGEMENT

The City is a member of the PARSAC (Public Agency Risk Sharing Authority of California). The PARSAC is comprised of 35 California member cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the PARSAC is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

Each member city has a representative on the Board of Directors. Officers of the PARSAC are elected annually by the Board of Directors.

General Liability Insurance

Annual deposits are paid by member cities and are adjusted retroactively to cover costs. Each member city has a specific retention level. The City has a retention level of \$150,000 and pays 100% of all losses incurred under \$150,000. The City does not share or pay for losses of other cities under \$150,000. Losses of \$150,000 to \$1,000,000 are prorated among all participating cities on a payroll basis. Losses in excess of \$1,000,000 are covered by excess insurance purchased by the participating cities, as a part of the pool, to a limit of \$10,000,000. This cost is also prorated on a payroll basis.

Workers' Compensation

Beginning July 1, 2006, the City became fully self-insured with respect to Workers' Compensation. The City has a self Insured Retention (SIR) of \$150,000 per claim and additional coverage above its SIR with CSAC Excess Insurance Authority (EIA) to \$5 million per claim; there is an additional \$45 million of reinsurance above CSAC-EIA coverage bringing the total coverage to over \$50 million per claim. The CSAC-EIA is ranked as the second largest public entity risk pool and the largest property and casualty pool in the nation.

The workers' compensation and general liability claims payable of \$482,238 and \$532,043 reported at June 30, 2007 and 2006, respectively, are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the prior year.

The latest financial information of the PARSAC for fiscal year ended June 30, 2007, is as follows:

Total assets	\$ 26,368,220
Total liabilities	<u>\$ 15,647,649</u>
Total equities	<u>\$ 10,720,571</u>
Total revenues	<u>\$ 10,477,843</u>
Total expenses	<u>\$ 11,349,118</u>
Expenses over revenues	<u>\$ 871,275</u>

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

7. PUBLIC EMPLOYEE RETIREMENT SYSTEM

Plan Description - The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

Funding Policy - City employees are required by State statute to contribute 7% for miscellaneous employees and 9% for safety employees of their annual covered salary. The City employer makes the contributions required of City employees on their behalf and for their account which amounted to \$441,606 for the year ended June 30, 2007. The City employer is required to contribute for fiscal year 2006-2007 at an actuarially determined rate; the current rate is 8.711% for miscellaneous employees and 19.407% for safety employees of annual covered payroll. The contribution requirements of City employees and the City employer are established and may be amended by PERS.

Annual Pension Cost - For fiscal year ended June 30, 2007, the City's annual pension cost of \$724,412 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases range from 3.25% to 14.45% depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2005 was 17 years for prior and current service unfunded liability.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	\$ 516,097	100%	\$ -
6/30/2006	517,752	100%	-
6/30/2007	724,412	100%	-

8. OTHER REQUIRED DISCLOSURES

The following funds had deficit fund balances, which will be eliminated through the reduction in future expenditures and/or the use of new funding sources:

Fund	Fund Type	Deficit
Capital Improvement Capital Projects Fund	Major Governmental Fund	\$ (691,355)
State Gas Tax	Non-Major Governmental Fund	(60,320)

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

Required Supplementary Information



City of Ridgecrest
Required Supplementary Information
For the year ended June 30, 2007

1. BUDGETARY INFORMATION

The City is required by its municipal code to adopt an annual budget on or before June 30 for the ensuing fiscal year. From the effective date of the budget, the amounts become the "annual appropriated budget."

The City Council may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer budget amounts within a division of any fund during the budget year as long as it does not increase the total budget within the division. However, any revisions that alter total expenditures of any fund must be approved by the City Council.

Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at the end of the fiscal year. Supplemental appropriations, which increase appropriations, may be made during the fiscal year.

Budget information is presented on a basis consistent with generally accepted accounting principles. Budgeted revenue and expenditure amounts represent the original budget modified for adjustments during the year.

Budget Comparison Schedule - General Fund

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ 652,785	\$ 469,846	\$ 2,665,209	\$ 2,195,363
Resources (inflows):				
Taxes	7,899,498	7,899,498	7,302,776	(596,722)
Intergovernmental revenue	753,508	763,508	357,632	(405,876)
Licenses and permits	655,900	707,424	364,091	(343,333)
Fines and penalties	104,317	104,317	93,950	(10,367)
Use of money and property	188,058	188,058	179,942	(8,116)
Charges for services	871,246	873,917	586,524	(287,393)
Other revenues	23,998	23,998	92,130	68,132
Transfers in	2,440,618	2,440,618	1,390,987	(1,049,631)
Amount available for appropriation	12,937,143	13,001,338	10,368,032	(2,633,306)
Charges to appropriations (outflows):				
General government	1,869,172	2,265,560	1,188,032	1,077,528
Public safety	6,374,036	6,575,022	6,005,075	569,947
Public works	446,233	15,873	-	15,873
Community development	1,037,691	757,643	550,632	207,011
Health	17,437	21,527	11,446	10,081
Culture and leisure	1,688,209	1,848,647	1,899,677	(51,030)
Transfers out	2,467,954	2,462,122	1,171,451	1,290,671
Total charges to appropriations	13,900,732	13,946,394	10,826,313	3,120,081
Excess of resources over (under) charges to appropriations	(963,589)	(945,056)	(458,281)	486,775
Fund balance, June 30, 2007	\$ (310,804)	\$ (475,210)	\$ 2,206,928	\$ 2,682,138

City of Ridgecrest
Required Supplementary Information, Continued
For the year ended June 30, 2007

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule - Ridgecrest Redevelopment Agency Fund

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ (693,532)	\$ 459,579	\$ (4,019,587)	\$ (4,479,166)
Resources (inflows):				
Taxes	4,117,311	4,117,311	6,395,176	2,277,865
Intergovernmental	187,775	187,775	215,315	27,540
Use of money and property	109,075	109,075	308,610	199,535
Other revenues	-	-	426,474	426,474
Transfers in	4,405,462	28,081,462	2,258,125	(25,823,337)
Amount available for appropriation	8,819,623	32,495,623	9,603,700	(22,891,923)
Charges to appropriations (outflows):				
Community development	3,112,286	3,081,249	1,146,531	1,934,718
Debt service:				
Principal	-	-	540,000	(540,000)
Interest	-	-	577,150	(577,150)
Payment to refunded bond escrow agent	-	-	-	-
Transfers out	6,887,207	6,750,182	2,402,765	4,347,417
Total charges to appropriations	9,999,493	9,831,431	4,666,446	5,164,985
Excess of resources over (under) charges to appropriations	(1,179,870)	22,664,192	4,937,254	(17,726,938)
Fund balance, June 30, 2007	\$ (1,873,402)	\$ 23,123,771	\$ 917,667	\$ (22,206,104)

2. SCHEDULE OF FUNDING PROGRESS (Unaudited)

A. Funded Status of Plan - Miscellaneous and Safety Employees

As of the actuarial valuation date of June 30, 2003, the City's miscellaneous and safety plans became part of a CalPERS Risk Pool for employers with less than 100 active plan members. As part of a cost-sharing multiple-employer defined benefit plan, disclosure of the schedule of funding progress is not required.

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

Supplemental Information



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



*City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007*

Non-Major Governmental Funds



City of Ridgecrest
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2007

	Special Revenue Funds				
	State Gas Tax	Park Development	TDA Street Fund	Business Development Center	Business Park
ASSETS					
Cash and investments	\$ -	\$ 14,707	\$ 313,526	\$ 1,514	\$ 33,700
Cash and investments with fiscal agent	-	-	-	-	-
Accounts receivable	1,309	-	-	400	-
Interest receivable	-	210	9,182	22	482
Deposits	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total assets	\$ 1,309	\$ 14,917	\$ 322,708	\$ 1,936	\$ 34,182
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 52,260	\$ -	\$ -	\$ 1,714	\$ -
Salaries payable	9,369	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits payable	-	-	-	-	-
Total liabilities	61,629	-	-	1,714	-
Fund Balances:					
Reserved:					
Encumbrances	58,994	-	-	-	-
Advances to other funds	-	-	-	-	-
Utility/Street improvement	-	-	-	-	-
Total reserved	58,994	-	-	-	-
Unreserved, designated for:					
Traffic signals/loop	-	-	189,689	-	-
Total unreserved, designated	-	-	189,689	-	-
Unreserved, undesignated:					
Special revenue	(119,314)	14,917	133,019	222	34,182
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total unreserved, undesignated	(119,314)	14,917	133,019	222	34,182
Total fund balances (deficit)	(60,320)	14,917	322,708	222	34,182
Total liabilities and fund balances	\$ 1,309	\$ 14,917	\$ 322,708	\$ 1,936	\$ 34,182

Special Revenue Funds							
Supplemental Law Enforcement	Grant Operations	Nutrition Grant	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee	Park Development Impact Fee
\$ 42,535	\$ (4,975)	\$ 3,450	\$ 323,027	\$ 148,001	\$ 66,371	\$ 346,150	\$ 95,331
-	-	-	-	-	-	-	-
-	5,754	-	-	-	-	-	1,362
1,562	-	49	4,616	2,115	949	4,947	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 44,097</u>	<u>\$ 779</u>	<u>\$ 3,499</u>	<u>\$ 327,643</u>	<u>\$ 150,116</u>	<u>\$ 67,320</u>	<u>\$ 351,097</u>	<u>\$ 96,693</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	779	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	779	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
44,097	-	3,499	327,643	150,116	67,320	351,097	96,693
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>44,097</u>	<u>-</u>	<u>3,499</u>	<u>327,643</u>	<u>150,116</u>	<u>67,320</u>	<u>351,097</u>	<u>96,693</u>
<u>44,097</u>	<u>-</u>	<u>3,499</u>	<u>327,643</u>	<u>150,116</u>	<u>67,320</u>	<u>351,097</u>	<u>96,693</u>
<u>\$ 44,097</u>	<u>\$ 779</u>	<u>\$ 3,499</u>	<u>\$ 327,643</u>	<u>\$ 150,116</u>	<u>\$ 67,320</u>	<u>\$ 351,097</u>	<u>\$ 96,693</u>

(Continued)

City of Ridgecrest
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2007

	Special Revenue Fund		Capital	Total Other Governmental Funds
	Law Enforcement	Storm Drainage Facilities	Projects Fund	
	Improvement Fee		Sub-Standard Streets Improvements	
ASSETS				
Cash and investments	\$ 104,616	\$ 414,776	\$ 451,514	\$ 2,354,243
Cash and investments with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	8,825
Interest receivable	1,495	5,928	6,453	38,010
Deposits	-	-	10,240	10,240
Advances to other funds	-	-	-	-
Total assets	\$ 106,111	\$ 420,704	\$ 468,207	\$ 2,411,318
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 53,974
Salaries payable	-	-	-	10,148
Due to other funds	-	-	-	-
Deposits payable	-	-	-	-
Total liabilities	-	-	-	64,122
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	58,994
Advances to other funds	-	-	-	-
Utility/Street improvement	-	-	10,241	10,241
Total reserved	-	-	10,241	69,235
Unreserved, designated for:				
Traffic signals/loop	-	-	-	189,689
Total unreserved, designated	-	-	-	189,689
Unreserved, undesignated				
Special revenue	106,111	420,704	-	1,630,306
Debt service	-	-	-	-
Capital projects	-	-	457,966	457,966
Total unreserved, undesignated	106,111	420,704	457,966	2,088,272
Total fund balances (deficit)	106,111	420,704	468,207	2,347,196
Total liabilities and fund balances	\$ 106,111	\$ 420,704	\$ 468,207	\$ 2,411,318

(Concluded)

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2007

	Special Revenue Funds				
	State Gas Tax	Park Development	TDA Street Fund	Business Development Center	Business Park
REVENUES:					
Taxes	\$ -	\$ -	\$ 439,689	\$ -	\$ -
Intergovernmental	451,270	-	-	-	-
Licenses and permits	-	-	-	-	-
Use of property and money	574	784	22,327	2,332	1,797
Charges for services	-	-	-	-	-
Assessment revenues	4,520	-	-	-	-
Total revenues	456,364	784	462,016	2,332	1,797
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	64,932	-	-	-	-
Public works	1,083,518	-	-	-	-
Community development	-	-	-	17,230	-
Culture and leisure	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	1,148,450	-	-	17,230	-
REVENUE OVER (UNDER) EXPENDITURES	(692,086)	784	462,016	(14,898)	1,797
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital asset	-	-	-	-	-
Transfers in	857,837	-	-	15,120	-
Transfers out	(190,410)	-	(328,997)	-	-
Total other financing sources (uses)	667,427	-	(328,997)	15,120	-
Net change in fund balances	(24,659)	784	133,019	222	1,797
FUND BALANCES:					
Beginning of year	(35,661)	14,133	189,689	-	32,385
End of year	\$ (60,320)	\$ 14,917	\$ 322,708	\$ 222	\$ 34,182

Special Revenue Funds							
Supplemental Law Enforcement	Grant Operations	Nutrition Grant	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee	Park Development Impact Fee
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100,000	66,347	-	183,481	-	-	-	-
-	-	-	-	-	64,145	337,620	94,816
5,776	-	184	24,119	5,592	1,908	8,119	1,877
-	-	-	-	199,712	-	-	-
-	-	-	-	-	-	-	-
105,776	66,347	184	207,600	205,304	66,053	345,739	96,693
-	66,396	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	108,327	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	66,396	-	-	108,327	-	-	-
105,776	(49)	184	207,600	96,977	66,053	345,739	96,693
-	-	-	-	-	-	-	-
-	49	-	-	-	-	-	-
(66,790)	-	-	-	-	-	-	-
(66,790)	49	-	-	-	-	-	-
38,986	-	184	207,600	96,977	66,053	345,739	96,693
5,111	-	3,315	120,043	53,139	1,267	5,358	-
\$ 44,097	\$ -	\$ 3,499	\$ 327,643	\$ 150,116	\$ 67,320	\$ 351,097	\$ 96,693

(Continued)

City of Ridgecrest

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued Non-Major Governmental Funds For the year ended June 30, 2007

	Special Revenue Fund		Capital	Total Other Governmental Funds
	Law Enforcement Improvement Fee	Storm Drainage Facilities	Projects Fund	
			Sub-Standard Streets Improvements	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 439,689
Intergovernmental	-	-	-	801,098
Licenses and permits	98,573	401,788	-	996,942
Use of property and money	3,386	11,647	23,748	114,170
Charges for services	-	-	-	199,712
Assessment revenues	-	-	-	4,520
Total revenues	101,959	413,435	23,748	2,556,131
EXPENDITURES:				
Current:				
General government	-	-	-	66,396
Public safety	-	-	-	64,932
Public works	-	-	18,796	1,102,314
Community development	-	-	-	125,557
Culture and leisure	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	18,796	1,359,199
REVENUE OVER (UNDER) EXPENDITURES	101,959	413,435	4,952	1,196,932
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital asset	-	-	62,858	62,858
Transfers in	-	-	-	873,006
Transfers out	-	-	-	(586,197)
Total other financing sources (uses)	-	-	62,858	349,667
Net change in fund balances	101,959	413,435	67,810	1,546,599
FUND BALANCES:				
Beginning of year	4,152	7,269	400,397	800,597
End of year	\$ 106,111	\$ 420,704	468,207	\$ 2,347,196

(Concluded)

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Capital Improvement - Capital Project Fund For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	<u>\$ (2,361,792)</u>	<u>\$ 151,784</u>	<u>\$ 717,553</u>	<u>\$ 642,361</u>
Resources (inflows):				
Intergovernmental	2,788,239	584,866	409,890	(174,976)
Use of money and property	10,000	10,000	860	(9,140)
Charges for services	-	517	517	-
Other revenue	-	1,112,096	1,094,289	(17,807)
Transfer in	<u>2,124,130</u>	<u>1,613,023</u>	<u>237,586</u>	<u>(1,375,437)</u>
Amount available for appropriation	<u>4,922,369</u>	<u>3,320,502</u>	<u>1,743,142</u>	<u>(1,577,360)</u>
Charges to appropriations (outflows):				
General government	-	174,000	156,168	17,832
Public safety	-	-	-	-
Public works	1,718,461	2,189,286	1,628,512	560,774
Health	-	1,094,288	1,094,289	(1)
Culture and leisure	-	273,784	273,081	703
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>1,718,461</u>	<u>3,731,358</u>	<u>3,152,050</u>	<u>579,308</u>
Excess of resources over (under) charges to appropriations	<u>3,203,908</u>	<u>(410,856)</u>	<u>(1,408,908)</u>	<u>(998,052)</u>
Fund balance, June 30, 2007	<u><u>\$ 842,116</u></u>	<u><u>\$ (259,072)</u></u>	<u><u>\$ (691,355)</u></u>	<u><u>\$ (355,691)</u></u>

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

State Gas Tax - Special Revenue Fund

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ 184,098	\$ 206,811	\$ (35,661)	\$ (379,976)
Resources (inflows):				
Intergovernmental	456,000	456,000	451,270	(4,730)
Use of money and property	110	110	574	464
Assessment revenue	-	-	4,520	4,520
Transfer in	1,013,619	1,021,289	857,837	(163,452)
Amount available for appropriation	1,469,729	1,477,399	1,314,201	(163,198)
Charges to appropriations (outflows):				
General government	58,976	58,976	-	58,976
Public safety	323,393	323,393	64,932	258,461
Public works	958,978	934,796	1,083,518	(148,722)
Transportation	-	-	-	-
Transfers out	320,434	304,114	190,410	113,704
Total charges to appropriations	1,661,781	1,621,279	1,338,860	282,419
Excess of resources over (under) charges to appropriations	(192,052)	(143,880)	(24,659)	119,221
Fund balance, June 30, 2007	\$ (7,954)	\$ 62,931	\$ (60,320)	\$ (260,755)

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Park Development Fee - Special Revenue Fund

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ -	\$ -	\$ 14,133	\$ (13,057)
Resources (inflows):				
Use of money and property	150	150	784	634
Amount available for appropriation	150	150	784	634
Fund balance, June 30, 2007	\$ 150	\$ 150	\$ 14,917	\$ (12,423)

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

TDA Street Fund - Special Revenue Fund

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ -	\$ 28,298	\$ 189,689	\$ 160,593
Resources (inflows):				
Taxes	189,805	189,805	439,689	249,884
Use of money and property	-	-	22,327	22,327
Amount available for appropriation	189,805	189,805	462,016	272,211
Charges to appropriations (outflows):				
Transfers out	189,805	152,805	328,997	(176,192)
Total charges to appropriations	189,805	152,805	328,997	(176,192)
Excess of resources over (under) charges to appropriations	-	37,000	133,019	96,019
Fund balance, June 30, 2007	\$ -	\$ 65,298	\$ 322,708	\$ 256,612

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Business Development Center - Special Revenue Fund For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ (11,391)	\$ (11,391)	\$ -	\$ 11,391
Resources (inflows):				
Use of money and property	18,833	18,833	2,332	(16,501)
Transfer in	-	-	15,120	15,120
Amount available for appropriation	18,833	18,833	17,452	(1,381)
Charges to appropriations (outflows):				
Community development	24,493	17,230	17,230	-
Total charges to appropriations	24,493	17,230	17,230	-
Excess of resources over (under) charges to appropriations	(5,660)	1,603	222	(1,381)
Fund balance, June 30, 2007	\$ (17,051)	\$ (9,788)	\$ 222	\$ 10,010

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Business Park - Special Revenue Fund

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ -	\$ -	\$ 32,385	\$ (31,015)
Resources (inflows):				
Use of money and property	-	-	1,797	1,797
Amount available for appropriation	-	-	1,797	1,797
Fund balance, June 30, 2007	\$ -	\$ -	\$ 34,182	\$ (29,218)

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Supplemental Law Enforcement - Special Revenue Fund For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ (4,729)	\$ (4,729)	\$ 5,111	\$ 380
Resources (inflows):				
Intergovernmental	100,000	100,000	100,000	-
Use of money and property	2,000	2,000	5,776	3,776
Amount available for appropriation	102,000	102,000	105,776	3,776
Charges to appropriations (outflows):				
Public safety	42,356	-	-	-
Capital outlay	-	-	-	-
Transfers out	105,305	66,790	66,790	-
Total charges to appropriations	147,661	66,790	66,790	-
Excess of resources over (under) charges to appropriations	(45,661)	35,210	38,986	3,776
Fund balance, June 30, 2007	\$ (50,390)	\$ 30,481	\$ 44,097	\$ 4,156

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Grant Operations - Special Revenue Fund For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ -	\$ (9,941)	\$ -	\$ 9,941
Resources (inflows):				
Intergovernmental	109,645	109,645	66,347	(43,298)
Other revenue	300	300	-	(300)
Transfer in	-	-	49	49
Amount available for appropriation	109,945	109,945	66,396	(43,549)
Charges to appropriations (outflows):				
General government	67,887	67,887	66,396	(1,491)
ISF-Admin Services	42,058	42,058	-	-
Total charges to appropriations	109,945	109,945	66,396	43,549
Excess of resources over (under) charges to appropriations	-	-	-	-
Fund balance, June 30, 2007	\$ -	\$ (9,941)	\$ -	\$ 9,941

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Nutrition Grant Fund - Special Revenue Fund

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ -	\$ -	\$ 3,315	\$ (3,061)
Resources (inflows):				
Use of money and property	60	60	184	124
Amount available for appropriation	60	60	184	124
Fund balance, June 30, 2007	\$ 60	\$ 60	\$ 3,499	\$ (2,937)

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Traffic Congestion Relief - Special Revenue Fund

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ -	\$ 110,000	\$ 120,043	\$ 10,041
Resources (inflows):				
Intergovernmental	111,650	111,650	183,481	71,831
Use of money and property	800	800	24,119	23,319
Amount available for appropriation	112,450	112,450	207,600	95,150
Charges to appropriations (outflows):				
Transfers out	111,650	1,650	-	1,650
Total charges to appropriations	111,650	1,650	-	1,650
Excess of resources over (under) charges to appropriations	800	110,800	207,600	96,800
Fund balance, June 30, 2007	\$ 800	\$ 220,800	\$ 327,643	\$ 106,841

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Project - Special Revenue Fund

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ -	\$ (48,563)	\$ 53,139	\$ (234,298)
Resources (inflows):				
Use of money and property	600	600	5,592	4,992
Charges for services	200,000	199,712	199,712	-
Transfers in	239,540	-	-	-
Amount available for appropriation	440,140	200,312	205,304	4,992
Charges to appropriations (outflows):				
General government	25,375	-	-	-
Community development	203,000	108,327	108,327	-
Total charges to appropriations	228,375	108,327	108,327	-
Excess of resources over (under) charges to appropriations	(228,375)	(108,327)	96,977	-
Fund balance, June 30, 2007	\$ (228,375)	\$ (156,890)	\$ 150,116	\$ (229,306)

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fire Facilities Improvement - Special Revenue Fund

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ -	\$ -	\$ 1,267	\$ 1,267
Resources (inflows):				
Licenses and permits	-	32,802	64,145	31,343
Use of money and property	-	-	1,908	1,908
Amount available for appropriation	-	32,802	66,053	33,251
Fund balance, June 30, 2007	\$ -	\$ 32,802	\$ 67,320	\$ 34,518

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Traffic Impact Fee - Special Revenue Fund

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ -	\$ -	\$ 5,358	\$ 5,358
Resources (inflows):				
Licenses and permits	-	908,844	337,620	(571,224)
Use of money and property	-	-	8,119	-
Amount available for appropriation	-	908,844	345,739	(563,105)
Fund balance, June 30, 2007	\$ -	\$ 908,844	\$ 351,097	\$ (557,747)

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Park Development Impact Fee- Special Revenue Fund

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ -	\$ -	\$ -	\$ 5,358
Resources (inflows):				
Licenses and permits	-	-	94,816	94,816
Use of money and property	-	-	1,877	-
Amount available for appropriation	-	-	96,693	96,693
Fund balance, June 30, 2007	\$ -	\$ -	\$ 96,693	\$ 102,051

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Law Enforcement - Special Revenue Fund

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ -	\$ -	\$ 4,152	\$ 4,152
Resources (inflows):				
Licenses and permits	-	54,692	98,573	43,881
Use of money and property	-	-	3,386	3,386
Amount available for appropriation	-	54,692	101,959	47,267
Fund balance, June 30, 2007	\$ -	\$ 54,692	\$ 106,111	\$ 51,419

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Storm Drainage Facilities - Special Revenue Fund For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ -	\$ -	\$ 7,269	\$ 7,269
Resources (inflows):				
Licenses and permits	-	212,168	401,788	189,620
Use of money and property	-	-	11,647	11,647
Amount available for appropriation	-	212,168	413,435	201,267
Fund balance, June 30, 2007	\$ -	\$ 212,168	\$ 420,704	\$ 208,536

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Sub-Standard Streets Improvements - Capital Projects Fund

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2006	\$ (4,500)	\$ 4,500	\$ 400,397	\$ 114,071
Resources (inflows):				
Use of money and property	4,000	4,000	23,748	19,748
Proceeds from sales of capital assets	140,000	140,000	62,858	(77,142)
Amount available for appropriation	144,000	144,000	86,606	(57,394)
Charges to appropriations (outflows):				
Public works	4,568	19,568	18,796	772
Total charges to appropriations	4,568	19,568	18,796	772
Excess of resources over (under) charges to appropriations	139,432	124,432	67,810	(56,622)
Fund balance, June 30, 2007	\$ 134,932	\$ 128,932	\$ 468,207	\$ 57,449

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



INTERNAL SERVICE FUND FINANCIAL STATEMENTS

Internal Service Funds of the City are outlined below:

Administration Fund - This fund is used to account for the cost of citywide central service function.

Human Resources & Risk Management - This fund is used to account for the costs of the City's risk management and self-insurance programs as well as its personnel management costs.

Information Systems - This fund is used to account for the cost associated with electronic data processing operations. This includes computer and network equipment maintenance and replacement as well as technical support services.

Printing and Reproduction Fund - This fund is used to account for the cost related to the centralized of copying, printing and reproduction of electronic data in paper form.

Financial Services Fund - This fund is used to account for the cost related to financial services provided to other departments as well as financial reserves.

Fleet Maintenance Fund - The fund is used to account for the cost of maintenance of motor vehicles, heavy and light equipments and equipment replacements.

City of Ridgecrest
Balance Sheets
All Internal Service Funds
June 30, 2007

	Administration	Human Resource Risk Management	Information System	Printing and Reproduction
ASSETS				
Current assets:				
Cash and investments	\$ 88,271	\$ 2,752,899	\$ 311,673	\$ 183,254
Interest receivable	1,262	51,133	4,455	2,619
Total current assets	<u>89,533</u>	<u>2,804,032</u>	<u>316,128</u>	<u>185,873</u>
Noncurrent assets:				
Inventories	-	-	-	-
Capital assets:				
Depreciable:				
Machinery and equipment	-	-	50,587	63,429
Less accumulated depreciation	-	-	<u>(5,833)</u>	<u>(8,960)</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>44,754</u>	<u>54,469</u>
Total assets	<u>89,533</u>	<u>2,804,032</u>	<u>360,882</u>	<u>240,342</u>
LIABILITIES				
Liabilities:				
Accounts payable	21,366	6,190	87,327	968
Salaries payable	5,259	5,201	5,655	-
Claims payable	-	482,238	-	-
Total liabilities	<u>26,625</u>	<u>493,629</u>	<u>92,982</u>	<u>968</u>
NET ASSETS				
Invested in capital assets	-	-	44,754	54,469
Unrestricted	62,908	2,310,403	223,146	184,905
Total net assets	<u>\$ 62,908</u>	<u>\$ 2,310,403</u>	<u>\$ 267,900</u>	<u>\$ 239,374</u>

Financial Services	Sel Insurance Workers Comp	Fleet Maintenance	Total
\$ 205,763	\$ -	\$ 32,842	\$ 3,574,702
2,796	-	470	62,735
<u>208,559</u>	<u>-</u>	<u>33,312</u>	<u>3,637,437</u>
-	-	14,641	14,641
10,415	-	-	124,431
(2,083)	-	-	(16,876)
<u>8,332</u>	<u>-</u>	<u>14,641</u>	<u>122,196</u>
<u>216,891</u>	<u>-</u>	<u>47,953</u>	<u>3,759,633</u>
18,361	10,340	24,857	169,409
11,204	-	3,135	30,454
-	-	-	482,238
<u>29,565</u>	<u>10,340</u>	<u>27,992</u>	<u>682,101</u>
8,332	-	-	107,555
<u>178,994</u>	<u>(10,340)</u>	<u>19,961</u>	<u>2,969,977</u>
<u>\$ 187,326</u>	<u>\$ (10,340)</u>	<u>\$ 19,961</u>	<u>\$ 3,077,532</u>

City of Ridgecrest
Statements of Revenues, Expenses and Changes in Retained Earnings
All Internal Service Funds
For the year ended June 30, 2007

	<u>Administration</u>	<u>Human Resource Risk Management</u>	<u>Information System</u>	<u>Printing and Reproduction</u>
OPERATING REVENUES:				
Charges for services	\$ 526,142	\$ 248,627	\$ 640,297	\$ 75,072
Other revenue	-	361,732	2,864	-
Total operating revenues	<u>526,142</u>	<u>610,359</u>	<u>643,161</u>	<u>75,072</u>
OPERATING EXPENSES:				
Administration	441,622	774,057	612,535	44,997
Public safety	-	-	-	-
Depreciation	-	-	5,533	8,960
Total operating expenses	<u>441,622</u>	<u>774,057</u>	<u>618,068</u>	<u>53,957</u>
OPERATING INCOME (LOSS)	<u>84,520</u>	<u>(163,698)</u>	<u>25,093</u>	<u>21,115</u>
NONOPERATING REVENUES (EXPENSES):				
Use of money and property	4,020	188,142	17,259	9,252
Total nonoperating revenues	<u>4,020</u>	<u>188,142</u>	<u>17,259</u>	<u>9,252</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>88,540</u>	<u>24,444</u>	<u>42,352</u>	<u>30,367</u>
TRANSFERS:				
Transfers in	-	280,579	-	-
Transfers out	-	(962,366)	-	-
Total transfers in (out)	<u>-</u>	<u>(681,787)</u>	<u>-</u>	<u>-</u>
Change in net assets	88,540	(657,343)	42,352	30,367
NET ASSETS:				
Beginning of year	(25,632)	2,967,746	225,548	209,007
End of year	<u>\$ 62,908</u>	<u>\$ 2,310,403</u>	<u>\$ 267,900</u>	<u>\$ 239,374</u>

Financial Services	Self Insurance Workers Comp	Fleet Maintenance	Totals
\$ 555,056	\$ -	\$ 458,992	\$ 2,504,186
605	-	-	365,201
<u>555,661</u>	<u>-</u>	<u>458,992</u>	<u>2,869,387</u>
619,702	91,855	233,857	2,818,625
-	55,851	224,687	280,538
2,083	-	-	16,576
<u>621,785</u>	<u>147,706</u>	<u>458,544</u>	<u>3,115,739</u>
<u>(66,124)</u>	<u>(147,706)</u>	<u>448</u>	<u>(246,352)</u>
12,500	-	490	231,663
<u>12,500</u>	<u>-</u>	<u>490</u>	<u>231,663</u>
<u>(53,624)</u>	<u>(147,706)</u>	<u>938</u>	<u>(14,689)</u>
10,181	137,366	5,816	433,942
-	-	-	(962,366)
<u>10,181</u>	<u>137,366</u>	<u>5,816</u>	<u>(528,424)</u>
<u>(43,443)</u>	<u>(10,340)</u>	<u>6,754</u>	<u>(543,113)</u>
<u>230,769</u>	<u>-</u>	<u>13,207</u>	<u>3,620,645</u>
<u>\$ 187,326</u>	<u>\$ (10,340)</u>	<u>\$ 19,961</u>	<u>\$ 3,077,532</u>

City of Ridgecrest
Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2007

	Administration	Human Resource Risk Management	Information System	Printing and Reproduction
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 526,142	\$ 248,627	\$ 640,297	\$ 75,072
Payments to suppliers	(441,588)	(776,318)	(545,423)	(44,029)
Payments to employees	959	2,276	1,214	-
Insurance premiums and settlements	-	(49,805)	-	-
Cash received from (payments to) other	-	361,732	2,864	-
Net cash provided (used) by operating activities	85,513	(213,488)	98,952	31,043
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	280,579	-	-
Transfers out	-	(962,366)	-	-
Net cash provided (used) by noncapital financing activities	-	(681,787)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	-	(32,597)	(63,429)
Net cash provided (used) by capital and related financing activities	-	-	(32,597)	(63,429)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	2,758	175,595	17,117	7,171
Net cash provided (used) by investing activities	2,758	175,595	17,117	7,171
Net increase (decrease) in cash and cash equivalents	88,271	(719,680)	83,472	(25,215)
CASH AND INVESTMENTS:				
Beginning of year	-	3,472,579	228,201	208,469
End of year	\$ 88,271	\$ 2,752,899	\$ 311,673	\$ 183,254
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 84,520	\$ (163,698)	\$ 25,093	\$ 21,115
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	5,533	8,960
Changes in current assets and liabilities:				
Inventories	-	-	-	-
Accounts payable	34	(2,261)	67,112	968
Salaries payable	959	2,276	1,214	-
Claims payable	-	(49,805)	-	-
Deferred revenue	-	-	-	-
Total adjustments	993	(49,790)	73,859	9,928
Net cash provided (used) by operating activities	\$ 85,513	\$ (213,488)	\$ 98,952	\$ 31,043

Financial Services	Self Insurance Workers Comp	Fleet Maintenance	Totals
\$ 555,056	\$ -	\$ 458,992	\$ 2,504,186
(603,514)	(137,366)	(458,015)	(3,006,253)
5,483	-	86	10,018
-	-	-	(49,805)
605	-	-	365,201
<u>(42,370)</u>	<u>(137,366)</u>	<u>1,063</u>	<u>(176,653)</u>
10,181	137,366	5,816	433,942
-	-	-	(962,366)
<u>10,181</u>	<u>137,366</u>	<u>5,816</u>	<u>(528,424)</u>
(10,415)	-	-	(106,441)
<u>(10,415)</u>	<u>-</u>	<u>-</u>	<u>(106,441)</u>
12,326	-	325	215,292
<u>12,326</u>	<u>-</u>	<u>325</u>	<u>215,292</u>
(30,278)	-	7,204	(596,226)
236,041	-	25,638	4,170,928
<u>\$ 205,763</u>	<u>\$ -</u>	<u>\$ 32,842</u>	<u>\$ 3,574,702</u>
<u>\$ (66,124)</u>	<u>\$ (147,706)</u>	<u>\$ 448</u>	<u>\$ (246,352)</u>
2,083	-	-	16,576
-	-	(832)	(832)
16,188	10,340	1,361	93,742
5,483	-	86	10,018
-	-	-	(49,805)
-	-	-	-
<u>23,754</u>	<u>10,340</u>	<u>615</u>	<u>69,699</u>
<u>\$ (42,370)</u>	<u>\$ (137,366)</u>	<u>\$ 1,063</u>	<u>\$ (176,653)</u>

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

This Page Intentionally Left Blank



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

Fiduciary Funds



City of Ridgecrest
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private Purpose Trust Funds		
	Parks and Recreation Donation	Senior Donation	Total
ASSETS			
Cash and investments	\$ 6,943	\$ 88	\$ 7,031
Accounts receivable	-	-	-
Interest receivable	99	1	100
Total assets	7,042	89	7,131
LIABILITIES			
Accounts payable	2,220	-	2,220
Interfund payable	-	-	-
Due to bondholders - special assessment district	-	-	-
Total liabilities	2,220	-	2,220
NET ASSETS			
Reserved for:			
Unrestricted	4,822	89	4,911
Total net assets	\$ 4,822	\$ 89	\$ 4,911

City of Ridgecrest
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Trust Funds
For the year ended June 30, 2007

	Private Purpose Trust Funds		
	Park & Recreation Donation	Senior Donation	Total
REVENUES:			
Use of property and money	\$ 430	\$ 5	\$ 435
Other revenue	646	-	646
Total revenues	1,076	5	1,081
EXPENDITURE:			
General government	5,825	-	5,825
Total expenses	5,825	-	5,825
REVENUE OVER (UNDER) EXPENDITURES	(4,749)	5	(4,744)
NET ASSETS:			
Beginning of year	9,570	85	9,655
End of year	\$ 4,821	\$ 90	\$ 4,911

City of Ridgecrest
Statement of Changes in Assets and Liabilities
All Agency Funds
June 30, 2007

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
<u>ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 1,017,265	\$ 239,327	\$ (209,411)	\$ 1,047,181
Accounts receivable	4,435	687	(4,435)	687
Interest receivable	5,793	7,025	(5,793)	7,025
Sewer assessment receivable	-	-	-	-
Total assets	\$ 1,027,493	\$ 247,039	\$ (219,639)	\$ 1,054,893
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to City of Ridgecrest	58,848	-	(2,249)	56,599
Due to bondholders - special assessment district	968,645	32,333	(2,684)	998,294
Total liabilities	\$ 1,027,493	\$ 32,333	\$ (4,933)	\$ 1,054,893

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2007

Statistical Section



CITY OF RIDGECREST - STATISTICAL SECTION

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

CONTENTS	PAGE
 Financial Trends - These schedules contain trend information to help the reader understand how the City of Ridgecrest's financial performance and well being have changed over time	
1 Net Assets by Component	112
2 Changes in Net Assets	113
3 Governmental Activities Tax Revenues by Source	115
4 Fund Balances of Governmental Funds	116
5 Changes in Fund Balances of Governmental Funds	118
 Revenue Capacity - These schedules contain information to help the reader assess the City of Ridgecrest's most significant local revenue source, the property tax.	
6 Assessed Value of Taxable Property	120
7 Direct and Overlapping Property Tax Rates	122
8 Top Ten Principal Property Taxpayers	123
9 Property Tax Levies and Collections	124
 Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	
10 Ratios of Outstanding Debt by Type	125
11 Ratios of General Bonded Debt Outstanding	126
12 Direct and Overlapping Governmental Activities Debt	127
13 Legal Debt Margin Information	128
14 Pledged Revenue Coverage	129
 Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
15 Demographic and Economic Statistics	130
16 Principal Employers	131
 Operating Information - 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.	
17 Full Time Equivalent City Government Employees by Function/Program	132
18 Operating Indicators by Function/Program	133
19 Capital Asset Statistics by Function/Program	134

Sources: Unless otherwise noted, the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year

City of Ridgecrest
Schedule 1
Net Assets by Component
Last Five Fiscal Years (accrual basis of accounting)

	FISCAL YEARS				
	2007	2006	2005	2004	2003
Governmental activities					
Invested in capital assets, net of related debt	\$ 36,151,924	\$ 36,723,055	\$ 38,924,688	\$ 41,091,665	\$ 39,690,604
Restricted	12,758,127	9,423,134	6,582,149	302,406	272,879
Unrestricted	2,914,754	3,210,134	1,657,163	5,095,753	4,902,632
Total governmental activities net assets	<u>51,824,805</u>	<u>49,356,323</u>	<u>47,164,000</u>	<u>46,489,824</u>	<u>44,866,115</u>
Business type activities					
Invested in capital assets, net of related debt	17,439,700	16,761,833	16,045,165	18,098,541	18,722,370
Restricted	-	-	-	-	-
Unrestricted	13,002,769	12,279,782	12,271,560	9,759,630	8,294,789
Total business type activities net assets	<u>30,442,469</u>	<u>29,041,615</u>	<u>28,316,725</u>	<u>27,858,171</u>	<u>27,017,159</u>
Primary government					
Invested in capital assets, net of related debt	53,591,624	53,484,888	54,969,853	59,190,206	58,412,974
Restricted	12,758,127	9,423,134	6,582,149	302,406	272,879
Unrestricted	15,917,523	15,489,916	13,928,723	14,855,383	13,197,421
Total primary government net assets	<u>\$ 82,267,274</u>	<u>\$ 78,397,938</u>	<u>\$ 75,480,725</u>	<u>\$ 74,347,995</u>	<u>\$ 71,883,274</u>

Note: The City of Ridgecrest implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

City of Ridgecrest
Schedule 2
Changes in Net Assets
Last Five Fiscal Years (accrual basis of accounting)

	FISCAL YEARS				
	2007	2006	2005	2004	2003
Expenses					
Governmental activities:					
General government	\$ 1,248,003	\$ 1,788,039	\$ 3,633,285	\$ 2,610,200	\$ 3,976,140
Public safety	6,272,651	5,977,850	4,600,609	4,247,413	4,063,910
Public works	2,755,773	1,144,047	5,102	503,305	3,194,051
Transportation	847,028	1,491,230	3,202,007	2,983,211	1,942,939
Community development	2,726,996	3,010,805	1,362,832	1,384,567	3,204,303
Health	1,135,383	897,909	45,893	36,697	349,276
Culture and leisure	2,062,233	1,661,169	1,473,004	2,109,798	1,831,619
Interest and fiscal agent fees	927,572	2,176,002	1,265,420	1,300,781	1,583,289
Total governmental activities expenses	<u>17,975,640</u>	<u>18,147,051</u>	<u>15,588,152</u>	<u>15,175,972</u>	<u>20,145,527</u>
Business type activities:					
TDA Transit	664,494	657,291	519,590	505,599	550,332
Wastewater	1,322,303	1,877,549	1,006,344	958,436	666,729
Total business type activities expenses	<u>1,986,797</u>	<u>2,534,840</u>	<u>1,525,934</u>	<u>1,464,035</u>	<u>1,217,061</u>
Total primary government expenses	<u>\$ 19,962,437</u>	<u>\$ 20,681,891</u>	<u>\$ 17,114,086</u>	<u>\$ 16,640,007</u>	<u>\$ 21,362,588</u>
Program Revenues					
Governmental activities:					
General government	216,526	167,353	237,313	390,724	145,141
Public safety	265,239	444,366	390,336	305,217	493,335
Public works	-	-	-	-	-
Transportation	1,074,441	650,689	797,298	1,144,717	1,233,797
Community development	636,286	1,210,982	530,726	886,742	1,446,222
Health	1,094,314	-	49	-	-
Culture and leisure	417,666	404,028	459,679	399,820	718,577
Interest and fiscal agent fees	-	-	-	-	-
Total governmental activities program revenues	<u>3,704,472</u>	<u>2,877,418</u>	<u>2,415,401</u>	<u>3,127,220</u>	<u>4,037,072</u>
Business type activities:					
TDA Transit	214,532	93,024	168,143	137,409	97,929
Wastewater	2,147,081	2,105,194	1,978,225	1,833,614	1,879,401
Total business type activities program revenues	<u>2,361,613</u>	<u>2,198,218</u>	<u>2,146,368</u>	<u>1,971,023</u>	<u>1,977,330</u>
Total primary government program revenues	<u>\$ 6,066,085</u>	<u>\$ 5,075,636</u>	<u>\$ 4,561,769</u>	<u>\$ 5,098,243</u>	<u>\$ 6,014,402</u>
Net (Expense)/Revenue					
Governmental activities	(14,271,168)	(15,269,633)	(13,172,751)	(12,048,752)	(16,108,455)
Business type activities	<u>374,816</u>	<u>(336,622)</u>	<u>620,434</u>	<u>506,988</u>	<u>760,269</u>
Total primary government net expense	<u>\$ (13,896,352)</u>	<u>\$ (15,606,255)</u>	<u>\$ (12,552,317)</u>	<u>\$ (11,541,764)</u>	<u>\$ (15,348,186)</u>

City of Ridgecrest
Schedule 2
Changes in Net Assets
Last Five Fiscal Years (accrual basis of accounting)

	FISCAL YEARS				
	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	8,621,750	6,520,691	4,452,522	3,445,492	2,969,614
Sales taxes	3,477,010	3,392,280	2,807,751	2,705,467	2,592,363
Special assessments	-	-	1,738	349	5,400
Other taxes	2,797,223	3,007,834	3,019,446	2,709,319	3,101,059
Investment earnings	743,571	454,613	203,827	129,142	158,205
Miscellaneous	819,361	2,171,014	1,831,295	997,998	572,527
Gain (loss) on disposal of capital assets	-	809,326	-	-	-
Transfers	280,735	401,031	1,051,811	431,912	732,478
Total governmental activities	16,739,650	16,756,789	13,368,390	10,419,679	10,131,646
Business type activities:					
Other taxes	614,994	718,734	586,019	579,761	683,228
Investment earnings	683,951	502,255	255,984	186,175	274,756
Miscellaneous	7,828	13,388	-	-	-
Capital Contribution	-	257,375	-	-	-
Transfers	(280,735)	(401,031)	(1,051,811)	(431,912)	(732,478)
Total business type activities	1,026,038	1,090,721	(209,808)	334,024	225,506
Total primary government	\$ 17,765,688	\$ 17,847,510	\$ 13,158,582	\$ 10,753,703	\$ 10,357,152
Change in Net Assets					
Governmental activities	2,468,482	1,487,156	195,639	(1,629,073)	(5,976,809)
Business type activities	1,400,854	754,099	410,626	841,012	985,775
Total primary government	\$ 3,869,336	\$ 2,241,255	\$ 606,265	\$ (788,061)	\$ (4,991,034)

Note: The City of Ridgecrest implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

City of Ridgecrest

Schedule 3

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years (modified accrual basis of accounting)

Sources of Tax Revenues	Business Licenses	Franchise Fees	Property Tax	Sales Tax	Transient Occupancy	Gas Tax	TOTAL
2006-2007	\$ 176,583	\$ 539,355	\$ 8,402,014	\$ 3,477,010	\$ 999,839	\$ 451,270	\$ 14,046,071
2005-2006	142,476	1,206,115	6,316,085	3,392,279	886,816	452,071	12,395,842
2004-2005	137,732	559,011	4,270,191	2,807,752	875,808	449,735	9,100,230
2003-2004	122,445	581,400	3,285,315	2,705,466	773,190	444,549	7,912,365
2002-2003	109,429	599,744	2,818,186	2,701,643	867,758	434,408	7,531,168
2001-2002	97,073	589,946	2,625,261	2,584,662	717,101	437,283	7,051,326
2000-2001	106,241	503,071	2,611,814	2,535,239	753,729	495,038	7,005,132
1999-2000	110,236	504,545	2,838,700	2,189,445	685,179	505,833	6,833,938
1998-1999	97,842	499,361	3,077,246	2,131,365	631,108	507,866	6,944,788
1997-1998	108,529	521,697	4,086,959	2,044,379	585,411	510,004	7,856,979

City of Ridgecrest

Schedule 4

Fund Balances of Governmental Funds

Last Ten Fiscal Years (modified accrual basis of accounting)

	FISCAL YEARS				
	2007	2006	2005	2004	2003
General fund					
Reserved	\$ 619,360	\$ 305,836	\$ -	\$ 536,280	\$ 318,132
Unreserved	1,587,568	2,359,373	2,344,973	1,796,246	2,169,848
Total general fund	2,206,928	2,665,209	2,344,973	2,332,526	2,487,980
All other governmental funds					
Reserved	11,361,910	13,184,361	-	2,647,904	3,407,708
Unreserved, reported in:					
Special revenue funds	1,298,263	1,298,702	122,365	99,787	(276,527)
Debt service fund	765,071	(7,412,765)	4,003,925	648,107	301,748
Capital projects funds	(1,358,472)	679,826	672,438	(267,567)	(571,372)
Total all other governmental fund	\$ 12,066,772	\$ 7,750,124	\$ 4,798,728	\$ 3,128,231	\$ 2,861,557

City of Ridgecrest

Schedule 4

Fund Balances of Governmental Funds

Last Ten Fiscal Years (modified accrual basis of accounting)

	FISCAL YEARS				
	2002	2001	2000	1999	1998
General fund					
Reserved	\$ 361,404	\$ 351,712	\$ 41,138	\$ 176,877	\$ 244,503
Unreserved	2,591,372	4,402,533	3,139,736	1,935,666	1,908,614
Total general fund	2,952,776	4,754,245	3,180,874	2,112,543	2,153,117
All other governmental funds					
Reserved	5,145,508	4,047,515	2,230,324	2,925,229	2,839,774
Unreserved, reported in:					
Special revenue funds	(544,120)	110,111	1,215,180	1,030,963	83,561
Debt service fund	-	(998)	-	-	-
Capital projects funds	(157,619)	439,935	1,493,609	1,476,729	2,576,173
Total all other governmental fund	\$ 4,443,769	\$ 4,596,563	\$ 4,939,113	\$ 5,432,921	\$ 5,499,508

City of Ridgecrest
Schedule 5
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	FISCAL YEARS				
	2007	2006	2005	2004	2003
Revenues					
Taxes	\$ 14,137,641	\$ 12,247,901	\$ 8,725,616	\$ 7,657,442	\$ 7,300,623
Intergovernmental	1,783,935	1,917,323	2,626,347	3,253,013	4,477,119
Licenses, permits and fees	1,361,033	649,325	447,594	245,025	248,319
Fines and forfeitures	93,950	93,498	97,364	104,260	100,396
Use of money and property	640,658	464,460	274,229	202,816	263,345
Charges for services	786,753	923,449	773,345	623,191	497,612
Assessment revenues	4,520	26,427	1,738	349	1,573
Other revenue	1,148,125	12,874,961	901,769	318,051	531,145
Total revenues	<u>19,956,615</u>	<u>29,197,344</u>	<u>13,848,002</u>	<u>12,404,147</u>	<u>13,420,132</u>
Expenditures					
General Government	1,410,596	1,697,881	2,337,292	2,245,850	3,124,345
Public safety	6,070,007	5,854,964	4,370,041	3,862,446	3,933,757
Public works	2,730,826	1,130,177	286,716	549,946	777,075
Transportation		-	698,515	562,118	1,842,018
Community development	1,822,720	2,146,409	1,267,298	1,115,528	3,169,935
Health	1,105,735	873,806	27,683	8,669	336,488
Culture and leisure	2,172,758	1,820,699	1,368,935	1,263,589	1,742,237
Capital outlay	-	-	-	1,109,864	-
Debt service:					
Principal	1,069,235	10,361,445	844,167	792,923	671,202
Interest	1,053,156	2,108,534	1,270,947	1,312,023	1,358,421
Total expenditures	<u>17,435,033</u>	<u>25,993,915</u>	<u>12,471,594</u>	<u>12,822,956</u>	<u>16,955,478</u>
Excess of revenues over (under) expenditures	<u>2,521,582</u>	<u>3,203,429</u>	<u>1,376,408</u>	<u>(418,809)</u>	<u>(3,535,346)</u>
Other financing sources (uses)					
Proceeds from capital lease	527,626	-	-	170,735	1,038,183
Transfers in	4,969,572	6,728,624	5,914,392	4,367,282	5,421,253
Transfers out	<u>(4,160,413)</u>	<u>(6,861,722)</u>	<u>(5,607,856)</u>	<u>(4,007,988)</u>	<u>(4,971,098)</u>
Total other financing sources (uses)	<u>1,336,785</u>	<u>(133,098)</u>	<u>306,536</u>	<u>530,029</u>	<u>1,488,338</u>
Net change in fund balances	<u>\$ 3,858,367</u>	<u>\$ 3,070,331</u>	<u>\$ 1,682,944</u>	<u>\$ 111,220</u>	<u>\$ (2,047,008)</u>
Debt service as a percentage of non-capital expenditures	12.2%	48.0%	17.0%	18.0%	12.0%

City of Ridgecrest
Schedule 5
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	FISCAL YEARS				
	2002	2001	2000	1999	1998
Revenues					
Taxes	\$ 7,135,067	\$ 7,383,128	\$ 7,093,627	\$ 7,216,702	\$ 7,922,926
Intergovernmental	4,187,715	3,863,857	2,955,037	3,090,302	2,963,123
Licenses, permits and fees	245,583	115,473	97,023	127,426	95,816
Fines and forfeitures	79,580	82,494	122,971	129,052	44,887
Use of money and property	382,629	630,207	526,666	455,707	516,299
Charges for services	465,605	451,993	433,436	538,875	412,333
Assessment revenues	2,736	1,321	1,474	-	16,116
Other revenue	584,799	1,203,099	598,699	252,016	325,448
Total revenues	<u>13,083,714</u>	<u>13,731,572</u>	<u>11,828,933</u>	<u>11,810,080</u>	<u>12,296,948</u>
Expenditures					
General Government	2,589,481	1,603,392	1,358,885	1,696,081	1,656,861
Public safety	4,046,744	3,875,717	3,514,006	3,627,787	3,594,074
Public works	-	-	-	-	-
Transportation	2,469,333	1,583,683	835,795	1,978,137	1,700,493
Community development	1,485,757	1,782,139	1,916,794	1,118,139	1,762,331
Health	473,511	406,118	124,330	50,373	358,793
Culture and leisure	1,518,235	1,497,989	957,661	1,077,273	1,107,297
Capital outlay	-	-	-	-	-
Debt service:					
Principal	4,855,800	622,523	18,874,430	1,419,114	976,985
Interest	1,486,697	1,367,140	1,681,814	1,260,661	1,705,727
Total expenditures	<u>18,925,558</u>	<u>12,738,701</u>	<u>29,263,715</u>	<u>12,227,565</u>	<u>12,862,561</u>
Excess of revenues over (under) expenditures	<u>(5,841,844)</u>	<u>992,871</u>	<u>(17,434,782)</u>	<u>(417,485)</u>	<u>(565,613)</u>
Other financing sources (uses)					
Proceeds from capital lease	4,389,981	-	17,939,675	-	53,515
Transfers in	5,810,163	3,803,827	3,240,437	4,030,692	3,868,564
Transfers out	<u>(6,312,563)</u>	<u>(3,565,877)</u>	<u>(3,200,666)</u>	<u>(3,803,624)</u>	<u>(3,666,656)</u>
Total other financing sources (uses)	<u>3,887,581</u>	<u>237,950</u>	<u>17,979,446</u>	<u>227,068</u>	<u>255,423</u>
Net change in fund balances	<u>\$ (1,954,263)</u>	<u>\$ 1,230,821</u>	<u>\$ 544,664</u>	<u>\$ (190,417)</u>	<u>\$ (310,190)</u>
Debt service as a percentage of non-capital expenditures	33.5%	15.6%	70.2%	21.9%	20.9%

City of Ridgecrest
Schedule 6
Assessed Value of Taxable Property
Last Ten Fiscal Years (In thousands)

CATEGORY	2007	2006	2005	2004	2003
Residential	\$ 911,494,904	\$ 788,678,966	\$ 713,926,081	\$ 633,401,029	\$ 580,667,757
Commercial	174,032,874	157,444,654	143,927,504	129,256,590	123,503,418
Industrial	11,837,503	10,882,183	10,860,581	10,413,965	10,113,348
Government	146,152	136,999	132,341	156,446	152,488
Institutional	14,742,327	12,205,814	12,553,443	13,614,469	10,817,736
Miscellaneous	157,037	154,247	151,512	151,691	146,374
Recreational	4,642,201	4,721,225	4,484,762	3,619,797	3,507,733
Vacant Land	49,323,706	36,481,201	34,935,069	31,321,458	31,213,075
SBE Non-Unitary	842,761	842,761	842,761	800	800
Unsecured	29,827,806	27,176,839	28,626,497	27,232,504	28,203,161
Exempt	-	(984,427)	(988,262)	(1,108,762)	(2,289,514)
Unknown	544,550	533,877	394,287	394,763	380,610
TOTALS	1,197,591,821	1,039,258,766	950,834,838	849,563,512	78,870,650
Total Direct Rate	0.62767%	0.57120%	0.51486%	0.45724%	0.41538%

NOTES:

Exempt values are not included in Total

In 1978 the voters of the State of California passed Proposition 13 which limited 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 of 2%). With few exceptions, property is only assessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: HdL Coren & Cone

City of Ridgecrest
Schedule 6
Assessed Value of Taxable Property
Last Ten Fiscal Years (In thousands)

CATEGORY	2002	2001	2000	1999	1998
Residential	\$ 569,181,954	\$ 572,575,284	\$ 583,914,379	\$ 608,205,243	\$ 642,230
Commercial	123,985,900	127,824,529	128,198,124	136,917,592	134,684
Industrial	9,989,713	10,913,461	10,663,392	10,705,169	12,343
Government	149,549	146,666	828,749	126,121	333
Institutional	10,693,526	10,521,662	9,989,152	9,930,170	9,835
Miscellaneous	143,793	141,263	138,782	136,526	134
Recreational	3,490,803	3,438,048	3,392,651	3,500,764	3,244
Vacant Land	32,984,147	33,043,434	44,044,015	41,779,730	44,250
SBE Non-Unitary	800	300	300	300	0
Unsecured	30,858,937	26,111,600	26,344,769	25,018,424	25,016
Exempt	(2,530,752)	(2,135,314)	(745,195)	(4,508,260)	(1,263)
Unknown	370,097	383,603	474,281	465,886	503
TOTALS	781,849,219	785,099,850	807,988,594	836,785,925	872,573,089
Total Direct Rate	0.42577%	0.42901%	0.47986%	0.49842%	0.51959%

City of Ridgecrest
Schedule 7
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years (RATE PER \$100 OF TAXABLE VALUE)

10 Year Detail of Rates producing Revenue for City of Ridgecrest and Ridgecrest Redevelopment Agency					
City General Fund Direct Rates				RDA Incremental Rate	Total Direct Rate
Year	City Share of 1% Levy per Prop. 13	Debt Rate(s)	Total City Rates	1% + applicable voter approved debt	
2006-2007	0.05068%	0.00000%	0.05068%	1.00000%	0.62767%
2005-2006	0.05191%	0.00000%	0.05191%	1.00000%	0.57120%
2004-2005	0.05191%	0.00000%	0.05191%	1.00000%	0.51486%
2003-2004	0.05191%	0.00000%	0.05191%	1.00000%	0.45724%
2002-2003	0.05191%	0.00000%	0.05191%	1.00000%	0.41538%
2001-2002	0.05191%	0.00000%	0.05191%	1.00000%	0.42577%
2000-2001	0.05191%	0.00000%	0.05191%	1.00000%	0.42901%
1999-2000	0.05191%	0.00000%	0.05191%	1.00000%	0.47986%
1998-1999	0.05191%	0.00000%	0.05191%	1.00000%	0.49842%
1997-1998	0.05191%	0.00000%	0.05191%	1.00000%	0.51959%

10 Year Detail of all Taxpayer Rates for Largest General Fund Tax Rate Area 010-019										
Agency	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
City of Ridgecrest	0.05068	0.05191	0.05191	0.05191	0.05191	0.05191	0.05191	0.05191	0.05191	0.05191
Child Development Fund	0.00000	0.00509	0.00509	0.00509	0.00509	0.00509	0.00509	0.00509	0.00509	0.00509
County Advertising	0.00070	0.00069	0.00069	0.00069	0.00069	0.00069	0.00069	0.00069	0.00069	0.00069
East Kern Res Con	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066
Education	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917
Education Revenue Augmentation Fund	0.12989	0.12504	0.12504	0.12504	0.12504	0.12504	0.12504	0.12504	0.12504	0.12504
Fire	0.10577	0.10577	0.10577	0.10577	0.10577	0.10577	0.10577	0.10577	0.10577	0.10577
Kern Community College	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770
Kern County	0.14263	0.14117	0.14117	0.14117	0.14117	0.14117	0.14117	0.14117	0.14117	0.14117
Kern County Water Agency	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719
Sierra Unified School	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560
TOTAL PROP. 13 RATE	1.00000									
KCCD SFID #1	0.00000	0.00963	0.00918	0.01180	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
KCCD SRID 03A RFD	0.00368	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
KCCD SRID 2003B	0.00160	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Sierra Sands 06A	0.04209	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total Voter Approved Rate	0.04737	0.00963	0.00918	0.01180	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
TOTAL TAX RATE	1.04737	1.00963	1.00918	1.01180	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000

NOTES:

- General fund tax rates are representative and based upon the direct and overlapping rates for the largest General fund tax rate area (TRA) by net taxable value across rows.
- RDA rate is based on the largest RDA tax rate area and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.
- property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Source: HdL Coren & Cone

City of Ridgecrest
Schedule 8
Top Ten Principal Property Taxpayers
Fiscal Year 2007 and Nine Years Prior

Taxpayer	2007			1998		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Home Depot Development of Maryland Inc.	1	\$ 8,128,350	0.65%			
Carriage Inn	2	8,085,126	0.65%	1	7,773,967	0.86%
Drummond Medical Group Inc.	3	7,280,866	0.59%	3	6,575,496	0.73%
Albertsons, Inc	4	7,727,159	0.62%	6	4,944,439	0.55%
Walmart Real Estate Business Trust	5	7,275,764	0.58%	2	5,777,964	0.64%
Inland Westn MDS Portfolio LLC	6	6,496,000	0.52%			
Ridgecrest Heritage House	7	6,452,683	0.52%			
SB North China Lake Road LLC	8	5,202,000	0.42%			
Ridgecrest Paradise LLC	9	5,200,000	0.42%			
Ridgecrest Capital Limited Partnership	10	4,813,303	0.39%			
Ridgecrest Associates				4	5,254,981	0.58%
Berkshire Business First Trust				5	5,211,626	0.58%
Ninevah Mobile Home Estates Limited				7	4,265,050	0.47%
Mervyns				8	3,898,813	0.43%
Ridgecrest Heritage Inn				9	3,839,579	0.42%
China Lake Properties Limited				10	3,556,386	0.39%
Top Ten Totals		\$ 66,661,251	5.36%		\$ 51,098,301	5.64%
CITY TOTALS		1,244,126,565			905,476,679	

Source: HdL Coren & Cone

City of Ridgecrest
Schedule 9
Property Tax Levies and Collections
Last Nine Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections
		Amount	Percentage of Levy	
2007	\$ 7,413,971	\$ 7,406,500	99.90%	\$ 7,471
2006	5,822,621	5,817,552	99.91%	5,070
2005	4,958,439	4,953,104	99.89%	5,335
2004	3,915,945	3,908,652	99.81%	7,293
2003	3,446,694	3,441,268	99.84%	5,426
2002	3,311,476	3,307,514	99.88%	3,962
2001	3,325,516	3,318,986	99.80%	6,531
2000	3,481,425	3,476,202	99.85%	5,223
1999	3,805,992	3,668,289	96.38%	137,704

NOTES:

The amounts presented include City property taxes and Redevelopment Agency tax increment.

Collections of tax delinquencies in later years are not available from the source.

Data prior to fiscal year 1999 is also not available.

Source: Kern County Auditor-Controller

www.co.kern.ca.us/auditor/confirmations

City of Ridgecrest
Schedule 10
Ratios of Outstanding Debt by Type
Last Four Fiscal Years

Fiscal Year	GOVERNMENTAL ACTIVITIES					Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Redevelopment Bonds	Special Assessment Bonds	Loans Payable	Capital Lease			
2007	\$ 9,535,000	\$ 9,050,000	\$ 220,000	\$ 1,000,000	\$ 1,031,380	\$ 20,836,380	2.89%	\$ 746
2006	9,870,000	9,590,000	315,000	1,200,000	1,225,614	22,200,614	4.49%	837
2005	-	19,355,000	405,000	1,400,000	1,167,060	22,327,060	4.74%	843
2004	-	20,070,000	485,000	1,600,000	1,135,552	23,290,552	5.35%	901

NOTES:

- a) See Schedule 15 Demographic and Economic Statistics for personal income and population data
 The City of Ridgecrest has elected to show only four years of data for this schedule.

City of Ridgecrest
Schedule 11
Ratios of General Bonded Debt Outstanding
Last Four Fiscal Years

Fiscal Year	GOVERNMENTAL ACTIVITIES			Total	Percentage of Taxable Assessed Property Values ^a	Per Capita ^b
	General Obligation Bonds	Redevelopment Bonds	Special Assessment Bonds			
2007	\$ 9,535,000	\$ 9,050,000	\$ 220,000	\$ 18,805,000	1.57%	\$ 673
2006	9,870,000	9,590,000	315,000	19,775,000	1.90%	746
2005	-	19,355,000	405,000	19,760,000	2.08%	746
2004	-	20,070,000	485,000	20,555,000	2.42%	795

NOTES:

- a) See Schedule 6 - Assessed Value and Actual Value of Taxable Property
- b) See Schedule 15 - Demographic and Economic Statistics for personal income and population data

The City of Ridgecrest has elected to show only four years of data for this schedule.

City of Ridgecrest
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

	Debt Outstanding 6/30/2007	% Applicable ¹	City's Share of Debt as of 6/30/07
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Kern Community College District Safety, Repair & Improvement District	\$ 121,641,213	0.775%	\$ 942,719
Kern Community College District Assessment District	6,090,000	0.845%	51,461
Sierra Sands Joint Unified School District	19,467,898	57.261%	11,147,513
City of Ridgecrest 1915 Act Bonds	220,000	100.000%	220,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 12,361,693
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Kern County Certificates of Participation	54,735,000	0.712%	389,713
Kern County Pension Obligations	481,611,067	0.712%	3,429,071
Kern County Board of Education Certificates of Participation	57,110,000	0.712%	406,623
Kern County Community College District Certificates of Participation	85,015,000	0.702%	596,805
Sierra Sands Joint Unified School District General Fund Obligations	4,500,000	57.261%	2,576,745
City of Ridgecrest Certificates of Participation	9,535,000	100.000%	9,535,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 16,933,957
COMBINED TOTAL DEBT			29,295,650 ²

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

2006-07 Assessed Valuation	\$ 1,197,591,821
Redevelopment Incremental Valuation	720,930,233
Adjusted Assessed Valuation	476,661,588

Ratios to 2006-07 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.03%
---	-------

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$9,535,000)	2.00%
Combined Total Debt	6.15%

NOTES:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Ridgecrest. This process recognizes that, when considering the City's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

City of Ridgecrest
Schedule 13
Legal Debt Margin Information
Last Four Fiscal Years

Legal Debt Margin Calculation	FY 2007	FY 2006	FY 2005	FY 2004
Assessed value	\$ 1,197,591,821	\$ 1,039,258,766	\$ 950,834,838	\$ 849,563,512
Debt limit (15% of assessed value)	179,638,773	155,888,815	142,625,226	127,434,527
Debt applicable to limit:				
General obligation bonds	18,805,000	19,775,000	19,760,000	20,555,000
Less: Amount set aside for repayment of general obligation debt	2,640,512	2,265,223	1,865,888	1,859,194
Total net debt applicable to limit	16,164,488	17,509,777	17,894,112	18,695,806
Legal Debt Margin	163,474,285	138,379,038	124,731,113	108,738,721
Total debt applicable to the limit as a percentage of debt limit	9.89%	12.65%	14.35%	17.19%

NOTES:

Under State Finance Law, the City's outstanding general obligation debt should not exceed 15% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

The City of Ridgecrest has elected to show only four years of data for this schedule.

City of Ridgecrest
Schedule 14
Pledged Revenue Coverage
Last Four Fiscal Years

REDEVELOPMENT BONDS					
Fiscal Year	Net Property Tax Increment	Debt Service		Coverage	
		Principal	Interest		
2007	\$ 7,036,646	\$ 540,000	\$ 547,150	6.47	
2006	5,451,361	9,765,000	1,570,069	0.48	
2005	4,588,460	715,000	1,164,698	2.44	
2004	3,547,966	690,000	1,237,983	1.84	

SPECIAL ASSESSMENT BONDS						
Fiscal Year	Special Assessment Collections	Current Account Balance	Debt Service		Coverage	
			Principal	Interest		
2007	\$ 115,531	\$ 125,700	\$ 95,000	\$ 22,179	2.06	
2006	113,633	125,700	90,000	29,810	2.00	
2005	109,046	125,700	80,000	36,803	2.01	
2004	105,976	125,700	75,000	43,158	1.96	

NOTES:

The City of Ridgecrest has elected to show only four years of data for this schedule.

The City of Ridgecrest issued 2005 Refunding Certificate of Participation bond for \$10,275,000. The proceeds from this refunding was used to defease the balance of one of the Redevelopment Bonds in FY 2006. The amount defeased was \$9,250,000.

City of Ridgecrest
Schedule 15
Demographic and Economic Statistics
Last Four Fiscal Years

Year	Population	Personal Income	Personal Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2007	27,944	\$ 720,647,816	\$ 25,789	30.0	5,929	4.20%
2006	26,515	494,133,540	18,636	29.8	5,972	3.40%
2005	26,493	470,595,159	17,763	30.1	5,889	4.60%
2004	25,842	435,308,490	16,845	30.5	5,813	5.60%

NOTES:

The City of Ridgecrest has elected to show only four years of data for this schedule.

The Personal per Capita Income and Median age are reinstated to reflect the estimates for the Kern County by the U.S. Census Bureau.

The personal income is calculated by multiplying the personal per capita income estimates by the population estimates.

n/a = not available

Source: Population - California Department of Finance
www.dof.ca.gov

School Enrollment - California Department of Education (includes only the school district and charter school enrollment)
www.cde.ca.gov

Unemployment Rate - California Labor Market
www.labormarketinfo.edd.ca.gov

Personal Per Capita Income & Median Age - U.S. Census Bureau
www.census.gov

City of Ridgecrest
Schedule 16
Principal Employers
Fiscal Year 2006 and Three Years Prior

Employer	2007			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Naval Air Weapons Station China Lake (3381 civilians & 889 military, & 1494 Contractors)	5764	1	38.95%	4093	1	31.24%
Sierra Sands Unified School District	600	2	4.05%	620	3	4.73%
Searles Valley Minerals	550	3	3.72%	625	2	4.77%
Ridgecrest Regional Hospital	380	4	2.57%	340	4	2.60%
Cerro Coso Community College	317	5	2.14%	175	7	1.34%
Wal-Mart	268	6	1.81%	184	6	1.40%
City of Ridgecrest	200	7	1.35%	134	10	1.02%
Wyle Laboratories	174	8	1.18%			
SA-Tech (System Applic. & Tech)	164	9	1.11%			
Alta One Federal Credit Union	160	10	1.08%	161	8	1.23%
Advanced Information Engineering Services				280	5	2.14%
L-3 Communications, Government Services				150	9	1.15%
			57.95%			51.62%

NOTES:

The earliest data available to the City of Ridgecrest was from three years prior.

Source: MuniServices, LLC

City of Ridgecrest

Schedule 17

Full Time Equivalent City Government Employees by Function/Program

Last Four Fiscal Years (As of June 30)

FUNCTION/PROGRAM	2007	2006	2005	2004
General Government				
City Council	5	5	5	5
City Manager	4	3.75	2.5	2
City Clerk	2.75	1	1	1
Finance & Technology	9.75	9.75	8.5	11
Human Resources	2.5	1	1	1
Community Development	7	7	5	12
Public Safety				
Police Officers-Sworn	38	35	30	30.5
Other Full Time Employees	16	15.5	26	25.46
Public Works				
Engineering	5	3	4	2
Maintenance	9	9	7	8
Transit Services	8	8	8.5	8.5
Wastewater/Sewer	5	5	5	5
Culture & Recreation	23.44	22.4	23.86	23.54
Grant Funded Programs				
Work Investment Act	3.98	2.98	3.48	3.48

NOTES:

The City of Ridgecrest has elected to show only four years of data for this schedule.

Source: City's Budget Documents as approved by the City Council

City of Ridgecrest
Schedule 18
Operating Indicators by Function/Program
Last Four Fiscal Years (As of June 30)

FUNCTION/PROGRAM	2007	2006	2005	2004
Police				
Physical Arrests	2,448	2,519	2,078	1,935
Parking Violations	161	134	216	252
Traffic Violations	2,001	2,338	2,844	2,887
Community Development				
Building Permits Issued	585	768	465	473
Building Permits Valuation (in millions)	20	35	23	16
Building Inspections Performed	5,455	5,850	2,557	2,039
Planning Permits Issued	135	197	113	86
Public Services				
Street Resurfacing (miles)	1.75	1	2.0	0.5
Street Light Replacement a	n/a	n/a	n/a	n/a
Potholes Filled	1,500	2,011	2,000	1,500
Waste Water Average Daily Treatment (millions of gallons)	2.6	2.6	2.5	2.4
Transit Route (Service) Miles	82,277	91,998	112,052	110,947
Transit Passenger Count	38,529	33,967	40,374	38,775
Parks & Recreation				
Sports Field Participation	88,140	87,536	87,564	87,518
Community Center/Gym/Pool Participation	101,242	99,638	94,933	74,996
Other Participation	35,730	35,730	36,738	37,170

NOTES:

The City of Ridgecrest has elected to show only four years of data for this schedule.

a) Street light replacement is done by Southern California Edison

City of Ridgecrest
Schedule 19
Capital Asset Statistics by Function/Program
Last Four Fiscal Years

FUNCTION/PROGRAM	2007	2006	2005	2004
Police				
Stations	1	1	1	1
Patrol Units (marked)	12	10	13	11
Motorcycle unit	1	1	1	0
K-9 unit	2	1	1	0
Streets				
Streets (miles)	131.5	130.5	130	130
Streetlights	347	347	337	337
Traffic Signals	7	7	7	7
Culture & Recreation				
Total Park Acreage	25.88	25.88	25.88	25.88
Parks	6	6	6	6
Baseball Fields	4	4	4	4
Softball Fields	3	3	3	3
Soccer Fields	4	4	4	4
Football Fields	1	1	1	1
Tennis Courts	6	6	6	6
Swimming Pools	1	1	1	1
Community Centers	2	2	2	2
Waste Water				
Sanitary Sewers (miles)	224	223.5	220	220
Storm Sewers (miles)	2	2	2	2
Treatment Capacity (millions of gallons/ day)	3.6	3.6	3.6	3.6
Transit Services				
Minibuses				
Fixed Route	0	0	0	0
Dial A Ride	5	5	5	5
Bus Shelters	5	5	5	5

NOTE:

The City of Ridgecrest has elected to show only four years of data for this schedule.