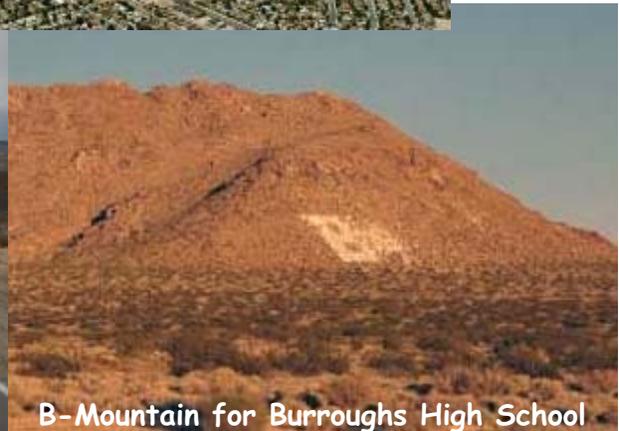


CITY OF RIDGECREST



Ridgecrest from HWY178 East



B-Mountain for Burroughs High School

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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 Comprehensive Annual Financial Report
 For the year ended June 30, 2011**

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

Introductory Section



January 26, 2012

**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, 2011. 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 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. 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 an 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, 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 Coso 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 the 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 businesses 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 28,726 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.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook

Globally, we are experiencing the worst economic decline in recent history and it is significantly affecting our state and local economy. Transient Occupancy Tax (TOT) and sales tax revenues are more sensitive to the economic swings. These two sources represent 32% of the total General Fund revenue. Fortunately for the City, it is looking forward to the implementation of the position transfers to the NAWS in China Lake due to the base realignment and closure (BRAC) program. Over 1,000 civilian jobs will be transferred to the naval station with an additional 600 jobs coming from non-BRAC programs. In addition, we are anticipating 500 jobs will be coming from federal contractors and another 300 service jobs to support this expansion. These new jobs are expected to generate at least 3,000 new residents moving to the community. These new residents will require new home construction with an estimated of 1,200 new housing units over the next 3 years.

Retail sales will continue to decline as the country continues to suffer economic downturn. It is projected that sales tax revenue will level off and begin to rebound although at a slow pace as consumers remain cautious.

We have not been affected severely by the mortgage crisis as compared to other metropolitan areas. Real estate values will continue to go upwards as those jobs are transferred and people who fill them move in to the City. The City is anticipating that permits and inspections will start picking up during the construction of the 1,200 new housing.

The following table summarizes the historical data on the local construction activity:

Year	Permits	Inspections	Valuation
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
2008	212	3,861	22.0 M
2009	141	2,543	12.1 M
2010	182	2,718	16.6 M
2011	186	2,510	11.0 M

Economic Development

Positive developments for the year:

- ❖ The Naval Station China Lake has completed its BRAC Business Plan and begun over 250 million dollar construction improvements along with over ten new projects currently in construction. The Business Plan also included the movement of 1,000 billets (jobs) to the Ridgecrest Area.
- ❖ The Ridgecrest Business Park has seen the completion of the Spring Hill Suites and Office Building, the Hampton Inn and Office Development, Dr. Daniel Taheri Medical Building and PackWrap.
- ❖ New developments within the business park are being planned for 2011-2012. A lighting and landscape district will be founded in 2012.
- ❖ Super Wal-Mart is due to begin construction sometime in 2011-2012 of a 225,000 square foot store.
- ❖ The City and Redevelopment Agency are providing both financial assistance and technical support to the City's Ridgecrest Downtown Association in its efforts to market and redevelop the Ridgecrest Downtown area.
- ❖ The Redevelopment Agency is working towards bringing new solar power generation plants and their related jobs to the project area.
- ❖ Ridgecrest Regional Hospital has completed \$70M renovation and expansion of their hospital facility. The expansion includes a new outpatient pavilion and a new inpatient tower. The tower will include an eight-bed ICU, a new surgery and recovery area, seven pediatric beds, and 28 general medical/surgical beds.

Final BRAC implementation should be completed in 2012 with the beginning of implementation to start in 2010 and should provide additional growth to the economy in 2010 thru 2012.

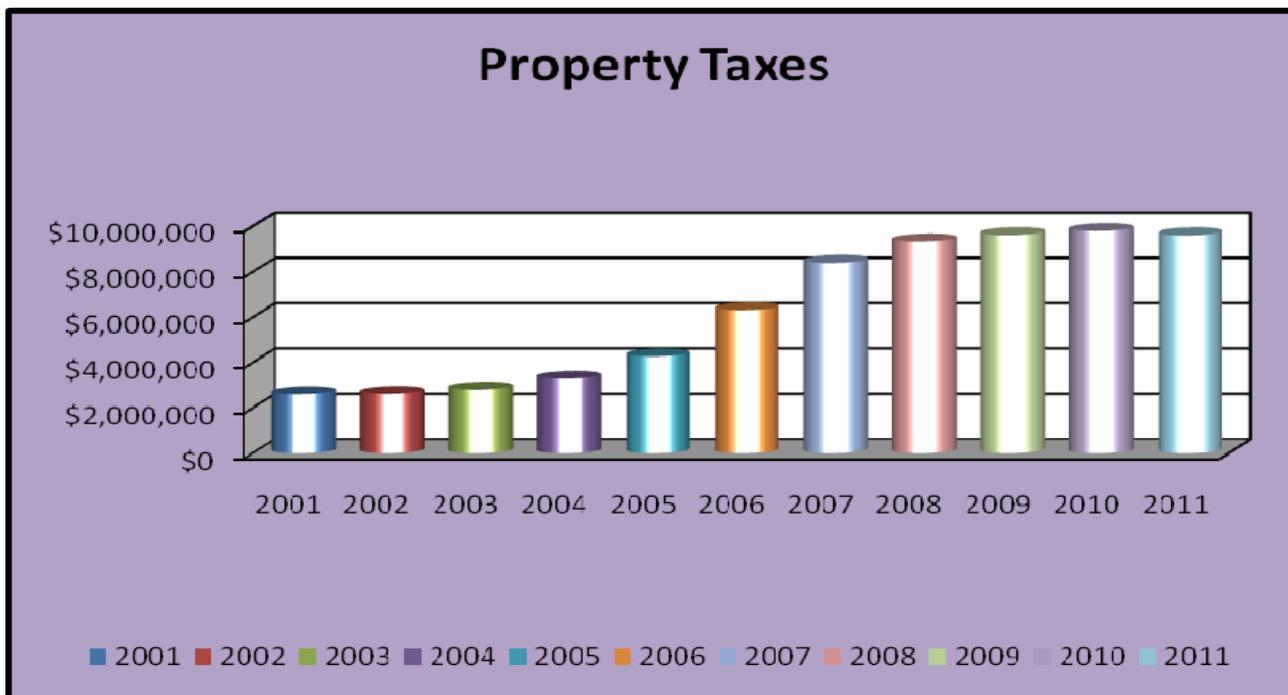
A main concern that could severely impact the City's revenue and possibly cash flow is the State of California's expanding budget crisis. Historically, the State has shifted local revenues to help finance their deficits and is currently in the brink of running out of cash to pay their bills.

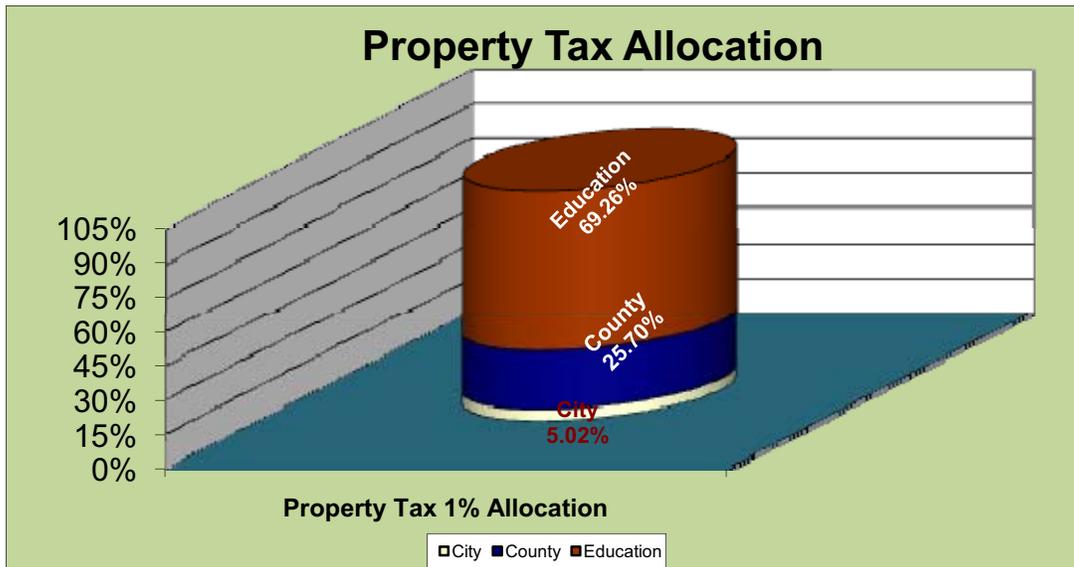
Like other cities in the nation, we are facing financial challenges we have not seen before. As with all economic problems, this will be resolved and the local and state economy will bounce back eventually. Meanwhile, the City is projecting significant deficits in the next fiscal year caused by the decline in major source of revenues and increasing expenditures. Even with the positive outlook coming from BRAC, the City is cautiously optimistic and is budgeting for a reduction in costs for the next year. A reduction of any size could mean reductions in services to the community, and the City is prepared to do it without compromising the basic and critical services to its residents.

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 about 5% of the tax rate from the County of Kern – Auditor/Controller’s Office.

In fiscal years 2000 to 2001, the property tax revenue had negative growth due to dwindling home valuations. In FY 2002, property tax revenue started to move in upward direction, where it peaked up by 16.6% in FY 2004 and another 30% increase in FY 2005 over the previous year’s receipts. This was a well received indication of rising local property values as well as new development activity. In FY 2006 the State started to split the payment of motor vehicle license fees (MVLFF) into two components. These components are the statutory rate and the “property tax in lieu of MVLFF” to Property Tax. The shifting of MVLFF to property tax has added an average of \$1.4M annually to the City’s property tax revenue. So in FY 2006, property tax revenue went up by 48% over previous year due to the MVLFF shift and a robust real estate market. Property tax revenue has leveled off in the last year due to a less than robust housing market. FY 2011 saw a modest decrease of 1.9% over the previous year’s receipts. The City is not anticipating a drastic effect in the local real estate market value due to BRAC.

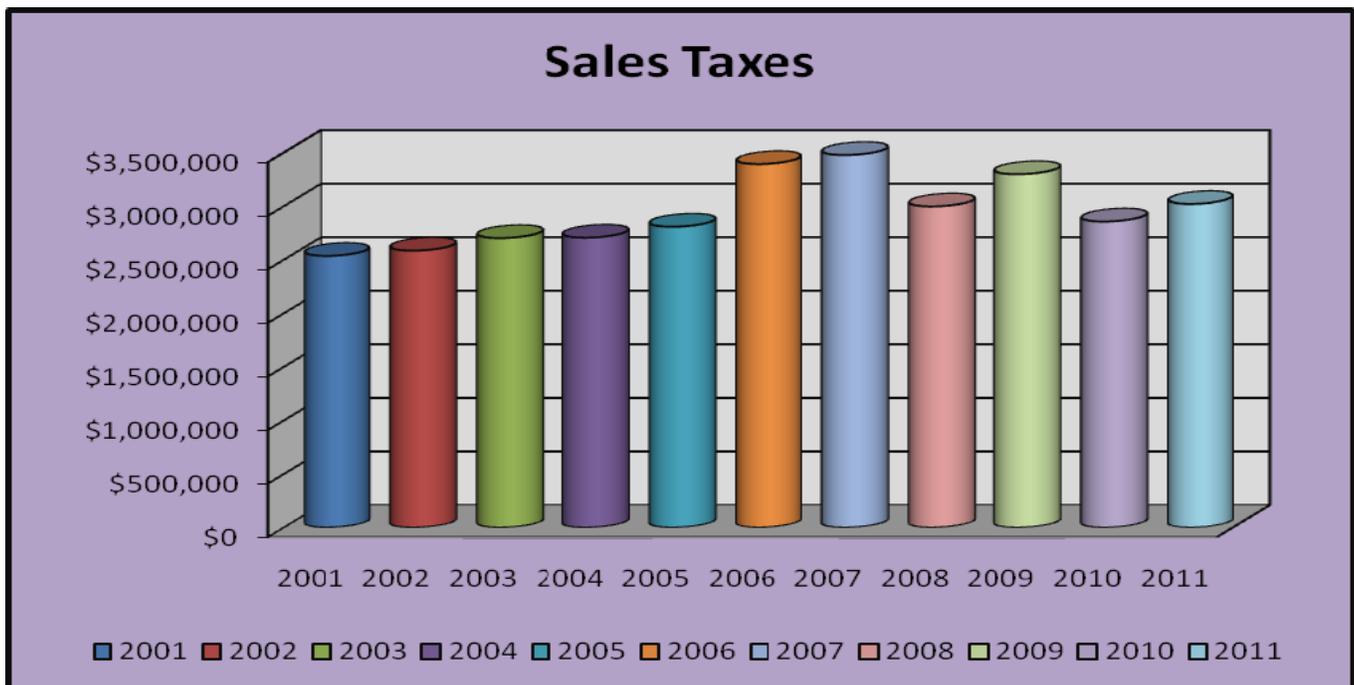




Sales Tax

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. For FY 2011, sales tax increased by 5.7% from prior year. In the last ten years, the City's sales tax revenue is continuously climbing an average of 3.46% annually.

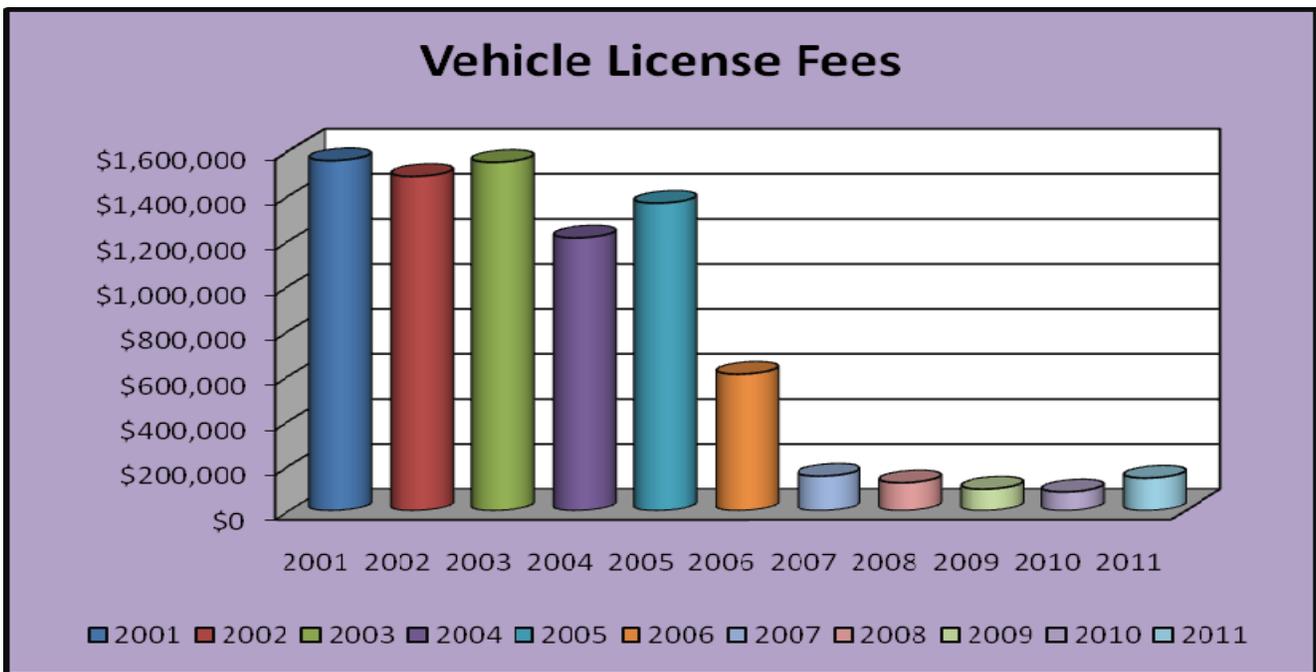
Sales tax leakage to the metropolitan areas of Bakersfield and Lancaster-Palmdale continues to be a big concern for the City especially with the closing of Mervyns, being a major shopping outlet for the City, and Diamond Motors, car dealership. Even with higher tax rates, a significant amount of local retail sales is spent outside of Ridgecrest.



Vehicle License Fees

The Motor Vehicle in Lieu Fees (MVLf) was once the third largest source of revenue for the City of Ridgecrest. VLF, formerly local revenue, is collected by the State of California and apportioned based upon State Department of Finance “certified population”.

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 FY 2010 the statutory component (the rate by State law was reduced from 2.0% to 0.65%) brought to the Ridgecrest Treasury \$144,761, a 74% increase over last year. The chart below indicates the trend of VLF revenue. It was in FY 2006 when the State started the split. The Property Tax In Lieu of VLF component had receipts of \$1,515,462 in FY 2010-11. This amount is included in the property tax revenue category instead of the VLF revenue category; thereby, the reason for the tremendous decrease in the chart. Also, in FY 2006, the City received a one-time payment of \$466,886 from the State per AB 1457 for the MVLf Backfill Gap Loan. In the last five fiscal years, the City has been receiving an average of \$120,201 per year on VLF revenue not counting the one time payments.



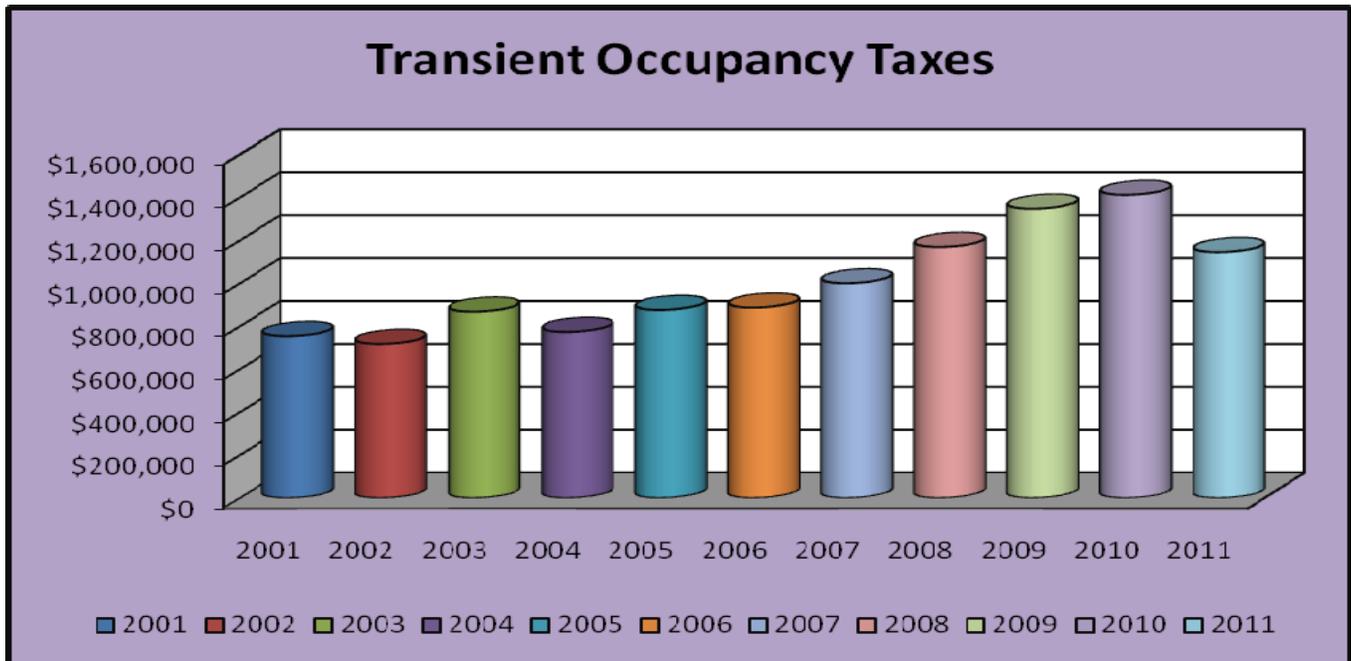
Transient Occupancy Tax

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 continuous 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 the Military base and contractor activity.

TOT has averaged 5.5% growth rate for the last ten fiscal years. The largest single growth during that period was in the 2002-2003 FY which saw a growth of 21%. Last fiscal year TOT revenue decrease by 19%. This decrease is directly attributable to the relocation of the Empire Challenge which filled hotels to occupancy limits with participants in August, as well as, reduced federal defense employee travel.

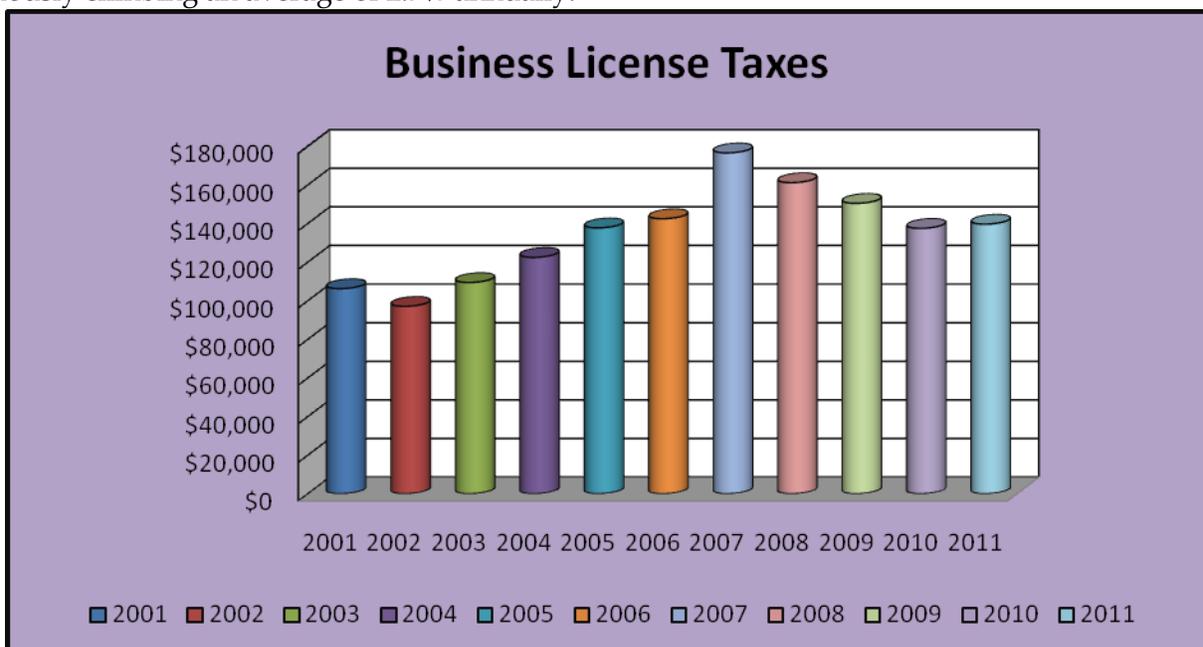
The Ridgcrest Redevelopment Agency is currently assisting a developer of two additional motels scheduled to be completed in 2012. This is predicted to have a positive impact on the TOT revenue in the years to come.



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.

In FY 2007 the City conducted a business license audit targeting certain business groups that the City had overlooked in enforcement of this ordinance. This brought in extra revenue of \$37,328 causing spike in revenue in that fiscal year at 24% increase compared to FY 2006. For FY 2011, business license revenue increased by 1.6% over prior year; however, in the last ten years, the City’s business license tax revenue is continuously climbing an average of 2.7% annually.



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 \$55,905,985 with LAIF at June 30, 2011, included a portion of the pool funds invested in structured notes and asset-backed securities and similar transactions. This compares to \$34,548,777 at June 30, 2010 an approximate increase of 62%. 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, 2011, The City had \$55,905,985 invested in LAIF which had invested 5.01% of the pool investment funds in Medium-Term and Short-Term Structured Notes and Asset-Backed Securities.

RISK MANAGEMENT

The City is a member of California State Association of Counties - Excess Insurance Authority (CSAC-EIA). The Authority is comprised of 55 California counties and currently consists of 167 public agencies, which includes municipalities, school districts, special districts and other Joint Powers Authorities (JPA). CSAC-EIA was formed as a Joint Powers Authority in 1979, pursuant to the California Government Code. The purpose of the Authority is to arrange, provide and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

The Board of Directors is comprised of 62 members, one representative from each member county and seven members elected by the public entity membership.

General Liability Insurance

Annual deposits are paid by members and are adjusted retroactively to cover costs. Each member has a specific retention level. The City has a retention level of \$100,000 and pays 100% of all losses incurred under \$100,000. The City does not share or pay for losses of other members under \$100,000. Losses of

\$100,000 to \$5,000,000 are prorated among all participating members on a payroll basis. Losses in excess of \$5,000,000 are covered by excess insurance purchased by the participating members, as part of the pool, to a limit of \$10,000,000. This cost is also prorated on a payroll basis. Additionally the City has purchased optional excess coverage which covers up to \$20,000,000 and catastrophic coverage up to \$50,000,000.

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-E

IA 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 Liability claims programs are managed by a third-party claims administrator under the direction of the Risk Management Division of the Administration 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 five fiscal years:

Year	IBNR
2007	482,238
2008	349,969
2009	495,619
2010	663,164
2011	1,667,224

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 FY 2010-2011 the total cost reimbursed was \$29,738; this was up from the 2009-2010 reimbursed cost of \$26,367.

INTERNAL CONTROL STRUCTURE:

City management establishes and maintains an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETARY CONTROLS:

The City maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City maintains an encumbrance accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (GAAP), rather than expenditures and encumbrances (non-GAAP). Because appropriations lapse at June 30, encumbrances outstanding at June 30, 2011 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2010 will provide authority to complete those transactions.

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 any fund during the budget year as long as it does not increase the total budget within the fund. However, any revisions that alter total expenditures of any fund without coinciding revenue increases 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.

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, 2010. This was the seventh 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.

LOOKING TO THE FUTURE

Despite the lean economy the City of Ridgecrest has continued to be fiscally responsible. Budgets have been trimmed, non-essential services reduced, furloughs implemented, and positions frozen to maintain a balanced budget.

Several opportunities for increasing efficiencies and savings being explored include joint use facilities with other local agencies, employee cross training, and outsourcing services. The fruition of any of these or other opportunities represents savings that can increase the City's financial stability allowing reinvestment within the community.

Economic Development/Redevelopment

The City is dedicated to expanding community growth and resources, and improving community service. Ridgecrest has undertaken a variety of marketing projects in the specific areas of business retention, growth, relocation, recreation and retirement to achieve a highly developed and integrated regional functionality and community partnership with NAWS, Cerro Coso Community College, Sierra Sands Unified School District and the Indian Wells Valley.

Ridgecrest is a city filled with renewed vitality, where people, commodities, retail, manufacturing, medical resources, innovation, research & development, and the China Lake Naval Air Weapons Station converge to create an eastern sierra high desert regional center. Tourism and hospitality services are expanding to meet the potential growth.

ACKNOWLEDGMENTS

The preparation and publication of this report would have not been possible without the dedication, professionalism and teamwork of the entire staff of the Finance Department. We would like to express our heartfelt appreciation to all members of the department who assisted in its preparation. 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 for their interest and support in planning and conducting the City's financial affairs in a responsible and progressive manner.

Respectfully submitted,



Kurt O. Wilson
City Manager/
Agency Executive Director



W. Tyrell Staheli
Finance 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, 2010

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.



Linda C. Davidson

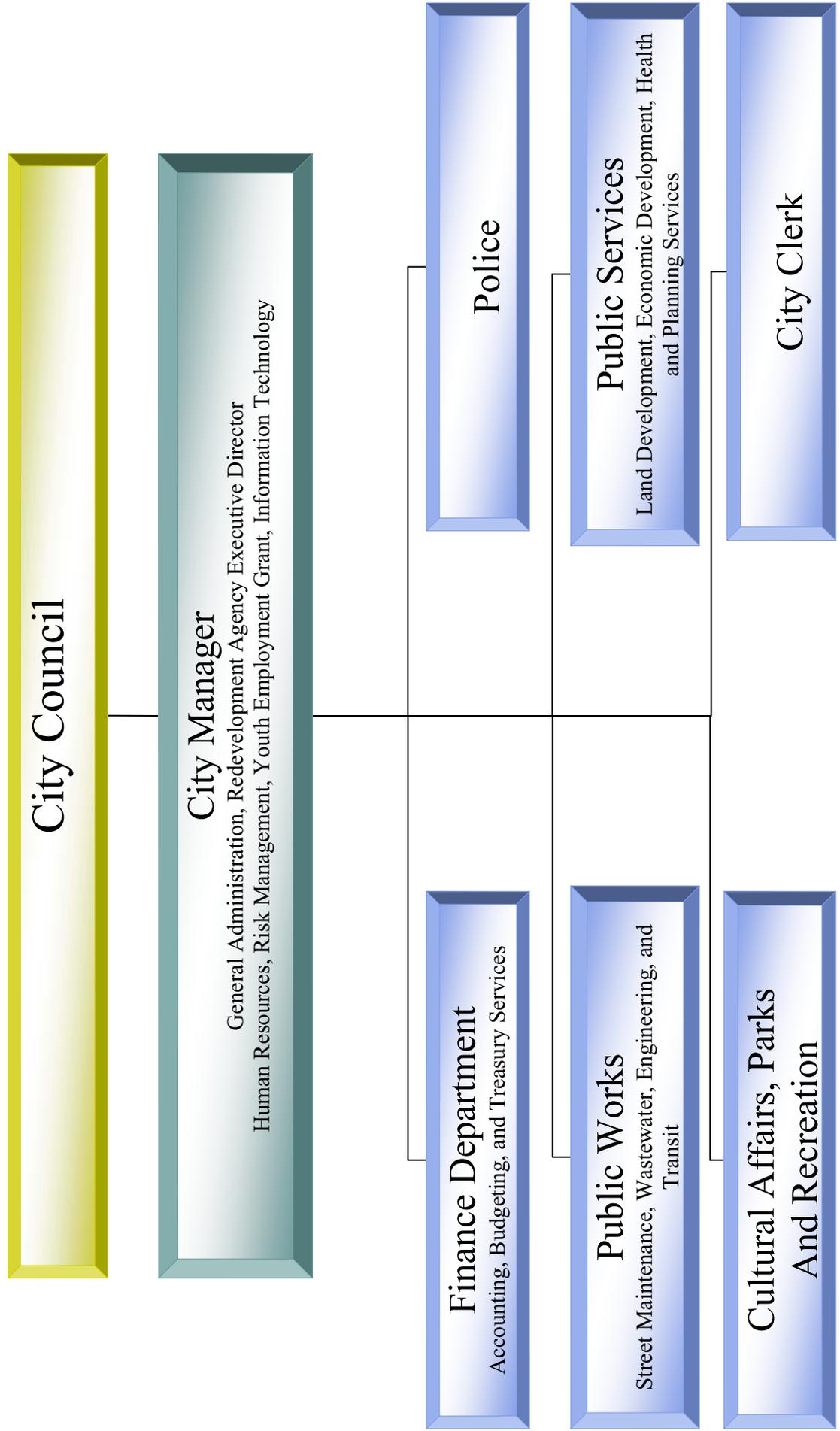
President

Jeffrey R. Emer

Executive Director

CITY OF RIDGECREST

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2011





City of Ridgecrest

Comprehensive Annual Financial Report

For the Year Ended June 30, 2011

Ronald H. Carter, Mayor
Marshall G. Holloway, Mayor Pro Tempore
Jerry D. Taylor, Vice Mayor
Steven P. Morgan, Council Member
Jason Patin, Council Member

City Staff

Kurt O. Wilson, City Manager/RDA Executive Director
Ronald Strand, Chief of Police
W. Tyrell Staheli, Finance Director/City-Agency Treasurer
Dennis Speer, Public Works Director
James McRea, Public Services Director
James B. Ponek, Cultural Recreation Arts and Parks Director
Rachel Ford, City Clerk

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

Financial Section





Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

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 (the "City"), as of and for the year ended June 30, 2011, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Redevelopment Agency, a component unit of the City, will continue as a going concern. As discussed in Note 12 to the financial statements, on December 29, 2011, the Supreme Court of the State of California upheld the enforceability of legislation that provides for the dissolution of California redevelopment agencies. The full impacts of this most recent development are not known at this time. These recent legislative and judicial actions raise substantial doubt about the ability of the Redevelopment Agency to continue as a going concern. The financial statements do not reflect any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 13 to the basic financial statements, the General Fund of the City has suffered significant reductions in fund balances from operations and is experiencing cash shortfalls, which raise uncertainties regarding future operations. Management's plans regarding those matters are also described in Note 13. The basic financial statements do not include any adjustments that might result from the outcome of these uncertainties.

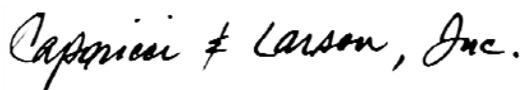
To the Honorable Mayor and Members of City Council
of the City of Ridgecrest
Ridgecrest, California
Page 2

The City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
January 26, 2012

MANAGEMENT'S 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, 2011. 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, 2011 by \$82.4 million this compared to \$84 million at fiscal year end June 30, 2010. This is an overall decrease of \$1.6 million or 1.9% of prior year net assets. Net assets for governmental activities exceeded liabilities by \$56.6 million and this compares to \$56.4 million at June 30, 2010 a decrease of 0.4%. Assets for business-type activities exceeded liabilities by \$25.8 million and this compares to \$27.6 million at June 30, 2010, a 6.5% decrease.

Changes in Net Assets - The City's net assets decreased \$1.68 million in fiscal year 2010-2011; this compared to a \$1.82 million decrease in fiscal year 2009-2010. Net assets of governmental activities increased by \$151,580 compared to a 2009-2010 decrease of \$664,497. Net assets of business-type activities decreased by \$1.8 million compared to a decrease in 2009-2010 of \$1.2 million.

- ♦ *Fund Highlights*

Governmental Funds - At the close of fiscal year 2010-2011 the City's total governmental funds reported a fund balance of \$48.7 million as compared to \$25.5 million in 2009-2010, an increase of \$23.2 million from the prior year. The increase in fund balance is largely due to the Redevelopment Agency's issuance of long-term debt.

General Fund - The fund balance of the general fund on June 30, 2011 was -\$72,658, a decrease of \$.6 million from the prior year due to a decline in tax revenue and overhead allocation receipts.

Redevelopment Agency - The fund balance of the combined redevelopment funds on June 30, 2011 was \$37.8 million which compares to \$13.4 million in the prior year, an increase of \$24.4 million from the prior year. The increase in fund balance is due to the Agency's issuance of long-term debt.

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 31 and 34.

The City has twenty one governmental funds, of which six 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 six major funds are: General Fund, Housing Set-Aside Special Revenue Fund, Redevelopment Agency Debt Service Fund, Redevelopment Agency Capital Project Fund, City Debt Service Fund and Capital Improvements Fund. Data from the non-major governmental funds (e.g., State Gas Tax Fund, TDA Street Fund, and etc.) are combined into a single, aggregated presentation. The governmental fund financial statements can be found on pages 28-34. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 88-112.

- ♦ *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 28-41.

- ♦ *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 49-77.

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 79-83.

City of Ridgcrest's Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Current Assets	\$ 53,335,510	\$ 29,274,050	\$ 12,165,551	\$ 12,409,407	\$ 65,501,061	\$ 41,683,457
Noncurrent Assets	50,608,320	47,915,883	16,045,080	16,522,152	66,653,400	64,438,035
Total Assets	<u>103,943,830</u>	<u>77,189,933</u>	<u>28,210,631</u>	<u>28,931,559</u>	<u>132,154,461</u>	<u>106,121,492</u>
Current Liabilities	4,515,533	3,771,848	2,410,135	1,299,895	\$ 6,925,668	\$ 5,071,743
Long-term Liabilities	42,850,501	16,991,869	-	-	42,850,501	16,991,869
Total Liabilities	<u>47,366,034</u>	<u>20,763,717</u>	<u>2,410,135</u>	<u>1,299,895</u>	<u>49,776,169</u>	<u>22,063,612</u>
Investments in Capital Assets						
Net of Related Debt	8,428,496	31,515,820	16,045,080	16,522,152	24,473,576	48,037,972
Restricted	36,879,459	25,130,907	-	-	36,879,459	25,130,907
Unrestricted	11,269,841	(220,511)	9,755,416	11,109,512	21,025,257	10,889,001
Total Net Assets	<u>\$ 56,577,796</u>	<u>\$ 56,426,216</u>	<u>\$ 25,800,496</u>	<u>\$ 27,631,664</u>	<u>\$ 82,378,292</u>	<u>\$ 84,057,880</u>

Net Assets

The chart above reflects the City's combined net assets (governmental and business-type activities) which total \$82.4 million at the close of fiscal year ending June 30, 2011.

29% of the City's total net assets 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.

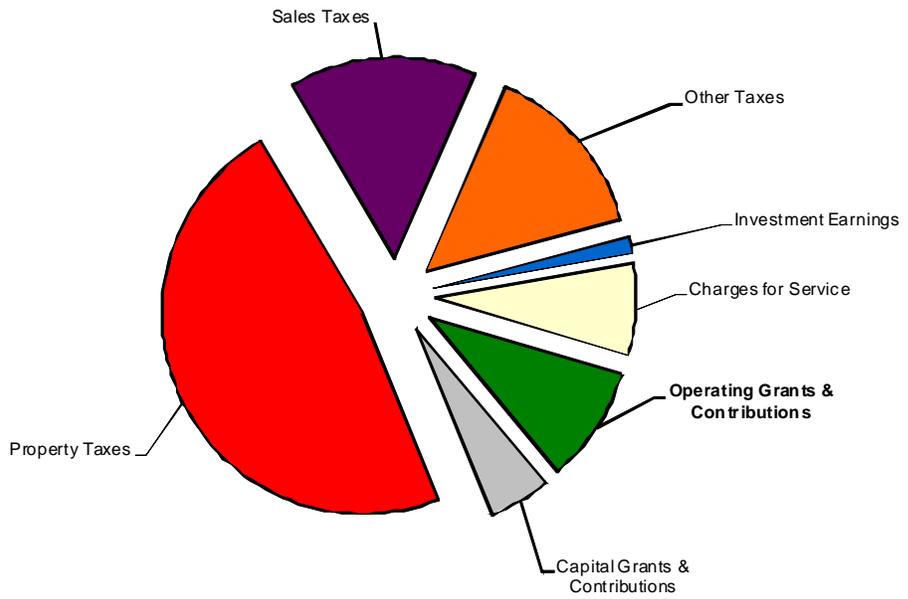
The remaining City net assets (71%) represent resources that are subject to external restrictions (e.g., capital projects, community development, debt services, and special projects) and resources that are unrestricted to meet the City's ongoing obligations to citizens and creditors.

At the end of the fiscal year 2010-11, 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 decreased by \$1.6 million during the fiscal year. This decrease is the net result of all the revenues and expenses and cannot be attributed to any specific items.

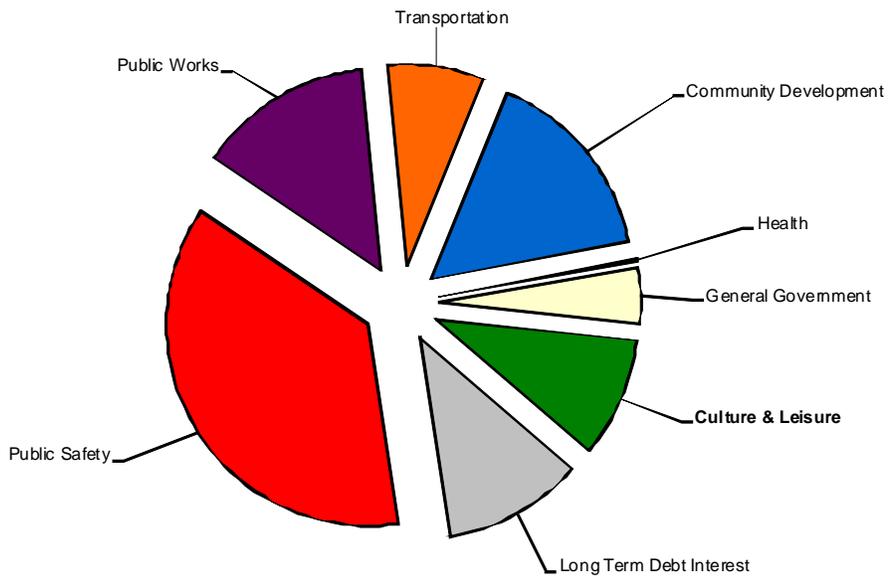
Governmental Activities

Governmental activities increased the City's net assets by \$151,580, and the business type activities showed a decrease in net assets of \$1.83 million. This compares to a prior year decrease in governmental activities of \$.66 million and a decrease in business type activities of \$1.15 million. 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, 2011**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 1,486,879	\$ 1,804,917	\$ 2,153,755	\$ 2,096,270	\$ 3,640,634	\$ 3,901,187
Operating grants and contributions	1,885,581	1,253,997	131,539	97,657	2,017,120	\$ 1,351,654
Capital grants and contributions	998,583	939,616	-	-	998,583	939,616
Total program revenues	4,371,043	3,998,530	2,285,294	2,193,927	6,656,337	6,192,457
General revenues:						
Property taxes	9,616,160	10,044,411	-	-	9,616,160	10,044,411
Sales taxes	3,020,160	2,856,313	-	-	3,020,160	2,856,313
Other taxes	2,915,930	3,250,486	248,368	665,449	3,164,298	3,915,935
Investment earnings	261,784	131,130	45,705	127,570	307,489	258,700
Other revenues	245,232	116,840	8,086	8,150	253,318	124,990
Total general revenues	16,059,266	16,399,180	302,159	801,169	16,361,425	17,200,349
Total revenues	20,430,309	20,397,710	2,587,453	2,995,096	23,017,762	23,392,806
Expenses:						
General government	110,641	822,032	-	-	110,641	822,032
Public safety	7,990,857	7,577,267	-	-	7,990,857	7,577,267
Public works	3,041,354	319,912	-	-	3,041,354	319,912
Transportation	1,677,918	3,590,557	-	-	1,677,918	3,590,557
Community Development	3,394,765	6,214,074	-	-	3,394,765	6,214,074
Health	63,565	23,813	-	-	63,565	23,813
Culture & Leisure	2,088,659	2,087,149	-	-	2,088,659	2,087,149
Interest on long-term debt	2,434,697	897,803	-	-	2,434,697	897,803
Transit	-	-	589,224	661,514	589,224	661,514
Waste Water	-	-	2,606,452	2,167,812	2,606,452	2,167,812
Solid Waste Collection	-	-	699,218	850,423	699,218	850,423
Total expenses	20,802,456	21,532,607	3,894,894	3,679,749	24,697,350	25,212,356
Increase (decrease) in net assets before Transfers	(372,147)	(1,134,897)	(1,307,441)	(684,653)	(1,679,588)	(1,819,550)
Change in net assets	151,580	(664,497)	(1,831,168)	(1,155,053)	(1,679,588)	(1,819,550)
Net assets, beginning of year (as restated)	56,426,216	57,090,713	27,631,664	28,786,717	84,057,880	85,877,430
Net assets, end of year	\$ 56,577,796	\$ 56,426,216	\$ 25,800,496	\$ 27,631,664	\$ 82,378,291	\$ 84,057,879

- 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
 - City Manager
 - City Clerk
 - Legal Expenses

- Human Resources
- Financial Administration (Treasury)
- Administration which includes non-department City Hall expense, Advertising & Promotion
- Public Safety Expenses include both Police and Fire Protection Services.
- Community Development expenses includes planning, building, housing, code enforcement, and economic development expenditures.
- Culture & Leisure expenditures cover Parks and Recreation services including the operation of the Senior Center, Recreation Services, and the Community Center.
- Public Works include engineering and its administration

Business Type Activities

The City operates three business-type activities. These are the City's Transit System, Solid Waste Collection and its Wastewater System. These business-type activities decreased the City's net assets by \$1.8 million over the prior year. This compares to an increase of \$1.15 million from Fiscal Year 2009-2010.

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 Solid Waste Collection Fund is largely supported by user fees collected for delinquent payments. 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.

Admin/Finance Overhead

The Admin/Finance Overhead internal service fund provides funding for administration projects and activities provided to city departments, including the support staff, accounts payable, budget, accounting, payroll as well as other expenses associated with the City's finance, administration, and human resources functions.

Technology

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

Building Maintenance

The Building Maintenance internal service fund provides for the maintenance, repair, and replacement of City Hall.

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, 2011, and includes Major and Non-Major Funds. It reflects the amount for each source of revenue and what percentage of the total revenue that source of revenue represents.

Source of Revenue	FY 08-09 Amount	Percent of Total	FY 09-10 Amount	Percent of Total	FY 10-11 Amount	Percent of Total
Taxes	\$ 16,223,465	77.8%	\$ 15,530,273	76.0%	\$ 15,793,330	77.2%
Intergovernmental	2,111,122	10.1%	2,575,356	12.6%	2,602,093	12.7%
Licenses, Permits & Fees	490,564	2.4%	986,291	4.8%	721,502	3.5%
Charges for Services	656,543	3.1%	828,784	4.1%	633,109	3.1%
Fines and Forfeitures	110,785	0.5%	131,851	0.6%	87,534	0.4%
Use of Money & Property	422,410	2.0%	255,750	1.3%	392,414	1.9%
Other Revenues	850,061	4.1%	127,332	0.6%	226,512	1.1%
Total	\$ 20,864,950	100.0%	\$ 20,435,637	100.0%	\$ 20,456,494	100.0%

As of the end of the current year, the City of Ridgecrest's governmental funds reported combined ending fund balances of \$48,736,782 - an increase of \$23.2M in comparison with \$25,496,226 for the prior year's ending fund balance. Of this total the unassigned fund balance is -\$777,912. The City must replenish the funds used from the other fund balance classifications. The majority of the fund balances, \$44M, are restricted in their use to the special purpose for which they were collected.

Of the \$44.9M of restricted fund balance, \$164,835 of this belongs to the General Fund, \$6.97M to the Housing Set-Aside Fund, \$26.6M to the Redevelopment Agency Debt Service Fund, \$8M to the City Debt Service Fund, and \$3M to other governmental funds. As stated above, these funds are restricted in their use to the special purpose for which they were collected.

Committed Fund Balance includes amounts that are committed for specific purposes by formal action of the City Council. Amounts classified as "committed" are not subject to legal enforceability like restricted fund balance; however, those amounts cannot be used for any other purpose unless the city council removes or changes the limitation by taking the same form of action it employed to previously impose the limitation. Total committed fund balance within the governmental funds is \$30,421.

Assigned Fund Balance includes amounts that are intended by the city to be used for specific purposes, but are neither restricted nor limited. Of the \$48,736,782, 9.4% or \$4,584,299 is classified as Assigned Fund Balance. The largest portion of the assigned fund balance, or \$4,171,121 is located within the Redevelopment Agency Capital Project Fund.

Unrestricted net assets of the Transit System fund, Wastewater fund, and Solid Waste Collection Fund at the end of the fiscal year amounted to \$9.76M. Of that amount \$31,616 came from the Transit System fund. The Solid Waste Collection fund was setup in conjunction with the initiation of the recycling program. The Solid Waste Collection fund has negative net assets due to unearned revenue. The Wastewater enterprise's unrestricted net assets decreased by \$629,907.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the main operating fund of the City. The primary source of its revenues are taxes such as sales tax, property tax, franchise fees and transient occupancy tax, and business licenses; intergovernmental sources; charges for services; fine and forfeiture; license and permits. These revenues are used to pay for the traditional services provided by the local government such as public safety, parks and recreation, community development and public works. The originally adopted expenditure budget of the General Fund totaled to \$11.75M with the inclusion of the \$812,650 interfund transfers to other funds. Revenues were budgeted originally at \$11.5M including interfund transfers from other funds of \$2.4M, resulting to projected net decrease of the net reserves by \$218,581. The amended budget, which includes unspent, but encumbered appropriations carried forward from fiscal year 2010, as well as Council approved adjustments during the year, totaled \$12.3M. The amended revenue budget was \$12.1M resulting in a projected decrease of net reserves by \$230,368. Even though the general fund revenues came in over budget by \$89,292, the actual use of net reserves came to \$.3M. The expenditure savings of \$792,775 were the result of a citywide effort to cut costs in order to cope with increased expenses, in particular salary and retirement costs, while facing declining ongoing revenues. Specific item that contributed to the use of reserves is unrealized transfers in. Declining sales tax revenue is being felt not only within the City, but all across the State and the country due to the historic economic problems the country is facing. Although the City has not been drastically affected by the housing market meltdown, it has also slowed down new permit applications for building new houses and doing home improvements. It is also important to note that starting in fiscal year 2008 the City pays the county a portion of the cost of providing fire protection services inside its city limits. The amount for fiscal year 2011 is \$588,612, which will increase each year by 5.5% in the next year. This added cost although was included in the budget did not help in alleviating the use of the general fund's net reserves.

As shown in the table below, Public Works contributed a savings of \$21,175 to the overall savings; Community Development contributed \$465,635 of the overall savings; Culture and Leisure contributed \$173,885. Police Services contributed \$214,162 and General Government over spent by \$34,241. Savings came from salary due to positions intentionally not being filled, as well as, in materials, supplies and services due to conservative spending. These expenditures are budgeted many months before the start of the fiscal year based on historical data and estimates of future operations.

	For the Fiscal Year Ended June 30, 2011				For the Fiscal Year Ended June 30, 2010			
	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final			Original	Final		
	\$	\$	\$	\$	\$	\$	\$	\$
Fund balance, July 1	719,143	719,143	539,291	(179,852)	1,062,839	1,258,047	1,569,219	311,172
Resources (inflows):								
Taxes	7,625,390	7,625,390	7,649,250	23,860	7,639,647	7,639,647	7,927,885	288,238
Intergovernmental revenue	413,916	709,648	569,413	(140,235)	191,700	353,079	303,849	(49,230)
Licenses, fees, and permits	230,100	437,933	488,299	50,366	349,750	349,750	553,054	203,304
Current service charges	583,450	603,450	633,109	29,659	764,750	768,250	724,224	(44,026)
Fines and forfeitures	89,950	89,950	87,534	(2,416)	119,950	119,950	131,851	11,901
Use of money and property	143,430	143,430	139,305	(4,125)	134,300	134,300	146,996	12,696
Other revenues	23,300	23,300	155,483	132,183	32,150	32,150	67,756	35,606
Transfers from other funds	2,424,937	2,424,937	1,161,289	(1,263,648)	2,158,301	2,174,301	1,258,651	(915,650)
Amount available for appropriation	11,534,473	12,058,038	10,883,682	(1,174,356)	11,390,548	11,571,427	11,114,266	(457,161)
Charges to appropriations (outflows):								
General government	575,400	564,931	599,172	(34,241)	617,979	634,594	551,622	82,972
Public safety	7,138,055	7,167,090	6,952,928	214,162	6,765,989	6,933,473	7,050,693	(117,220)
Public works	538,702	423,604	402,429	21,175	530,187	465,247	292,037	173,210
Community development	688,007	1,055,233	589,598	465,635	949,967	1,183,373	1,054,690	128,683
Culture and leisure	2,000,240	2,021,559	1,847,674	173,885	1,859,497	1,879,428	1,899,143	(19,715)
Non-departmental:								
Transfers to other funds	812,650	1,055,989	822,607	233,382	700,413	881,695	1,296,509	(414,814)
Total charges to appropriations	11,753,054	12,288,406	11,214,408	1,073,998	11,424,032	11,977,810	12,144,694	(166,884)
Excess of resources over (under) charges to appropriations	(218,581)	(230,368)	(611,949)	(100,358)	(33,484)	(406,383)	(1,030,428)	(624,045)
Fund balance, June 30	500,562	488,775	(72,658)	(280,210)	1,029,355	851,664	538,791	(312,873)

Capital Asset and Debt Administration

The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2011, amounts to \$66.6M (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. This amount was up by \$2.2M as compared to prior year due to properties acquired and additional construction in progress. The total amount of new assets added this year is \$2.7M for government activities. The schedule below shows the summary of the City's capital assets by class and by type of activity. The assets are reported at historical cost, net of accumulated depreciation when applicable. These amounts do not represent the market value or replacement cost of the City's assets, which would be substantially more.

	Government Activities	Business-Type Activities	Total
<i>Non-Depreciable Assets:</i>			
Land	\$ 4,150,811	\$ 1,614,217	\$ 5,765,028
Construction in process	3,197,817	-	3,197,817
Total non-depreciable assets, net	<u>7,348,628</u>	<u>1,614,217</u>	<u>8,962,845</u>
<i>Depreciable Assets:</i>			
Buildings and improvements	31,359,027	2,747,841	34,106,868
Machinery and equipment	5,833,957	3,035,151	8,869,108
Infrastructure	87,709,383	18,877,601	106,586,984
	<u>124,902,367</u>	<u>24,660,593</u>	<u>149,562,960</u>
Less accumulated depreciation	<u>(81,677,941)</u>	<u>(10,229,730)</u>	<u>(91,907,671)</u>
Total depreciable assets, net	<u>43,224,426</u>	<u>14,430,863</u>	<u>57,655,289</u>
Total capital assets	<u><u>\$ 50,573,054</u></u>	<u><u>\$ 16,045,080</u></u>	<u><u>\$ 66,618,134</u></u>

Additional information on the capital assets can be found in Note 4 on pages 65-66 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total long term debt outstanding of \$44M, a net increase of \$25.7M compared from prior year. The increase is attributable to the refunding of the 1999 Tax Allocation Bonds, to lower financing costs, combined with bonding for an additional \$25M for projects. Three of the bond obligations particularly the tax allocation bonds represent obligations secured solely by specified revenue sources; i.e., the Redevelopment Agency tax increment. The outstanding debt of \$8.08M in certificates of participation (2005 Refunding COP) were issued in fiscal year 2006 to advance refund the 1999 COP in order to capture favorable interest rates to lower the City's borrowing costs.

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011	Due within one year	Due in more than one year
1999 Refunding Tax Allocation Bonds	\$ 5,965,000	\$ -	\$ (5,965,000)	\$ -	\$ -	\$ -
2002 Tax Allocation Refunding Bonds	1,325,000	-	(420,000)	905,000	440,000	465,000
2010 Tax Allocation Refunding Bonds	-	34,380,000	(1,005,000)	33,375,000	1,015,000	32,360,000
Less: Bond discount	-	(725,259)	26,418	(698,841)	-	(698,841)
2005 Refunding Certificates of Participation	8,460,000	-	(380,000)	8,080,000	395,000	7,685,000
Capital Lease Obligations	615,248	-	(131,849)	483,399	162,829	320,570
Compensated Absences	1,973,734	-	(95,524)	1,878,210	-	1,878,210
	<u>18,338,982</u>	<u>33,654,741</u>	<u>(7,970,955)</u>	<u>44,022,768</u>	<u>2,012,829</u>	<u>42,009,939</u>

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 67-70 of this report.

Economic Factors and Next Year's Budget

Globally, we are experiencing the worst economic decline in recent history and it is significantly affecting our state and local economy. Transient Occupancy Tax (TOT) and sales tax revenues are more sensitive to the economic swings. These two sources represent 32% of the total General Fund revenue.

Retail sales will continue to decline as the country continues to suffer economic downturn. It is projected that sales tax revenue will level off and begin to rebound although at a slow pace as consumers remain cautious.

At the end of fiscal year 2011 the general fund had a deficit fund balance of \$72,658. Although the City put policies in place to stem the flow of expenditures in the last quarter, these efforts were not enough to overcome revenue not received from uncompleted projects overhead allocations and unsold budgeted property sales.

Fiscal year 2012 revenue budget was developed with the assumption of zero growth based on the actual data of fiscal year 2011. With these assumptions and increasing cost of the salaries and benefits, general fund is projecting \$3.1M more in expenditures than in revenues. Policies are being implemented in fiscal year 2012 to correct the fund balance, as well as, bolster reserves in the general fund. City staff, funded through the general fund, is currently on unbudgeted furloughs. A spending/hiring freeze for the general fund is in place for the 2nd half of the year. The City has plans, pending the Supreme Court's ruling on redevelopment agencies, to dispose of property netting at least \$2 million for the general fund. Finally, the City is exploring the idea of a local option sales tax. This will boost revenue and allow the City to continue and possibly expand the services that the public desires.

Though the current balance is not ideal, we feel the general fund will turn around in fiscal year 2012 and the increase in reserve will provide the buffer needed for future years.

Given the budget and cash flow problems the State of California is experiencing in addition to the economic problems the country is facing such as: failure of those large and long standing financial institutions, the nation's largest automakers in the brink of bankruptcy, high unemployment and anticipation of more massive layoffs as big corporations restructure to cut costs, housing foreclosure in historic levels, and stricter rules in obtaining credit for small businesses. However, there is a silver lining in all of these at least in the City's local economy. It is called BRAC. It is anticipated that the transfers of those job positions being realigned by the BRAC program will be completed by 2012. The China Lake Naval Weapons Facility, the largest non-nuclear military research and testing center in the United States occupies just over one third of the city's acreage. This facility is the recipient of about 1,000 billets (job positions) being realigned by the Department of Defense. The naval base had broken ground for the construction of over ten new projects at an estimated cost of \$250M. It is also anticipated that another 600 unrelated jobs will be created as an offshoot of the whole undertaking. The City is estimating that about 1200 new homes are needed to meet the demands of this growth. Fortunately our city is not experiencing the foreclosure levels we have seen in big metropolitan areas.

Having said all of this, the next years' budgets - fiscal years 2012 and beyond will surely be the most challenging budgets to develop amid all the economic woes and its uncertainty. To address these budget challenges, the City will have to make significant changes to services provided to its residents while at the same time recognizing the priorities of the community and making sure that basic and vital services are maintained.

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 Finance, 100 W. California Avenue, Ridgecrest, California, 93555.

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011
Basic Financial Statements



City of Ridgecrest
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Government-Wide Financial Statements



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City of Ridgecrest
Statement of Net Assets
June 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 50,452,505	\$ 6,786,227	\$ 57,238,732
Cash and investments with fiscal agent	4,247,727	-	4,247,727
Accounts receivable	2,174,777	1,297,065	3,471,842
Deferred charges	253,550	-	253,550
Deposits	10,241	-	10,241
Due from Fiduciary Fund	157,386	-	157,386
Internal balances	(4,062,759)	4,062,759	-
Inventories	26,686	-	26,686
Prepaid items	75,397	19,500	94,897
Total current assets	<u>53,335,510</u>	<u>12,165,551</u>	<u>65,501,061</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	7,348,628	1,614,217	8,962,845
Depreciable, net	43,224,426	14,430,863	57,655,289
Total capital assets, net	<u>50,573,054</u>	<u>16,045,080</u>	<u>66,618,134</u>
Net OPEB asset	35,266	-	35,266
Total noncurrent assets	<u>50,608,320</u>	<u>16,045,080</u>	<u>66,653,400</u>
Total assets	<u>103,943,830</u>	<u>28,210,631</u>	<u>132,154,461</u>
LIABILITIES			
Current liabilities:			
Accounts payable	800,291	947,566	1,747,857
Interest payable	126,729	-	126,729
Salaries payable	198,754	18,373	217,127
Other payroll deductions payable	336,900	-	336,900
Deposits payable	213,368	-	213,368
Unearned revenue	-	1,444,196	1,444,196
Compensated absences - due within one year	826,662	-	826,662
Long-term debt - due within one year	2,012,829	-	2,012,829
Total current liabilities	<u>4,515,533</u>	<u>2,410,135</u>	<u>6,925,668</u>
Long-term liabilities:			
Claims payable	1,667,224	-	1,667,224
Compensated absences - due in more than one year	1,051,548	-	1,051,548
Long-term debt - due in more than one year	40,131,729	-	40,131,729
Total long-term liabilities	<u>42,850,501</u>	<u>-</u>	<u>42,850,501</u>
Total liabilities	<u>47,366,034</u>	<u>2,410,135</u>	<u>49,776,169</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,428,496	16,045,080	24,473,576
Restricted for:			
Special projects	9,576,220	-	9,576,220
Debt service	26,645,205	-	26,645,205
Capital projects	493,199	-	493,199
Other purpose	164,835	-	164,835
Total restricted	<u>36,879,459</u>	<u>-</u>	<u>36,879,459</u>
Unrestricted	11,269,841	9,755,416	21,025,257
Total net assets	<u>\$ 56,577,796</u>	<u>\$ 25,800,496</u>	<u>\$ 82,378,292</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, 2011

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 110,641	\$ 184,130	\$ 59,209	\$ -	\$ 243,339
Public safety	7,990,857	310,398	360,425	87,754	758,577
Public works	3,041,354	-	-	-	-
Community development	3,394,765	517,003	-	-	517,003
Transportation	1,677,918	-	1,465,947	910,829	2,376,776
Health	63,565	-	-	-	-
Culture and leisure	2,088,659	475,348	-	-	475,348
Interest on long-term debt	2,434,697	-	-	-	-
Total governmental activities	20,802,455	1,486,879	1,885,581	998,583	4,371,043
Business-Type activities:					
TDA transit	589,224	213,410	131,539	-	344,949
Wastewater improvement	2,606,452	1,911,187	-	-	1,911,187
Solidwaste Collection	699,218	29,158	-	-	29,158
Total business-type activities	3,894,894	2,153,755	131,539	-	2,285,294
Total primary government	\$ 24,697,349	\$ 3,640,634	\$ 2,017,120	\$ 998,583	\$ 6,656,337

General revenues:

Taxes:

- Property taxes
- Sales taxes
- Transient occupancy tax
- Franchise tax
- Special assessments
- Vehicle in lieu tax
- 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
\$ 132,698	\$ -	\$ 132,698
(7,232,280)	-	(7,232,280)
(3,041,354)	-	(3,041,354)
(2,877,762)	-	(2,877,762)
698,858	-	698,858
(63,565)	-	(63,565)
(1,613,311)	-	(1,613,311)
(2,434,697)	-	(2,434,697)
<u>(16,431,412)</u>	<u>-</u>	<u>(16,431,412)</u>
-	(244,275)	(244,275)
-	(695,265)	(695,265)
-	(670,060)	(670,060)
<u>-</u>	<u>(1,609,600)</u>	<u>(1,609,600)</u>
<u>(16,431,412)</u>	<u>(1,609,600)</u>	<u>(18,041,012)</u>
9,616,160	-	9,616,160
3,020,160	-	3,020,160
1,144,883	-	1,144,883
1,339,083	-	1,339,083
287,202	-	287,202
144,761	248,368	393,129
<u>15,552,249</u>	<u>248,368</u>	<u>15,800,617</u>
261,784	45,705	307,489
245,232	8,086	253,318
523,727	(523,727)	-
<u>16,582,992</u>	<u>(221,568)</u>	<u>16,361,424</u>
151,580	(1,831,168)	(1,679,588)
<u>56,426,216</u>	<u>27,631,664</u>	<u>84,057,880</u>
<u>\$ 56,577,796</u>	<u>\$ 25,800,496</u>	<u>\$ 82,378,292</u>

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Comprehensive Annual Financial Report
For the year ended June 30, 2011

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Fund Financial Statements

Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Fiduciary Fund Financial Statements



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City of Ridgecrest
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Governmental Fund Financial Statements



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Comprehensive Annual Financial Report
For the year ended June 30, 2011

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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.

Housing Set-Aside Special Revenue Fund - In accordance with Section 33334.2 of the redevelopment law, not less than 20% of all tax increment allocated to the Ridgecrest Redevelopment Agency shall be used by the Agency for purposes of improving, increasing and preserving the City's supply of housing for persons and families of low and moderate income. As required by law, this fund accounts for all revenues and expenditures for these housing purposes.

Redevelopment Agency Debt Service Fund - This fund accounts for all the tax increment allocated to and payment of debt service requirements for the debt obligation for the Ridgecrest Redevelopment Agency.

Redevelopment Agency Capital Project Fund - This fund accounts for all the agency's capital projects in order to meet the redevelopment goals as established in the agency's implementation plan.

City Debt Service Fund - Funds set aside for City debt service requirements.

Capital Improvements Fund - Used to account for City construction 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, 2011

	Major Funds				
	General Fund	Housing Set-Aside Special Revenue Fund	Redevelopment Agency Debt Service Fund	Redevelopment Agency Capital Project Fund	City Debt Service Fund
ASSETS					
Cash and investments	\$ 35,330	\$ 6,981,352	\$ 33,709,707	\$ 4,180,828	\$ -
Cash and investments with fiscal agent	-	-	3,496,371	-	751,356
Accounts receivable	858,278	311,723	31,286	13,027	-
Due from Fiduciary Fund	157,386	-	-	-	-
Deposits	-	-	-	-	-
Advances to other funds	-	-	-	-	7,269,159
Total assets	\$ 1,050,994	\$ 7,293,075	\$ 37,237,364	\$ 4,193,855	\$ 8,020,515
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 265,931	\$ 8,983	\$ -	\$ 2,648	\$ -
Salaries payable	163,679	7,640	-	6,086	-
Other payroll deductions payable	336,900	-	-	-	-
Due to other funds	200,000	-	-	-	-
Deposits payable	148,301	-	-	2,000	-
Deferred revenue	8,841	304,995	-	12,000	-
Advances from other funds	-	-	10,592,159	-	-
Total liabilities	1,123,652	321,618	10,592,159	22,734	-
Fund Balances:					
Restricted	164,835	6,971,457	26,645,205	-	8,020,515
Committed	-	-	-	-	-
Assigned	375,678	-	-	4,171,121	-
Unassigned	(613,171)	-	-	-	-
Total fund balances	(72,658)	6,971,457	26,645,205	4,171,121	8,020,515
Total liabilities and fund balances	\$ 1,050,994	\$ 7,293,075	\$ 37,237,364	\$ 4,193,855	\$ 8,020,515

City of Ridgecrest
Balance Sheet
Governmental Funds
June 30, 2011

	<u>Major Funds</u>		
	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 137,189	\$ 3,129,876	\$ 48,174,282
Cash and investments with fiscal agent	-	-	4,247,727
Accounts receivable	77,570	880,254	2,172,138
Due from Fiduciary Fund	-	-	157,386
Deposits	-	10,241	10,241
Advances to other funds	-	-	7,269,159
Total assets	\$ 214,759	\$ 4,020,371	\$ 62,030,933
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 277,693	\$ 123,432	\$ 678,687
Salaries payable	86	7,626	185,117
Other payroll deductions payable	-	-	336,900
Due to other funds	-	762,084	962,084
Deposits payable	63,067	-	213,368
Deferred revenue	-	-	325,836
Advances from other funds	-	-	10,592,159
Total liabilities	340,846	893,142	13,294,151
Fund Balances:			
Restricted	-	3,097,962	44,899,974
Committed	-	30,421	30,421
Assigned	-	37,500	4,584,299
Unassigned	(126,087)	(38,654)	(777,912)
Total fund balances	(126,087)	3,127,229	48,736,782
Total liabilities and fund balances	\$ 214,759	\$ 4,020,371	\$ 62,030,933

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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City of Ridgecrest
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2011

Total Fund Balances - Total Governmental Funds \$ 48,736,782

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

Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.

Amount reported in Government-Wide Statement of Net Assets	50,573,054
Less: amount reported in Internal Service Funds	<u>(256,304)</u>
	<u>50,316,750</u>

Net OPEB asset resulting from making OPEB contributions in excess of annual OPEB cost	35,266
---	--------

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

Compensated absences - due within one year	(826,662)
Compensated absences - due in more than one year	(1,051,548)
Long-term debt - due within one year	(2,012,829)
Long-term debt - due in more than one year	(40,131,729)
Unamortized deferred charges related to cost of issuance	253,550
	<u>(43,769,218)</u>

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	(126,729)
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Deferred revenues recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available were recognized as revenues in the Government-Wide Financial Statements.	325,836
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Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were reported with governmental activities.	<u>1,059,109</u>
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Net Assets of Governmental Activities \$ 56,577,796

City of Ridgecrest
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2011

	Major Funds					
	General Fund	Housing Set-Aside Special Revenue Fund	Redevelopment Agency Debt Service Fund	Redevelopment Agency Capital Project Fund	City Debt Service Fund	
REVENUES:						
Taxes	\$ 7,649,250	\$ 2,026,167	\$ 5,378,154	\$ -	\$ -	
Intergovernmental	569,413	-	236,454	-	-	
License and permits	488,299	-	-	-	-	
Fines and forfeitures	87,534	-	-	-	-	
Use of property and money	139,305	37,679	195,918	7,505	8	
Charges for services	633,109	-	-	-	-	
Other revenues	155,483	11,747	-	5,200	-	
Total revenues	9,722,393	2,075,593	5,810,526	12,705	8	
EXPENDITURES:						
Current:						
General government	599,172	-	-	-	-	
Public safety	6,952,928	-	-	-	-	
Public works	402,429	-	-	-	-	
Transportation	-	-	-	-	-	
Community development	589,598	525,970	-	1,430,468	-	
Culture and leisure	1,847,674	-	-	-	-	
Capital outlay	281,223	-	-	606,210	-	
Debt service:						
Principal	-	-	7,390,000	-	511,849	
Interest	-	-	2,010,268	-	399,787	
Cost of issuance	-	-	262,832	-	-	
Total expenditures	10,673,024	525,970	9,663,100	2,036,678	911,636	
REVENUES OVER (UNDER) EXPENDITURES	(950,631)	1,549,623	(3,852,574)	(2,023,973)	(911,628)	
OTHER FINANCING SOURCES (USES):						
Proceeds from issuance of debt	-	-	34,380,000	-	-	
Bond discount	-	-	(725,259)	-	-	
Transfers in	1,161,289	-	569,388	6,555,211	531,628	
Transfers out	(822,607)	(618,325)	(6,921,760)	(4,531,239)	-	
Total other financing sources (uses)	338,682	(618,325)	27,302,369	2,023,972	531,628	
Net change in fund balances	(611,949)	931,298	23,449,795	(1)	(380,000)	
FUND BALANCES:						
Beginning of year	539,291	6,040,159	3,195,410	4,171,122	8,400,515	
End of year	<u>\$ (72,658)</u>	<u>\$ 6,971,457</u>	<u>\$ 26,645,205</u>	<u>\$ 4,171,121</u>	<u>\$ 8,020,515</u>	

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2011

	<u>Major Funds</u>		
	Capital	Other	Total
	Improvements	Governmental Funds	Governmental Funds
REVENUES:			
Taxes	\$ -	\$ 739,759	\$ 15,793,330
Intergovernmental	910,829	885,397	2,602,093
License and permits	-	233,203	721,502
Fines and forfeitures	-	-	87,534
Use of property and money	167	11,832	392,414
Charges for services	-	-	633,109
Other revenues	-	54,082	226,512
Total revenues	910,996	1,924,273	20,456,494
EXPENDITURES:			
Current:			
General government	-	73,012	672,184
Public safety	-	237,493	7,190,421
Public works	63,801	-	466,230
Transportation	-	1,100,140	1,100,140
Community development	-	-	2,546,036
Culture and leisure	-	-	1,847,674
Capital outlay	5,280,499	200,236	6,368,168
Debt service:			
Principal	-	-	7,901,849
Interest	-	-	2,410,055
Cost of issuance	-	-	262,832
Total expenditures	5,344,300	1,610,881	30,765,589
REVENUES OVER (UNDER) EXPENDITURES	(4,433,304)	313,392	(10,309,095)
OTHER FINANCING SOURCES (USES):			
Proceeds from issuance of debt	-	-	34,380,000
Bond discount	-	-	(725,259)
Transfers in	4,452,576	756,291	14,026,383
Transfers out	-	(1,237,542)	(14,131,473)
Total other financing sources (uses)	4,452,576	(481,251)	33,549,651
Net change in fund balances	19,272	(167,859)	23,240,556
FUND BALANCES:			
Beginning of year	(145,359)	3,295,088	25,496,226
End of year	<u>\$ (126,087)</u>	<u>\$ 3,127,229</u>	<u>\$ 48,736,782</u>

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, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ 23,240,556
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Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets are different because:

Governmental funds report capital outlay as expenditures. Capital outlay expenditures were 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 was allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period (net of \$18,034 reported in Internal Service Funds).

9,023,469

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 \$116,593 reported in Internal Service Funds).

(5,621,883)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) was to decrease net assets.

(611,041)

The net effect of OPEB contributions in excess of annual OPEB cost was to increase net assets.

451

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, compensated absences were not reported as expenditures in governmental funds.

95,524

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of debt principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities and Changes in Net Assets. These differences are as follows:

Issuance of long-term debt	(34,380,000)
Bond discount	725,259
Cost of issuance	262,832
Principal payment on debt service	7,901,849

Some expenses reported in the Statement of Activities and Changes in Net Assets do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Amortization of bond discount	(26,418)
Amortization of deferred charges	(9,282)

Interest expense on long-term debt was 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, interest expense was not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from the prior year.

11,058

Revenues in the Statement of Activities and Changes in Net Assets that did not provide current financial resources were not reported as revenues in the governmental funds.

(33,744)

Internal service funds were used by management to charge the costs of certain activities to individual funds. The net expense of the internal service funds was reported with governmental activities.

(427,050)

Change in Net Assets of Governmental Activities

\$ 151,580

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

Proprietary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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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.

Solid Waste Collection Fund - This fund was established to receive and disburse funds collected for solid waste collections.

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, 2011

	Business-type Activities - Enterprise Funds			Total	Governmental
	T.D.A.	Wastewater	Solid Waste		Activities -
	Transit	Improvement	Collection		Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 202,148	\$ 6,502,691	\$ 81,388	\$ 6,786,227	\$ 2,278,223
Accounts receivable	542,133	32,158	722,774	1,297,065	2,639
Due from other funds	-	1,339,759	-	1,339,759	222,325
Inventories	-	-	-	-	26,686
Prepaid items	19,500	-	-	19,500	75,397
Total current assets	763,781	7,874,608	804,162	9,442,551	2,605,270
Noncurrent assets:					
Advances to other funds	-	3,323,000	-	3,323,000	-
Capital assets:					
Non-depreciable:					
Land	-	1,614,217	-	1,614,217	-
Depreciable:					
Buildings and improvements	-	2,747,841	-	2,747,841	-
Machinery and equipment	451,700	2,583,451	-	3,035,151	654,093
Infrastructure	-	18,877,601	-	18,877,601	-
Less accumulated depreciation	(346,607)	(9,883,123)	-	(10,229,730)	(397,789)
Total capital assets:	105,093	15,939,987	-	16,045,080	256,304
Total noncurrent assets	105,093	19,262,987	-	19,368,080	256,304
Total assets	868,874	27,137,595	804,162	28,810,631	2,861,574
LIABILITIES					
Current liabilities:					
Accounts payable	3,290	34,690	909,586	947,566	121,604
Salaries payable	7,367	10,963	43	18,373	13,637
Due to other funds	-	-	600,000	600,000	-
Unearned revenue	721,508	-	722,688	1,444,196	-
Total current liabilities	732,165	45,653	2,232,317	3,010,135	135,241
Noncurrent liabilities:					
Claims payable	-	-	-	-	1,667,224
Total noncurrent liabilities	-	-	-	-	1,667,224
Total liabilities	732,165	45,653	2,232,317	3,010,135	1,802,465
NET ASSETS					
Invested in capital assets	105,093	15,939,987	-	16,045,080	256,304
Unrestricted	31,616	11,151,955	(1,428,155)	9,755,416	802,805
Total net assets	\$ 136,709	\$ 27,091,942	\$ (1,428,155)	\$ 25,800,496	\$ 1,059,109

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, 2011

	Business-type Activities - Enterprise Funds			Total	Governmental
	T.D.A.	Wastewater	Solid Waste		Activities -
	Transit	Improvement	Collection		Internal Service Funds
OPERATING REVENUES:					
Charges for services	\$ 213,410	\$ 1,911,187	\$ 29,158	\$ 2,153,755	\$ 3,527,361
Other revenue	-	8,086	-	8,086	159,136
Total operating revenues	213,410	1,919,273	29,158	2,161,841	3,686,497
OPERATING EXPENSES:					
Transportation	547,900	-	-	547,900	-
Health	-	2,170,704	699,218	2,869,922	-
Administration	-	-	-	-	4,633,329
Depreciation	41,324	435,748	-	477,072	116,593
Total operating expenses	589,224	2,606,452	699,218	3,894,894	4,749,922
OPERATING INCOME (LOSS)	(375,814)	(687,179)	(670,060)	(1,733,053)	(1,063,425)
NONOPERATING REVENUES:					
Taxes	248,368	-	-	248,368	-
Intergovernmental	131,539	-	-	131,539	-
Use of money and property	711	44,703	291	45,705	7,558
Total nonoperating revenues	380,618	44,703	291	425,612	7,558
INCOME (LOSS) BEFORE TRANSFERS	4,804	(642,476)	(669,769)	(1,307,441)	(1,055,867)
TRANSFERS:					
Transfers in	-	-	-	-	920,790
Transfers out	(100,548)	(423,179)	-	(523,727)	(291,973)
Total transfers	(100,548)	(423,179)	-	(523,727)	628,817
Change in net assets	(95,744)	(1,065,655)	(669,769)	(1,831,168)	(427,050)
NET ASSETS:					
Beginning of year	232,453	28,157,597	(758,386)	27,631,664	1,486,159
End of year	\$ 136,709	\$ 27,091,942	\$ (1,428,155)	\$ 25,800,496	\$ 1,059,109

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2011

	Business-type Activities - Enterprise Funds			Total	Governmental
	T.D.A.	Wastewater	Solid Waste		Activities -
	Transit	Improvement	Collection		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 76,086	\$ 1,216,440	\$ 29,072	\$ 1,321,598	\$ 3,308,490
Payments to suppliers or employees for goods and services	(539,366)	(2,161,638)	30,744	(2,670,260)	(4,600,806)
Insurance premiums and settlements or insurance recovery	-	-	-	-	837,244
Others	-	8,086	-	8,086	159,136
Net cash provided (used) by operating activities	(463,280)	(937,112)	59,816	(1,340,576)	(295,936)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Advances to other funds	-	(2,923,000)	-	(2,923,000)	-
Taxes	248,368	-	-	248,368	-
Intergovernmental	131,539	-	-	131,539	-
Transfers in	-	-	-	-	920,790
Transfers out	(100,548)	(423,179)	-	(523,727)	(291,973)
Net cash provided (used) by noncapital financing activities	279,359	(3,346,179)	-	(3,066,820)	628,817
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	-	-	-	-	(18,034)
Net cash provided (used) by capital and related financing activities	-	-	-	-	(18,034)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	711	44,703	291	45,705	7,558
Net cash provided (used) by investing activities	711	44,703	291	45,705	7,558
Net increase (decrease) in cash and cash equivalents	(183,210)	(4,238,588)	60,107	(4,361,691)	322,405
CASH AND INVESTMENTS:					
Beginning of year	385,358	10,741,279	21,281	11,147,918	1,955,818
End of year	\$ 202,148	\$ 6,502,691	\$ 81,388	\$ 6,786,227	\$ 2,278,223

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Cash Flows, Continued
Proprietary Funds
For the year ended June 30, 2011

	Business-type Activities - Enterprise Funds			Total	Governmental
	T.D.A.	Wastewater	Solid Waste		Activities -
	Transit	Improvement	Collection		Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET					
CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (375,814)	\$ (687,179)	\$ (670,060)	\$ (1,733,053)	\$ (1,063,425)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	41,324	435,748	-	477,072	116,593
Changes in current assets and liabilities:					
Accounts receivable	(506,502)	45,012	(86)	(461,576)	3,454
Due from other funds	-	(739,759)	-	(739,759)	(205,010)
Prepaid items	6,500	-	-	6,500	(75,397)
Inventories	-	-	-	-	(3,933)
Accounts payable	1,507	9,114	729,919	740,540	(39,730)
Salaries payable	527	(48)	43	522	(15,233)
Due to other funds	-	-	-	-	(17,315)
Claims payable	-	-	-	-	1,004,060
Unearned revenue	369,178	-	-	369,178	-
Total adjustments	(87,466)	(249,933)	729,876	392,477	767,489
Net cash provided (used) by operating activities	\$ (463,280)	\$ (937,112)	\$ 59,816	\$ (1,340,576)	\$ (295,936)

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

Fiduciary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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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, 2011

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and investments	\$ 97	\$ 545,763
Accounts receivable	-	648
Total assets	97	\$ 546,411
LIABILITIES AND NET ASSETS		
Liabilities:		
Due to City of Ridgecrest	-	\$ 157,386
Due to bondholders	-	389,025
Total liabilities	-	\$ 546,411
Net Assets:		
Held in trust	97	
Total net assets	\$ 97	

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2011

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Other revenues	\$ 436
Total additions	<u>436</u>
DEDUCTIONS:	
Culture and leisure	<u>436</u>
Total deductions	<u>436</u>
Change in net assets	-
NET ASSETS:	
Beginning of year	<u>97</u>
End of year	<u>\$ 97</u>

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

Notes to Basic Financial Statements



City of Ridgecrest
Notes to Basic Financial Statements
For the year ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Ridgecrest, California (the "City"), have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("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, (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.

The following component unit is included in the accompanying basic financial statements of the City:

Redevelopment Agency of the City of Ridgecrest (the "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.

B. Basis of Accounting and Measurement Focus

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, 2011

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 and Changes in Net Assets 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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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, 2011

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:

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 the City, these services include general government, safety, community development, culture and recreation and public works.

Housing Set-Aside Special Revenue Fund - In accordance with Section 33334.2 of the redevelopment law, not less than 20% of all tax increment allocated to the Ridgecrest Redevelopment Agency shall be used by the Agency for purposes of improving, increasing and preserving the City’s supply of housing for persons and families of low and moderate income. As required by law, this fund accounts for all revenues and expenditures for these housing purposes.

Redevelopment Agency Debt Service Fund - This fund accounts for all the tax increment allocated to and payment of debt service requirements for the debt obligation for the Ridgecrest Redevelopment Agency.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

Redevelopment Agency Capital Project Fund - This fund accounts for all the agency's capital projects in order to meet the redevelopment goals as established in the agency's implementation plan.

City Debt Service Fund - Funds set aside for City debt service requirements.

Capital Improvements Fund - Used to account for City construction projects.

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

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.

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.

Solid Waste Collection Fund - This fund was established to receive and disbursed funds collected for solid waste collection services.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements, Continued

Internal Service Funds - The City has seven internal service funds. Administration/Finance Overhead Fund is used to account for the cost of the citywide central service function and the cost related to financial services provided to other departments. Human Resources and 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 System 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 copying, printing and reproduction of electronic data in paper form. The Self Insurance Workers Comp Fund is used to account for the actual payments made to the third party administrator for all workers comp claims filed against the City. Building Maintenance Fund accounts for the cost of maintenance of the City's Civic Center Buildings. Lastly, the Fleet Maintenance Fund is used to account for the cost of maintenance of the motor vehicles, heavy and light equipments and equipment replacements.

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. Both private purpose trust funds and agency funds are reported using the accrual basis of accounting.

C. 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, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. 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.

E. 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

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, and park lands. 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.

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.

F. Long-Term Debt

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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Long-Term Debt, Continued

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.

G. Compensated Absences

Government-Wide Financial Statements

City employees have vested interest in varying levels of vacation and sick leave based on their length of employment and bargaining unit they belong. Vacation leave is payable to employees at the time a vacation is taken or upon termination of employment. Vacation leave cannot be accrued for more than twice the employee's annual accrual rate. Sick leave is payable only when an employee is unable to work due to personal or family illness or at separation from employment at different levels depending on the length of employment and the bargaining group. There is no cap on the amount of sick leave that can be accrued but there is a cap on the amount that can be cashed out at termination. Employees with less than five years of employment do not have vested privilege on sick leave and their sick leave is forfeited upon termination. The amount of compensated absences is accrued when incurred in the government-wide financial statements.

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. When an employee is terminated at fiscal year end, the amount of his or her reimbursable unused vacation and/or sick leave is recorded as a liability in the governmental funds. 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.

H. 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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Net Assets

For government-wide and proprietary fund financial statements, net assets are categorized as follows:

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.”

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

J. Fund Balances

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

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

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

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

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the Finance Director for that purpose.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City’s policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Use of Estimates

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

2. CASH AND INVESTMENTS

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2011:

	Government-Wide			Fiduciary	
	Governmental	Business-Type	Total	Funds	Total
	Activities	Activities			
Cash and investments	\$ 50,452,505	\$ 6,786,227	\$ 57,238,732	\$ 545,860	\$ 57,784,592
Cash and investments with fiscal agent	4,247,727	-	4,247,727	-	4,247,727
Total	\$ 54,700,232	\$ 6,786,227	\$ 61,486,459	\$ 545,860	\$ 62,032,319

Cash, cash equivalents, and investments consisted of the following at June 30, 2011:

Cash:	
Petty cash	\$ 1,600
Demand deposits	1,877,007
Investments:	
Local Agency Investment Fund	55,905,985
Investment held by Fiscal Agent	4,247,727
Total	\$ 62,032,319

A. Cash Deposits

The carrying amounts of the City's demand deposits were \$1,877,007 at June 30, 2011. Bank balances before reconciling items were \$1,926,626 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 having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. CASH AND INVESTMENTS, Continued

A. Cash Deposits, Continued

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.

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. The fair value of the City's position in LAIF approximates the value of the pool shares.

C. External Investment Pool

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2011 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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

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

As of June 30, 2011, the City had \$55,905,985 invested in LAIF, which had invested 5.01% of the pool investment funds in Medium-Term and Short-Term Structured Notes and Asset-Backed Securities.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures

Interest Rate Risk

Interest Rate Risk is the risk that the market value of investments in the portfolio will fall due to changes in market interest rates. The City has an investment policy of lengthening its maturities when rates are falling and shortening its maturities when rates are rising as a means of managing its exposure to fair value losses and to take advantage of favorable interest rates. The City's operating funds are primarily invested in State of California Local Agency Investment Fund, money market mutual funds, or similar investment pools to ensure liquidity.

	Amount	Maturities
		1 year or less
Cash:		
Petty cash	\$ 1,600	\$ 1,600
Demand deposits	1,877,007	1,877,007
Investments:		
Local Agency Investment Fund	55,905,985	55,905,985
Investment held by Fiscal Agent	4,247,727	4,247,727
Total	\$ 62,032,319	\$ 62,032,319

Credit Risk

Credit Risk is the risk of loss due to failure of the security issuer. The risk can be identified thru the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only on type of investments allowed for municipalities by the Government Code as listed on the City's investment policy and investing only on instruments that are most credit worthy.

	Amount	Credit Quality Ratings	
		Moody's	Standard & Poor's
Investments:			
Local Agency Investment Fund	\$ 55,905,985	Not Rated	Not Rated
Investment held by Fiscal Agent	4,247,727	Not Rated	Not Rated
Total	\$ 60,153,712		

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, 2011

3. INTERFUND TRANSACTIONS

A. Due To and From Other Funds

At June 30, 2011, the City had the following short-term interfund receivables and payables to cover cash shortfalls:

		Due from other funds		
		Wastewater Improvement Enterprise Fund	Internal Service Funds	Total
Due to Other funds	General Fund	\$ -	\$ 200,000	\$ 200,000
	Nonmajor Governmental Funds	739,759	22,325	762,084
	Solid Waste Collection Enterprise Fund	600,000	-	600,000
	Total	\$ 1,339,759	\$ 222,325	\$ 1,562,084

Wastewater Improvement Enterprise Fund transferred \$600,000 to Solid Waste Collection Enterprise Fund to cover the payment to the City’s trash hauler provider. This short term borrowing is expected to be repaid in the next fiscal year.

Information Service Internal Service Fund loaned General Fund \$200,000 to cover cash shortfall and will be paid back in the year ending June 30, 2012.

Wastewater Improvement Enterprise Fund loaned the nonmajor governmental funds \$739,759 for their participation share of the TDA street maintenance costs incurred prior to the year ended June 30, 2011. These were repaid during the next fiscal year.

B. Advances to and from other funds

At June 30, 2010, the City had the following long-term interfund receivables and payables:

		Advances to other funds		
		City Debt Service Fund	Enterprise Fund Wastewater Improvement	Total
Advances from other funds	Redevelopment Agency Debt Service Fund	\$ 7,269,159	\$ 3,323,000	\$ 10,592,159
	Total	\$ 7,269,159	\$ 3,323,000	\$ 10,592,159

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

3. INTERFUND TRANSACTIONS, Continued

B. Advances to and from other funds, Continued

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, 2011, the outstanding balance of the agreement was \$7,269,159.

On June 19, 2002, the Wastewater Improvement Enterprise Fund loaned the Ridgecrest Redevelopment Agency Fund \$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 June 30,	Principal	Interest	Total
2012	\$ 200,000	\$ 10,000	\$ 210,000
Total	\$ 200,000	\$ 10,000	\$ 210,000

On June 16, 2010, per resolution 10-49, the Ridgecrest City Council and Ridgecrest Redevelopment Agency approved the funding of the construction of the Ridgecrest Photovoltaic Solar Energy Production Field. The field is located at 125 South Warner St., also known as the Helmer's Park. This 495.9 kW DC Solar Photovoltaic System is designed to produce 90% of the Civic Center's current annual electrical power consumption and decrease the Center's energy bill by more than \$136,000 annually. The resolution also authorized the Ridgecrest Redevelopment Agency to borrow money from the Wastewater Improvement Fund to finance the construction cost of the solar field which amounted to \$3,123,000, to be paid in 5 years at the interest rate of 1/2% per annum. The amount outstanding at June 30, 2011 was \$3,123,000.

The annual requirements to amortize the note are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 618,385	\$ 15,615	\$ 634,000
2013	621,477	12,523	634,000
2014	624,585	9,416	634,001
2015	627,707	6,293	634,000
2016	630,846	3,154	634,000
Total	\$ 3,123,000	\$ 47,001	\$ 3,170,001

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

3. INTERFUND TRANSACTIONS, Continued

C. Transfers

At June 30, 2011, the City had the following transfers:

		Transfers In							
		Redevelopment Agency		Redevelopment Agency		City	Non-major		
		General	Debt Service	Capital Projects	Debt Service	Capital	Governmental	Internal	
		Fund	Fund	Fund	Fund	Improvements	Funds	Service Funds	Total
Transfers Out	General Fund	\$ -	\$ -	\$ -	\$ 165,079	\$ -	\$ 287,607	\$ 369,921	\$ 822,607
	Housing Set-Aside								
	Special revenue Fund	29,407	569,388	-	-	-	-	19,530	618,325
	Redevelopment Agency								
	Debt Service Fund	-	-	6,555,211	366,549	-	-	-	6,921,760
	Redevelopment Agency								
	Capital Projects Fund	362,107	-	-	-	4,086,561	-	82,571	4,531,239
	Non-major								
	Governmental Funds	351,030	-	-	-	366,015	467,352	53,145	1,237,542
	T.D.A. Transit								
Enterprise Fund	80,393	-	-	-	-	-	20,155	100,548	
Wastewater Improvement									
Enterprise Fund	338,352	-	-	-	-	-	84,827	423,179	
Internal Service Funds	-	-	-	-	-	1,332	290,641	291,973	
Total	\$ 1,161,289	\$ 569,388	\$ 6,555,211	\$ 531,628	\$ 4,452,576	\$ 756,291	\$ 920,790	\$ 14,947,173	

Generally, 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.

Additional details regarding transfers in and out are as follows:

Transfer to the City Debt Service Fund of \$165,079 from the General Fund to cover all capital lease obligation payments.

The \$287,607 transfer from the General Fund to the non-major governmental funds comprised of a transfer to cover City's local match on several street construction projects, to cover ineligible expenditures incurred for the WIA Grant, to cover expenditures of the Youth Advocacy Group and Sister City program, and to subsidize special projects such as general plan review.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

3. INTERFUND TRANSACTIONS, Continued

C. Transfers, Continued

The \$6,555,211 transfer from the Ridgecrest Redevelopment Agency Funds to the other redevelopment funds were for the 20% housing set aside transfer from the redevelopment debt service fund, to cover expenditures of the redevelopment capital project fund and the ERAF payments to County.

The \$366,549 transfer from the Redevelopment Agency Debt Service fund to the Debt Service fund was for the Agency's reimbursement of the interest of the 2005 Refunding COP as part of the lease reimbursement agreement dated November 1, 2005.

The transfer of \$362,107 from the Redevelopment Agency Capital Projects Fund to the General Fund was for administration and capital projects overhead.

The \$4,086,561 transfer from the Redevelopment Agency to the Capital Projects Fund was for the construction of the solar field project, the agency's share of the cost of two bike lanes and the installation of one traffic signal.

The transfer of \$351,030 from the non-major governmental funds to the General Fund consisted of the following: \$38,945 transfer from the Park Development Impact Fee Fund to the General Fund to cover the cost of a new tractor; \$100,104 transfer from the Supplemental Law Enforcement Service Fund to the General Fund to cover the cost of a police officer; and \$211,981 from the Gas Tax Fund to the General Fund to cover administrative and public works overhead costs.

The \$338,352 transfer from the Wastewater Improvement Fund to the General Fund was for the administrative overhead and public works overhead allocation.

The transfer of \$290,641 from the Self Insurance Internal Service Fund to the Workers Compensation Fund was to cover the fiscal year's payment for all workers' compensation claims.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

4. CAPITAL ASSETS

A. Governmental Activities

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

	Balance				Balance
	July 1, 2010	Additions	Deletions	Reclassifications	June 30, 2011
Non-Depreciable assets:					
Land	\$ 3,544,601	\$ 606,210	\$ -	\$ -	\$ 4,150,811
Construction in progress	1,440,410	1,799,910	-	(42,503)	3,197,817
Total non-depreciable assets	4,985,011	2,406,120	-	(42,503)	7,348,628
Depreciable assets					
Building and improvements	25,742,550	5,616,477	-	-	31,359,027
Machinery and equipment	5,272,300	586,657	(25,000)	-	5,833,957
Infrastructure	89,778,991	432,249	(2,544,360)	42,503	87,709,383
Subtotal	120,793,841	6,635,383	(2,569,360)	42,503	124,902,367
Less accumulated depreciation					
Building and improvements	(16,989,935)	(2,942,802)	-	-	(19,932,737)
Machinery and equipment	(4,278,642)	(557,805)	23,750	-	(4,812,697)
Infrastructure	(56,629,207)	(2,237,869)	1,934,569	-	(56,932,507)
Subtotal	(77,897,784)	(5,738,476)	1,958,319	-	(81,677,941)
Total depreciable assets, net	42,896,057	896,907	(611,041)	42,503	43,224,426
Total	\$ 47,881,068	\$ 3,303,027	\$ (611,041)	\$ -	\$ 50,573,054

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2011 are as follows:

General government	\$ 115,841
Public safety	128,714
Public works	4,474,682
Community development	785,620
Culture and leisure	117,026
Internal service fund	116,593
Total depreciation expense	\$ 5,738,476

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

4. CAPITAL ASSETS, Continued

B. Business-Type Activities

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

	Balance				Balance
	July 1, 2010	Additions	Deletions	Reclassifications	June 30, 2011
Non-Depreciable assets:					
Land	\$ 1,614,217	\$ -	\$ -	\$ -	\$ 1,614,217
Total non-depreciable assets	1,614,217	-	-	-	1,614,217
Depreciable assets					
Building and improvements	2,747,841	-	-	-	2,747,841
Machinery and equipment	3,035,151	-	-	-	3,035,151
Infrastructure	18,877,601	-	-	-	18,877,601
Subtotal	24,660,593	-	-	-	24,660,593
Less accumulated depreciation					
Building and improvements	(4,608,963)	(91,167)	-	3,818,185	(881,945)
Machinery and equipment	(2,151,241)	(107,244)	-	(35,330)	(2,293,815)
Infrastructure	(2,992,454)	(278,661)	-	(3,782,855)	(7,053,970)
Subtotal	(9,752,658)	(477,072)	-	-	(10,229,730)
Total depreciable assets, net	14,907,935	(477,072)	-	-	14,430,863
Total	\$ 16,522,152	\$ (477,072)	\$ -	\$ -	\$ 16,045,080

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2011 are as follows:

T.D.A. Transit	\$ 41,324
Wastewater Improvement	435,748
Total depreciation expense	\$ 477,072

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt for the year ended June 30, 2011:

	Balance			Balance June 30, 2011	Classification	
	July 1, 2010	Additions	Deletions		Due within One Year	Due in more than One Year
Long-term debt:						
1999 Refunding Tax Allocation Bonds	\$ 5,965,000	\$ -	\$ (5,965,000)	\$ -	\$ -	\$ -
2002 Tax Allocation Refunding Bonds	1,325,000	-	(420,000)	905,000	440,000	465,000
2010 Tax Allocation Refunding Bonds	-	34,380,000	(1,005,000)	33,375,000	1,015,000	32,360,000
Less: Bond discount	-	(725,259)	26,418	(698,841)	-	(698,841)
2005 Refunding Certificates of Participation	8,460,000	-	(380,000)	8,080,000	395,000	7,685,000
Capital lease	615,248	-	(131,849)	483,399	162,829	320,570
Total long-term debt	16,365,248	33,654,741	(7,875,431)	42,144,558	2,012,829	40,131,729
Compensated absences	1,973,734	-	(95,524)	1,878,210	-	1,878,210
Total long-term liabilities	\$ 18,338,982	\$ 33,654,741	\$ (7,970,955)	\$ 44,022,768	\$ 2,012,829	\$ 42,009,939

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 Agency has pledged a portion of future property tax revenue to repay the 1999 Refunding Tax Allocation Bonds. Annual debt service payments of the bonds require approximately 8% of the Agency's property tax increments. In July 2010, the Agency issued 2010 Tax Allocation Refunding Bonds and fully refunded the 1999 Refunding Tax Allocation Bonds.

2002 Tax Allocation Refunding Bonds

Proceeds from the \$4,475,000 2002 Tax Allocation Refunding Bonds were issued to refund the 1993 Tax Allocation Refunding Bonds. The bonds issued are due in annual installments ranging from \$310,000 to \$465,000 through June 30, 2013. Interest rates range from 2% to 5% and is paid semi-annually.

The Agency has pledged a portion of future property tax revenue to repay the 2002 Tax Allocation Refunding Bonds. Annual principal and interest payments on the bonds are expected to require 9% of total property tax increment revenues. Total principal and interest remaining on the bond is \$973,500, payable through 2013.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 440,000	\$ 45,250	\$ 485,250
2013	465,000	23,250	488,250
TOTAL	\$ 905,000	\$ 68,500	\$ 973,500

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

5. LONG-TERM OBLIGATIONS, Continued

2010 Tax Allocation Refunding Bonds

On July 8, 2010, the Agency issued the 2010 Tax Allocation Refunding Bonds to provide funds to refund the 1999 Tax Allocation Bonds of the Agency, to fund a debt service reserve account and to pay the costs of issuing the bond. The current refunding fully refunded the 1999 Tax Allocation Bonds and the 1999 Tax Allocation Bonds were removed from the Agency's long-term debt in 2011. There was an economic gain in the amount of \$59,787 as a result of the current refunding.

The 2010 Tax Allocation Refunding bonds are comprised of \$11,680,000 serial bonds and three term bonds total to \$22,700,000. Principal on serial bonds mature in amounts from \$1,005,000 to 1,215,000 through June 30, 2021. Interest on the bonds is payable semi-annually at rates ranging from 3% to 5.5%. The three term bonds maturing on June 30, 2024 (bearing interest at 5.375%) and June 30, 2037 (bearing interest at 6.125% and 6.25%), are subject to mandatory redemption on each June 30, commencing on June 30, 2022, and June 30, 2025, respectively, at a redemption price equal to the principal amount with accrued interest to the redemption date, without premium, ranging from \$420,000 to \$1,035,000.

The Agency has pledged a portion of future property tax revenue to repay the 2010 Tax Allocation Refunding Bonds. Annual principal and interest payments on the bonds are expected to require 53% of total property tax increment revenues. Total principal and interest remaining on the bond is \$63,104,637, payable through 2037.

The annual debt service requirements are as follows:

Year Ending			
June 30,	Principal	Interest	Total
2012	\$ 1,015,000	\$ 1,865,061	\$ 2,880,061
2013	1,215,000	1,824,461	3,039,461
2014	1,085,000	1,788,011	2,873,011
2015	1,070,000	1,751,393	2,821,393
2016	1,055,000	1,711,268	2,766,268
2017 - 2021	5,235,000	7,743,515	12,978,515
2022 - 2026	5,110,000	6,347,201	11,457,201
2027 - 2031	7,650,000	4,517,287	12,167,287
2032 - 2036	8,225,000	2,075,150	10,300,150
2037	1,715,000	106,290	1,821,290
TOTAL	<u>\$ 33,375,000</u>	<u>\$ 29,729,637</u>	<u>\$ 63,104,637</u>

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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

5. LONG-TERM OBLIGATIONS, Continued

2005 Refunding Certificates of Participation, Continued

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.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 395,000	\$ 353,256	\$ 2,880,061
2013	410,000	339,036	3,039,461
2014	430,000	318,536	2,873,011
2015	450,000	297,036	2,821,393
2016	470,000	279,036	2,766,268
2017 - 2021	2,650,000	1,087,952	12,978,515
2022-2026	3,275,000	454,128	1,821,290
TOTAL	<u>\$ 8,080,000</u>	<u>\$ 3,128,980</u>	<u>\$ 29,179,999</u>

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 assets acquired under capital leases is \$1,308,932. The debt requirements due under the terms of all the leases are as follows:

Year Ending June 30,	
2012	\$ 162,829
2013	139,881
2014	117,060
2015	117,060
Total Minimum Lease Payments	536,830
Less amount representing interest	(53,431)
Present value of lease payments	<u>\$ 483,399</u>

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

5. LONG-TERM OBLIGATIONS, Continued

Compensated Absences

Compensated absences at June 30, 2011, amounted to \$1,878,210. 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.

6. RISK MANAGEMENT

The City is a member of California State Association of Counties - Excess Insurance Authority (CSAC-EIA). The Authority is comprised of 55 California counties and currently consists of 167 public agencies, which includes municipalities, school districts, special districts and other Joint Powers Authorities (JPA). CSAC-EIA was formed as a Joint Powers Authority in 1979, pursuant to the California Government Code. The purpose of the Authority is to arrange, provide and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

The Board of Directors is comprised of 62 members, one representative from each member county and seven members elected by the public entity membership.

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 \$100,000 and pays 100% of all losses incurred under \$100,000. The City does not share or pay for losses of other cities under \$100,000. Losses of \$100,000 to \$5,000,000 are prorated among all participating cities on a payroll basis. Losses in excess of \$5,000,000 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. The City purchased an optional excess coverage which covers up to \$20,000,000 and catastrophic coverage up to \$50,000,000.

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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

6. RISK MANAGEMENT, Continued

Workers' Compensation, Continued

The workers' compensation and general liability claims payable of \$1,667,224 reported at June 30, 2011 were based on the requirements of Governmental Accounting Standards Board Statement No. 10, which required that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it was probable that a liability had 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.

Changes in the claims liability amounts were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2008-2009	\$ 349,969	\$ 240,742	\$ (95,092)	\$ 495,619
2009-2010	495,619	397,140	(229,595)	663,164
2010-2011	663,164	1,004,060	-	1,667,224

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2010, is as follows:

Total assets	\$ 546,764,817
Total liabilities	\$ 428,407,212
Total equities	\$ 118,357,605
Total revenues	\$ 416,173,553
Total expenses	\$ 443,609,321
Expenses over revenues	\$ 27,435,768

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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

7. PUBLIC EMPLOYEE RETIREMENT SYSTEM, Continued

Funding Policy

City employees are required by State statute to contribute 8% for miscellaneous employees and 9% for safety employees of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account which amounted to \$508,395 for the year ended June 30, 2010. The City employer is required to contribute for fiscal year 2009-2010 at an actuarially determined rate; the current rate is 13.354% for miscellaneous employees and 19.523% 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 the fiscal year ended June 30, 2011, the City's annual pension cost was \$808,185 for miscellaneous employees and \$658,227 for safety employees, which were equal to the City's annual required contribution ("ARC") and actual contributions. The required contribution was determined as part of the June 30, 2008, 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, 2008 was 15 years for prior and current service unfunded liability.

**THREE-YEAR TREND INFORMATION
FOR MISCELLANEOUS PLAN EMPLOYEES**

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 933,974	100%	\$ -
6/30/2010	797,686	100%	-
6/30/2011	808,185	100%	-

**THREE-YEAR TREND INFORMATION
FOR SAFETY PLAN EMPLOYEES**

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 675,536	100%	\$ -
6/30/2010	670,436	100%	-
6/30/2011	658,227	100%	-

Funded Status of Plan – Miscellaneous and Safety Employees

As of the actuarial valuation date of June 30, 2009, the City's miscellaneous and safety plans was 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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City provides \$100 per month subject to the minimum required employer contribution (plus any administration fees) under the CalPERS Health Plan for eligible retirees and surviving spouses in receipt of a pension benefit from CalPERS. An employee is eligible for this employer contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 60 days of retirement with the City. The surviving spouse of an eligible retiree who elected spouse coverage under the CalPERS Health Plan is eligible for the employer contribution upon the death of the retiree. Employees retiring on or after March 17, 2005 who are members of the Police Employees Association of Ridgecrest ("PEAR") are also eligible for a reimbursement of up to \$100 per month for non-CalPERS health coverage. For calendar year 2010, the required employer contributions under the CalPERS Health plan is \$105. CalPERS adjusts this amount annually based on inflation index.

Funding Policy

As required by GASB 45, an actuary determines the City's annual required contribution (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain variables which includes the Normal Cost and the component for amortization of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years.

On April 2, 2008, the City entered into an agreement with CalPERS to prefund its other post employment benefits through California Employer's Retiree Benefit Trust (CERBT) program. The plan is an agent multiple employer plan. It is the City's funding policy to contribute at least 100% of the annual required contribution as calculated in the actuarial valuation prepared biannually in accordance with GASB 45. OPEB benefits are currently paid either directly to the eligible retirees who are not enrolled in the CalPERS Health Benefit program or to CalPERS for those eligible retirees who are enrolled in the CalPERS Health Benefit program. The total amount of these benefits paid may be deducted from the annual required contribution or be reimbursed directly from the trust.

Annual OPEB Cost

For fiscal year ended June 30, 2010, the City's annual OPEB cost was \$88,448. The City's annual required contribution (ARC) was \$76,200 and was deposited in to the trust account and the balance of the amount was used to pay for the actual retirees' benefit cost for the fiscal year. The ARC was determined as part of the July 1, 2009, 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 of 3.25%, (c) CalPERS Assumption Model was used in determining the factor for pre-retirement turnover, pre-retirement mortality, post-retirement mortality and retirement age. It is assumed that 50% of the active employees will elect to enroll in the City's health benefit program upon retirement and 20% of them will elect coverage for their spouse. However, it is not assumed that future PEAR retirees will elect \$100 reimbursement benefit over the CalPERS Health Benefit. The City's \$100 monthly benefit is not assumed to increase in future years. On the other hand, the CalPERS minimum required employer contribution is assumed to increase by 5% to 5.50% each year. The unfunded actuarial accrued liability is being amortized over an initial 30 years using the level percentage-of-pay method on a closed-basis. The remaining amortization period at July 1, 2009 is assumed to be 28 years.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

8. OTHER POSTEMPLOYMENT BENEFITS, Continued

Annual OPEB Cost, Continued

The following table shows the components of the City's Annual OPEB Cost for each of the last two fiscal years, the amount actually contributed to the plan, and changes in the City's Net OPEB Obligation/(Asset):

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Annual Required Contribution (ARC)	\$ 76,200	\$ 76,200
Interest on Net OPEB Obligation (Assets) @ 7.75%	(2,698)	(1,727)
Adjustment to ARC	2,247	1,438
Annual OPEB Cost	<u>75,749</u>	<u>75,911</u>
Contribution Made (ARC Inclusive of Benefit Payments)	<u>(76,200)</u>	<u>(88,448)</u>
(Increase) in Net OPEB Obligation (Assets)	(451)	(12,537)
Net OPEB Obligation (Assets) - Beginning of year	<u>(34,815)</u>	<u>(22,278)</u>
Net OPEB Obligation (Assets) - End of year	<u><u>\$ (35,266)</u></u>	<u><u>\$ (34,815)</u></u>

Below is the summary of the City's OPEB cost and net OPEB obligation:

	<u>Annual OPEB</u>	<u>Actual</u>	<u>Percentage</u>	<u>Net OPEB</u>
	<u>Cost (ARC)</u>	<u>Contributions</u>	<u>Contribution</u>	<u>Obligation</u>
2008-2009	\$ 77,000	\$ 87,208	113%	\$ -
2009-2010	\$ 76,200	\$ 88,448	116%	\$ -
2010-2011	\$ 76,200	\$ 76,200	100%	\$ -

Most Recent Actuarial Valuation

The funded status of the plan as of July 1, 2009, the most recent actuarial valuation date, is as follow:

<u>Actuarial</u>	<u>Actuarial</u>	<u>Entry Age</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Covered</u>	<u>Unfunded</u>
<u>Valuation</u>	<u>Assets</u>	<u>Actuarial</u>	<u>Actuarial</u>	<u>Ratio</u>	<u>Payroll</u>	<u>Accrued</u>
<u>Date</u>	<u>Valuation</u>	<u>Liability</u>	<u>Liability</u>		<u>Payroll</u>	<u>Percentage of</u>
						<u>Covered</u>
						<u>Payroll</u>
7/1/2009	\$ 129,549	\$ 661,750	\$ 532,201	19.58%	\$ 6,063,000	8.78%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

9. OTHER REQUIRED DISCLOSURES

A. Deficit Fund Balances/Net Assets

At June 30, 2011, the following funds had a fund balances (deficit) or unrestricted net assets (deficit), which will be eliminated through the reduction in future expenditures and/or the use of new funding sources:

Fund	Fund Type	Deficit
General Fund	General Fund	\$ (72,658)
Capital Improvements Fund	Capital Projects Fund	(126,087)
State Gas Tax Fund	Special Revenue Fund	(38,654)
Solid Waste Collection Fund	Enterprise Fund	(1,428,155)

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2011, expenditures exceeded appropriations in the following functions of the respective funds:

Fund	Function	Excess Expenditures
General Fund	General government	\$ 34,241
	Capital outlay	281,223
Redevelopment Agency Debt Service Fund	Debt service principal	5,535,000
	Debt service cost of issuance	254,882
Redevelopment Agency Capital Projects Fund	Capital outlay	606,210
Gas Tax Special Revenue Fund	Public safety	189,795

10. COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is a defendant in certain legal actions arising in the normal course of operations. The accompanying basic financial statements reflect a liability for the probable amounts of loss associated with these claims.

B. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of non-compliance were disclosed by the audit of the financial statements or single audit of the Federal grant programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

11. CLASSIFICATION OF FUND BALANCES

	Major Funds							Total
	General	Housing Set-Aside Special	Redevelopment Agency Debt Service	Redevelopment Agency Capital Project	City Debt Service	Capital Improvements	Other Governmental Funds	
	Fund	Revenue Fund	Service Fund	Project Fund	Service Fund	Improvements	Funds	
Restricted:								
Asset seizure	\$ 15,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,496
Asset Seizure - drug/gang	8,011	-	-	-	-	-	-	8,011
Prop 172	141,328	-	-	-	-	-	-	141,328
Debt service	-	581,433	26,645,205	-	8,020,515	-	-	35,247,153
Housing set aside	-	6,390,024	-	-	-	-	-	6,390,024
AB 3229	-	-	-	-	-	-	25,000	25,000
Grant operations	-	-	-	-	-	-	5,144	5,144
TCRF capital projects	-	-	-	-	-	-	457,614	457,614
Substandard street improvement	-	-	-	-	-	-	493,199	493,199
Community partnership	-	-	-	-	-	-	137	137
Capital projects	-	-	-	-	-	-	2,116,868	2,116,868
Total restricted	164,835	6,971,457	26,645,205	-	8,020,515	-	3,097,962	44,899,974
Committed:								
Park development	-	-	-	-	-	-	16,365	16,365
Special capital projects	-	-	-	-	-	-	14,056	14,056
Total committed	-	-	-	-	-	-	30,421	30,421
Assigned								
Other purposes	345,763	-	-	-	-	-	-	345,763
Advertising contract	-	-	-	10,100	-	-	-	10,100
DARE/CHAMPS car donations	2,951	-	-	-	-	-	-	2,951
Spay & neuter donations	25,534	-	-	-	-	-	-	25,534
Freedom Park donations	1,430	-	-	-	-	-	-	1,430
RDA revolving fund	-	-	-	1,166,697	-	-	-	1,166,697
Land sale proceeds	-	-	-	1,704,455	-	-	-	1,704,455
Kern County projects	-	-	-	818,247	-	-	-	818,247
Redevelopment capital projects	-	-	-	471,622	-	-	-	471,622
Business park capital projects	-	-	-	-	-	-	37,500	37,500
Total assigned	375,678	-	-	4,171,121	-	-	37,500	4,584,299
Unassigned	(613,171)	-	-	-	-	(126,087)	(38,654)	(777,912)
Total Fund Balances	\$ (72,658)	\$ 6,971,457	\$ 26,645,205	\$ 4,171,121	\$ 8,020,515	\$ (126,087)	\$ 3,127,229	\$48,736,782

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

12. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On December 29, 2011, the Supreme Court of the State of California upheld the enforceability of legislation that provides for the dissolution of California redevelopment agencies, but struck down the Assembly Bill X1 27 which would have provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program.

Assembly Bill X1 26 signed into law as part of the State's budget package on June 29, 2011, requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets, prepare for the impending dissolution of the agency, and transfer all of its assets to a successor agency that is governed by an oversight board representing the various taxing jurisdictions in the community.

Assembly Bill X1 26 also required each agency to adopt an Enforceable Obligation Payment Schedule and draft a Recognized Obligation Payment Schedule prior to September 30, 2011. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in Assembly Bill X1 26. Only the amount of tax revenues necessary to fund the payments reflected on the Enforceable Obligation Payment Schedule will be allocated to the successor agencies.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency as defined in Assembly Bill X1 26.

The full impacts of this most recent development and its impact on other funds of the City are not known at this time. The financial statements do not reflect any adjustments that might result from the outcome of this uncertainty

13. CITY'S FINANCIAL CONDITION

At June 30, 2011, the General Fund had a deficit fund balance of \$72,658, a \$611,949 decrease in fund balance over 2010.

Policies are being implemented in fiscal year 2012 to correct the fund balance, as well as, bolster reserves in the General Fund. City staff, funded through the general fund, are currently on unbudgeted furloughs. A spending/hiring freeze for the General Fund is in place for the 2nd half of the year. The City has plans, pending the Supreme Court's ruling on redevelopment agencies, to dispose of property netting at least \$2 million for the General Fund. Finally, the City is exploring the idea of a local option sales tax. This will boost revenue and allow the City to continue and possibly expand the services that the public desires.

Looking forward to fiscal 2012, management estimates that the General Fund will turn around and the increase in reserve will provide the buffer needed for future years.

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

Required Supplementary Information



City of Ridgecrest
Required Supplementary Information
For the year ended June 30, 2011

1. BUDGETARY INFORMATION

The City maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City maintains an encumbrance accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (GAAP), rather than expenditures and encumbrances (non-GAAP). Because appropriations lapse at June 30, encumbrances outstanding at June 30, 2011 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2012 will provide authority to complete those transactions.

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 any fund during the budget year as long as it does not increase the total budget within the fund. However, any revisions that alter total expenditures of any fund without coinciding revenue increases 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.

City of Ridgecrest
Required Supplementary Information, Continued
For the year ended June 30, 2011

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule - General Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 7,625,390	\$ 7,625,390	\$ 7,649,250	\$ 23,860
Intergovernmental	413,916	709,648	569,413	(140,235)
License and permits	230,100	437,933	488,299	50,366
Fines and forfeitures	89,950	89,950	87,534	(2,416)
Use of property and money	143,430	143,430	139,305	(4,125)
Charges for services	583,450	603,450	633,109	29,659
Other revenues	23,300	23,300	155,483	132,183
Total revenues	9,109,536	9,633,101	9,722,393	89,292
EXPENDITURES:				
Current:				
General government	575,400	564,931	599,172	(34,241)
Public safety	7,138,055	7,167,090	6,952,928	214,162
Public works	538,702	423,604	402,429	21,175
Community development	688,007	1,055,233	589,598	465,635
Culture and leisure	2,000,240	2,021,559	1,847,674	173,885
Capital outlay	-	-	281,223	(281,223)
Total expenditures	10,940,404	11,232,417	10,673,024	559,393
REVENUES OVER (UNDER) EXPENDITURES	(1,830,868)	(1,599,316)	(950,631)	648,685
OTHER FINANCING SOURCES (USES):				
Transfers in	2,424,937	2,424,937	1,161,289	(1,263,648)
Transfers out	(812,650)	(1,055,989)	(822,607)	233,382
Total other financing sources (uses)	1,612,287	1,368,948	338,682	(1,030,266)
Net change in fund balances	\$ (218,581)	\$ (230,368)	(611,949)	\$ (381,581)
FUND BALANCES:				
Beginning of year			539,291	
End of year			\$ (72,658)	

City of Ridgecrest
Required Supplementary Information, Continued
For the year ended June 30, 2011

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule - Ridgecrest Redevelopment Agency Housing Set-Aside Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 1,800,000	\$ 1,800,000	\$ 2,026,167	\$ 226,167
Use of property and money	-	-	37,679	37,679
Other revenues	-	-	11,747	11,747
Total revenues	1,800,000	1,800,000	2,075,593	275,593
EXPENDITURES:				
Current:				
Community development	887,195	887,195	525,970	361,225
Total expenditures	887,195	887,195	525,970	361,225
REVENUES OVER (UNDER) EXPENDITURES	912,805	912,805	1,549,623	636,818
OTHER FINANCING SOURCES (USES):				
Transfers out	672,699	672,699	(618,325)	(1,291,024)
Total other financing sources (uses)	672,699	672,699	(618,325)	(1,291,024)
Net change in fund balances	\$ 1,585,504	\$ 1,585,504	931,298	\$ (654,206)
FUND BALANCES:				
Beginning of year			6,040,159	
End of year			\$ 6,971,457	

City of Ridgecrest
Required Supplementary Information, Continued
For the year ended June 30, 2011

2. SCHEDULE OF FUNDING PROGRESS

A. Defined Benefits Pension Plan

As of the actuarial valuation date of June 30, 2009, 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.

B. Other Postemployment Benefits Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Assets Valuation</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Accrued Liability as Percentage of Covered Payroll</u>
7/1/2007	\$ -	\$ 597,958	\$ 597,958	0.00%	\$ 5,967,000	10.02%
7/1/2009	\$ 129,549	\$ 661,750	\$ 532,201	19.58%	\$ 6,063,000	8.78%

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

Supplemental Information



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011
Non-Major Governmental Funds



City of Ridgecrest
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	Special Revenue Funds					
	State Gas Tax	Park Development	TDA Street Fund	Business Park	Supplemental Law Enforcement	Grant Operations
ASSETS						
Cash and investments	\$ 7,741	\$ 16,348	\$ -	\$ 37,460	\$ -	\$ -
Accounts receivable	84,663	17	739,759	40	25,000	27,469
Deposits	-	-	-	-	-	-
Total assets	\$ 92,404	\$ 16,365	\$ 739,759	\$ 37,500	\$ 25,000	\$ 27,469
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 123,432	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries payable	7,626	-	-	-	-	-
Due to other funds	-	-	739,759	-	-	22,325
Deposits payable	-	-	-	-	-	-
Total liabilities	131,058	-	739,759	-	-	22,325
Fund Balances:						
Restricted	-	-	-	-	25,000	5,144
Committed	-	16,365	-	-	-	-
Assigned	-	-	-	37,500	-	-
Unassigned	(38,654)	-	-	-	-	-
Total fund balances	(38,654)	16,365	-	37,500	25,000	5,144
Total liabilities and fund balances	\$ 92,404	\$ 16,365	\$ 739,759	\$ 37,500	\$ 25,000	\$ 27,469

(Continued)

City of Ridgecrest
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	Special Revenue Funds					
	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee	Park Development Impact Fee	Law Enforcement Improvement Fee
ASSETS						
Cash and investments	\$ 457,130	\$ 14,041	\$ 143,781	\$ 697,574	\$ 177,405	\$ 233,158
Accounts receivable	484	15	153	743	230	248
Deposits	-	-	-	-	-	-
Total assets	\$ 457,614	\$ 14,056	\$ 143,934	\$ 698,317	\$ 177,635	\$ 233,406
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund Balances:						
Restricted	457,614	-	143,934	698,317	177,635	233,406
Committed	-	14,056	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	457,614	14,056	143,934	698,317	177,635	233,406
Total liabilities and fund balances	\$ 457,614	\$ 14,056	\$ 143,934	\$ 698,317	\$ 177,635	\$ 233,406

(Continued)

City of Ridgecrest
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	Special Revenue Funds		Capital Projects	Total Other Governmental Funds
	Storm Drainage Facilities	Community	Sub-Standard	
		Partnership Grant Fund	Streets Improvements	
ASSETS				
Cash and investments	\$ 862,657	\$ 137	\$ 482,444	\$ 3,129,876
Accounts receivable	919	-	514	880,254
Deposits	-	-	10,241	10,241
Total assets	\$ 863,576	\$ 137	\$ 493,199	\$ 4,020,371
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 123,432
Salaries payable	-	-	-	7,626
Due to other funds	-	-	-	762,084
Deposits payable	-	-	-	-
Total liabilities	-	-	-	893,142
Fund Balances:				
Restricted	863,576	137	493,199	3,097,962
Committed	-	-	-	30,421
Assigned	-	-	-	37,500
Unassigned	-	-	-	(38,654)
Total fund balances	863,576	137	493,199	3,127,229
Total liabilities and fund balances	\$ 863,576	\$ 137	\$ 493,199	\$ 4,020,371

(Concluded)

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2011

	Special Revenue Funds					
	State Gas Tax	Park Development	TDA Street Fund	Business Park	Supplemental Law Enforcement	Grant Operations
REVENUES:						
Taxes	\$ -	\$ -	\$ 739,759	\$ -	\$ -	\$ -
Intergovernmental	726,188	-	-	-	100,000	59,209
Licenses and permits	-	-	-	-	-	-
Use of property and money	-	61	-	139	104	8
Other revenues	82	-	-	-	-	-
Total revenues	726,270	61	739,759	139	100,104	59,217
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	60,647
Public safety	237,493	-	-	-	-	-
Public works	-	-	-	-	-	-
Transportation	1,100,140	-	-	-	-	-
Capital outlay	138,899	-	-	-	-	-
Total expenditures	1,476,532	-	-	-	-	60,647
REVENUE OVER (UNDER) EXPENDITURES	(750,262)	61	739,759	139	100,104	(1,430)
OTHER FINANCING SOURCES (USES):						
Transfers in	739,759	-	-	-	-	1,438
Transfers out	(265,125)	-	(739,759)	-	(100,104)	-
Total other financing sources (uses)	474,634	-	(739,759)	-	(100,104)	1,438
Net change in fund balances	(275,628)	61	-	139	-	8
FUND BALANCES:						
Beginning of year	236,974	16,304	-	37,361	25,000	5,136
End of year	\$ (38,654)	\$ 16,365	\$ -	\$ 37,500	\$ 25,000	\$ 5,144

(Continued)

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2011

	Special Revenue Funds					
	Traffic				Park	Law Enforcement
	Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee	Development Impact Fee	Improvement Fee
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Licenses and permits	-	-	16,541	69,277	30,180	27,574
Use of property and money	1,818	52	507	2,612	758	820
Other revenues	-	-	-	-	-	-
Total revenues	1,818	52	17,048	71,889	30,938	28,394
EXPENDITURES:						
Current:						
General government	-	12,365	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	-	12,365	-	-	-	-
REVENUE OVER (UNDER) EXPENDITURES	1,818	(12,313)	17,048	71,889	30,938	28,394
OTHER FINANCING SOURCES (USES):						
Transfers in	2,728	12,366	-	-	-	-
Transfers out	(46,852)	-	-	(46,757)	(38,945)	-
Total other financing sources (uses)	(44,124)	12,366	-	(46,757)	(38,945)	-
Net change in fund balances	(42,306)	53	17,048	25,132	(8,007)	28,394
FUND BALANCES:						
Beginning of year	499,920	14,003	126,886	673,185	185,642	205,012
End of year	\$ 457,614	\$ 14,056	\$ 143,934	\$ 698,317	\$ 177,635	\$ 233,406

(Continued)

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2011

	Special Revenue Funds		Capital Projects	Total Other Governmental Funds
	Storm Drainage Facilities	Community	Fund	
		Partnership Grant Fund	Sub-Standard Streets Improvements	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 739,759
Intergovernmental	-	-	-	885,397
Licenses and permits	89,631	-	-	233,203
Use of property and money	3,237	-	1,716	11,832
Other revenues	-	-	54,000	54,082
Total revenues	92,868	-	55,716	1,924,273
EXPENDITURES:				
Current:				
General government	-	-	-	73,012
Public safety	-	-	-	237,493
Public works	-	-	-	-
Transportation	-	-	-	1,100,140
Capital outlay	61,337	-	-	200,236
Total expenditures	61,337	-	-	1,610,881
REVENUE OVER (UNDER) EXPENDITURES	31,531	-	55,716	313,392
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	756,291
Transfers out	-	-	-	(1,237,542)
Total other financing sources (uses)	-	-	-	(481,251)
Net change in fund balances	31,531	-	55,716	(167,859)
FUND BALANCES:				
Beginning of year	832,045	137	437,483	3,295,088
End of year	\$ 863,576	\$ 137	\$ 493,199	\$ 3,127,229

(Concluded)

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Redevelopment Agency Debt Service Fund For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 5,360,000	\$ 5,360,000	\$ 5,378,154	\$ 18,154
Intergovernmental	220,000	220,000	236,454	16,454
Use of property and money	15,000	15,000	195,918	180,918
Total revenues	5,595,000	5,595,000	5,810,526	215,526
EXPENDITURES:				
Debt service:				
Principal	850,000	1,855,000	7,390,000	(5,535,000)
Interest	445,488	2,313,703	2,010,268	303,435
Cost of issuance	7,950	7,950	262,832	(254,882)
Total expenditures	1,303,438	4,176,653	9,663,100	(5,486,447)
REVENUE OVER (UNDER) EXPENDITURES	4,291,562	1,418,347	(3,852,574)	(5,270,921)
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of debt	-	-	34,380,000	34,380,000
Bond discount	-	-	(725,259)	(725,259)
Transfers in	585,000	585,000	569,388	(15,612)
Transfers out	(3,440,159)	(3,440,159)	(6,921,760)	(3,481,601)
Total other financing sources (uses)	(2,855,159)	(2,855,159)	27,302,369	30,157,528
Net change in fund balance	\$ 1,436,403	\$ (1,436,812)	23,449,795	\$ 24,886,607
FUND BALANCE:				
Beginning of year			3,195,410	
End of year			\$ 26,645,205	

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Redevelopment Agency Capital Projects Fund For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 7,505	\$ 7,505
Other revenues	-	-	5,200	5,200
Total revenues	-	-	12,705	12,705
EXPENDITURES:				
Current:				
Community development	1,853,198	2,013,098	1,430,468	582,630
Capital outlay	-	-	606,210	(606,210)
Total expenditures	1,853,198	2,013,098	2,036,678	(23,580)
REVENUE OVER (UNDER) EXPENDITURES				
	(1,853,198)	(2,013,098)	(2,023,973)	(10,875)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	2,693,603	2,693,603	6,555,211	3,861,608
Transfers out	(428,813)	(4,597,156)	(4,531,239)	65,917
Total other financing sources (uses)	2,264,790	(1,903,553)	2,023,972	3,927,525
Net change in fund balance	\$ 411,592	\$ (3,916,651)	(1)	\$ 3,916,650
FUND BALANCE:				
Beginning of year			4,171,122	
End of year			\$ 4,171,121	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
City Debt Service Fund
For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 8	\$ 8
Total revenues	-	-	8	8
EXPENDITURES:				
Debt service:				
Principal	511,850	511,850	511,849	1
Interest	400,535	400,535	399,787	748
Total expenditures	912,385	912,385	911,636	749
REVENUE OVER (UNDER) EXPENDITURES	(912,385)	(912,385)	(911,628)	757
OTHER FINANCING SOURCES (USES):				
Transfers in	909,385	909,385	531,628	(377,757)
Total other financing sources (uses)	909,385	909,385	531,628	(377,757)
Net change in fund balance	\$ (3,000)	\$ (3,000)	(380,000)	\$ (377,000)
FUND BALANCE:				
Beginning of year			8,400,515	
End of year			\$ 8,020,515	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 1,633,894	\$ 910,829	\$ (723,065)
Use of money and property	-	-	167	167
Total revenues	-	1,633,894	910,996	(722,898)
EXPENDITURES:				
Current:				
Public works	-	81,634	63,801	17,833
Capital outlay	-	5,595,551	5,280,499	315,052
Total expenditures	-	5,677,185	5,344,300	332,885
REVENUE OVER (UNDER) EXPENDITURES				
	-	(4,043,291)	(4,433,304)	(390,013)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	4,465,924	4,452,576	(13,348)
Total other financing sources (uses)	-	4,465,924	4,452,576	(13,348)
Net change in fund balance	\$ -	\$ 422,633	19,272	\$ (403,361)
FUND BALANCE:				
Beginning of year			(145,359)	
End of year			<u>\$ (126,087)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 698,711	\$ 698,711	\$ 726,188	\$ 27,477
Other revenues	-	-	82	82
Total revenues	<u>698,711</u>	<u>698,711</u>	<u>726,270</u>	<u>27,559</u>
EXPENDITURES:				
Current:				
Public safety	47,698	47,698	237,493	(189,795)
Transportation	1,343,364	1,235,289	1,100,140	135,149
Capital outlay	35,000	140,000	138,899	1,101
Total expenditures	<u>1,426,062</u>	<u>1,422,987</u>	<u>1,476,532</u>	<u>(53,545)</u>
REVENUE OVER (UNDER) EXPENDITURES				
	<u>(727,351)</u>	<u>(724,276)</u>	<u>(750,262)</u>	<u>(25,986)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	952,611	1,938,975	739,759	(1,199,216)
Transfers out	(265,376)	(265,376)	(265,125)	251
Total other financing sources (uses)	<u>687,235</u>	<u>1,673,599</u>	<u>474,634</u>	<u>(1,198,965)</u>
Net change in fund balance	<u>\$ (40,116)</u>	<u>\$ 949,323</u>	<u>(275,628)</u>	<u>\$ (1,224,951)</u>
FUND BALANCE:				
Beginning of year			<u>236,974</u>	
End of year			<u>\$ (38,654)</u>	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 61	\$ 61
Total revenues	<u>-</u>	<u>-</u>	<u>61</u>	<u>61</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	61	<u>\$ 61</u>
FUND BALANCE:				
Beginning of year			<u>16,304</u>	
End of year			<u>\$ 16,365</u>	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 41,025	\$ 41,025	\$ 739,759	\$ 698,734
Total revenues	41,025	41,025	739,759	698,734
OTHER FINANCING SOURCES (USES):				
Transfers out	(51,247)	(51,247)	(739,759)	(688,512)
Total other financing sources (uses)	(51,247)	(51,247)	(739,759)	(688,512)
Net change in fund balance	\$ (10,222)	\$ (10,222)	-	\$ 10,222
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 139	\$ 139
Total revenues	<u>-</u>	<u>-</u>	<u>139</u>	<u>139</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	139	<u>\$ 139</u>
FUND BALANCE:				
Beginning of year			<u>37,361</u>	
End of year			<u>\$ 37,500</u>	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of property and money	-	-	104	104
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>100,104</u>	<u>104</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(135,499)</u>	<u>(135,499)</u>	<u>(100,104)</u>	<u>35,395</u>
Total other financing sources (uses)	<u>(135,499)</u>	<u>(135,499)</u>	<u>(100,104)</u>	<u>35,395</u>
Net change in fund balance	<u>\$ (35,499)</u>	<u>\$ (35,499)</u>	<u>-</u>	<u>\$ 35,499</u>
FUND BALANCE:				
Beginning of year			<u>25,000</u>	
End of year			<u>\$ 25,000</u>	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 65,810	\$ 65,810	\$ 59,209	\$ (6,601)
Use of property and money	-	-	8	8
Total revenues	65,810	65,810	59,217	(6,593)
EXPENDITURES:				
Current:				
General government	65,810	65,810	60,647	5,163
Total expenditures	65,810	65,810	60,647	5,163
REVENUE OVER (UNDER) EXPENDITURES	-	-	(1,430)	(1,430)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,438	1,438
Total other financing sources (uses)	-	-	1,438	1,438
Net change in fund balance	\$ -	\$ -	8	\$ 8
FUND BALANCE:				
Beginning of year			5,136	
End of year			\$ 5,144	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 1,818	\$ 1,818
Total revenues	-	-	1,818	1,818
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,728	2,728
Transfers out	(35,000)	(81,852)	(46,852)	35,000
Total other financing sources (uses)	(35,000)	(81,852)	(44,124)	37,728
Net change in fund balance	\$ (35,000)	\$ (81,852)	(42,306)	\$ 39,546
FUND BALANCE:				
Beginning of year			499,920	
End of year			\$ 457,614	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 52	\$ 52
Total revenues	-	-	52	52
EXPENDITURES:				
Current:				
General government	12,366	12,366	12,365	1
Total expenditures	12,366	12,366	12,365	1
REVENUE OVER (UNDER) EXPENDITURES				
	(12,366)	(12,366)	(12,313)	53
OTHER FINANCING SOURCES (USES):				
Transfers in	12,366	12,366	12,366	-
Total other financing sources (uses)	12,366	12,366	12,366	-
Net change in fund balance	\$ -	\$ -	53	\$ 53
FUND BALANCE:				
Beginning of year			14,003	
End of year			\$ 14,056	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 16,541	\$ 16,541
Use of property and money	-	-	507	507
Total revenues	-	-	17,048	17,048
Net change in fund balance	\$ -	\$ -	17,048	\$ 17,048
FUND BALANCE:				
Beginning of year			126,886	
End of year			\$ 143,934	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 69,277	\$ 69,277
Use of property and money	-	-	2,612	2,612
Total revenues	-	-	71,889	71,889
OTHER FINANCING SOURCES (USES):				
Transfers out	(618,960)	(655,717)	(46,757)	608,960
Total other financing sources (uses)	(618,960)	(655,717)	(46,757)	608,960
Net change in fund balance	\$ (618,960)	\$ (655,717)	25,132	\$ 680,849
FUND BALANCE:				
Beginning of year			673,185	
End of year			\$ 698,317	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 30,180	\$ 30,180
Use of property and money	-	-	758	758
Total revenues	-	-	30,938	30,938
OTHER FINANCING SOURCES (USES):				
Transfers out	(147,700)	(147,700)	(38,945)	108,755
Total other financing sources (uses)	(147,700)	(147,700)	(38,945)	108,755
Net change in fund balance	\$ (147,700)	\$ (147,700)	(8,007)	\$ 139,693
FUND BALANCE:				
Beginning of year			185,642	
End of year			\$ 177,635	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 27,574	\$ 27,574
Use of property and money	-	-	820	820
Total revenues	-	-	28,394	28,394
OTHER FINANCING SOURCES (USES):				
Transfers out	(180,004)	(180,004)	-	180,004
Total other financing sources (uses)	(180,004)	(180,004)	-	180,004
Net change in fund balance	\$ (180,004)	\$ (180,004)	28,394	\$ 208,398
FUND BALANCE:				
Beginning of year			205,012	
End of year			\$ 233,406	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 89,631	\$ 89,631
Use of property and money	-	-	3,237	3,237
Total revenues	-	-	92,868	92,868
EXPENDITURES:				
Capital outlay		61,338	61,337	1
Total expenditures	-	61,338	61,337	1
REVENUE OVER (UNDER) EXPENDITURES				
	-	(61,338)	31,531	92,869
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(105,000)	-	105,000
Total other financing sources (uses)	-	(105,000)	-	105,000
Net change in fund balance	\$ -	\$ (166,338)	31,531	\$ 197,869
FUND BALANCE:				
Beginning of year			832,045	
End of year			\$ 863,576	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 1,716	\$ 1,716
Other revenues	-	-	54,000	54,000
Total revenues	-	-	55,716	55,716
EXPENDITURES:				
Current:				
Transportation	25,000	25,000	-	25,000
Total expenditures	25,000	25,000	-	25,000
REVENUE OVER (UNDER) EXPENDITURES				
	(25,000)	(25,000)	55,716	80,716
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ (25,000)	\$ (25,000)	55,716	\$ 80,716
FUND BALANCE:				
Beginning of year			437,483	
End of year			\$ 493,199	

INTERNAL SERVICE FUND FINANCIAL STATEMENTS

Internal Service Funds of the City are outlined below:

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.

Admin/Financial Overhead Fund - This fund is used to account for the cost of citywide central service function and the cost related to financial services provided to other departments as well as financial reserves.

Self Insurance Workers Comp Fund - This fund is used to account for the cost of self-insurance workers comp program.

Building Maintenance Fund - This fund is used to account for the cost of maintenance of City's building.

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
Statement of Net Assets
All Internal Service Funds
June 30, 2011

	Human Resource Risk Management	Information System	Printing and Reproduction	Admin/Finance Overhead
ASSETS				
Current assets:				
Cash and investments	\$ 1,741,080	\$ 130,199	\$ 129,279	\$ 93,034
Accounts receivable	1,871	245	138	99
Due from other funds	22,325	100,000	-	-
Inventories	-	-	4,931	-
Prepaid items	-	75,397	-	-
Total current assets	<u>1,765,276</u>	<u>305,841</u>	<u>134,348</u>	<u>93,133</u>
Noncurrent assets:				
Capital assets:				
Depreciable:				
Machinery and equipment	-	146,799	83,986	10,415
Less accumulated depreciation	-	(104,847)	(68,269)	(10,415)
Total noncurrent assets	<u>-</u>	<u>41,952</u>	<u>15,717</u>	<u>-</u>
Total assets	<u>1,765,276</u>	<u>347,793</u>	<u>150,065</u>	<u>93,133</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	-	24,792	999	50,658
Salaries payable	1,191	5,820	-	1,432
Due to other funds	-	-	-	-
Total current liabilities	<u>1,191</u>	<u>30,612</u>	<u>999</u>	<u>52,090</u>
Noncurrent liabilities:				
Claims payable	1,667,224	-	-	-
Total noncurrent liabilities	<u>1,667,224</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,668,415</u>	<u>30,612</u>	<u>999</u>	<u>52,090</u>
NET ASSETS				
Invested in capital assets	-	41,952	15,717	-
Unrestricted	96,861	275,229	133,349	41,043
Total net assets	<u>\$ 96,861</u>	<u>\$ 317,181</u>	<u>\$ 149,066</u>	<u>\$ 41,043</u>

City of Ridgecrest
Statement of Net Assets
All Internal Service Funds
June 30, 2011

	Self Insurance Workers Comp	Building Maintenance	Fleet Maintenance	Total
ASSETS				
Current assets:				
Cash and investments	\$ 15,692	\$ 83,031	\$ 85,908	\$ 2,278,223
Accounts receivable	-	195	91	2,639
Due from other funds	-	100,000	-	222,325
Inventories	-	-	21,755	26,686
Prepaid items	-	-	-	75,397
Total current assets	<u>15,692</u>	<u>183,226</u>	<u>107,754</u>	<u>2,605,270</u>
Noncurrent assets:				
Capital assets:				
Depreciable:				
Machinery and equipment	-	-	412,893	654,093
Less accumulated depreciation	-	-	(214,258)	(397,789)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>198,635</u>	<u>256,304</u>
Total assets	<u>15,692</u>	<u>183,226</u>	<u>306,389</u>	<u>2,861,574</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	15,692	6,077	23,386	121,604
Salaries payable	-	1,672	3,522	13,637
Due to other funds	-	-	-	-
Total current liabilities	<u>15,692</u>	<u>7,749</u>	<u>26,908</u>	<u>135,241</u>
Noncurrent liabilities:				
Claims payable	-	-	-	1,667,224
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,667,224</u>
Total liabilities	<u>15,692</u>	<u>7,749</u>	<u>26,908</u>	<u>1,802,465</u>
NET ASSETS				
Invested in capital assets	-	-	198,635	256,304
Unrestricted	-	175,477	80,846	802,805
Total net assets	<u>\$ -</u>	<u>\$ 175,477</u>	<u>\$ 279,481</u>	<u>\$ 1,059,109</u>

City of Ridgecrest
Statements of Revenues, Expenses and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2011

	Human Resource Risk Management	Information System	Printing and Reproduction	Admin/Finance Overhead
OPERATING REVENUES:				
Charges for services	\$ 246,218	\$ 864,696	\$ 79,987	\$ 1,502,142
Other revenue	146,078	1,743	-	1,315
Total operating revenues	392,296	866,439	79,987	1,503,457
OPERATING EXPENSES:				
Administration	1,594,008	616,762	37,231	1,386,997
Depreciation	-	25,564	16,798	2,083
Total operating expenses	1,594,008	642,326	54,029	1,389,080
OPERATING INCOME (LOSS)	(1,201,712)	224,113	25,958	114,377
NONOPERATING REVENUES:				
Use of money and property	5,940	521	374	99
Total nonoperating revenues	5,940	521	374	99
INCOME (LOSS) BEFORE TRANSFERS	(1,195,772)	224,634	26,332	114,476
TRANSFERS:				
Transfers in	630,149	-	-	-
Transfers out	(291,973)	-	-	-
Total transfers	338,176	-	-	-
Change in net assets	(857,596)	224,634	26,332	114,476
NET ASSETS:				
Beginning of year	954,457	92,547	122,734	(73,433)
End of year	\$ 96,861	\$ 317,181	\$ 149,066	\$ 41,043

City of Ridgecrest
Statements of Revenues, Expenses and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2011

	Self Insurance Workers Comp	Building Maintenance	Fleet Maintenance	Totals
OPERATING REVENUES:				
Charges for services	\$ -	\$ 272,124	\$ 562,194	\$ 3,527,361
Other revenue	-	10,000	-	159,136
Total operating revenues	-	282,124	562,194	3,686,497
OPERATING EXPENSES:				
Administration	290,641	217,644	490,046	4,633,329
Depreciation	-	-	72,148	116,593
Total operating expenses	290,641	217,644	562,194	4,749,922
OPERATING INCOME (LOSS)	(290,641)	64,480	-	(1,063,425)
NONOPERATING REVENUES:				
Use of money and property	-	533	91	7,558
Total nonoperating revenues	-	533	91	7,558
INCOME (LOSS) BEFORE TRANSFERS	(290,641)	65,013	91	(1,055,867)
TRANSFERS:				
Transfers in	290,641	-	-	920,790
Transfers out	-	-	-	(291,973)
Total transfers	290,641	-	-	628,817
Change in net assets	-	65,013	91	(427,050)
NET ASSETS:				
Beginning of year	-	110,464	279,390	1,486,159
End of year	\$ -	\$ 175,477	\$ 279,481	\$ 1,059,109

City of Ridgecrest
Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2011

	Human Resource Risk Management	Information System	Printing and Reproduction	Admin/Finance Overhead
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from user department	\$ 225,220	\$ 781,766	\$ 80,053	\$ 1,487,069
Payments to suppliers or employees for goods and services	(1,437,133)	(690,710)	(48,964)	(1,397,156)
Insurance premiums and settlements and insurance recovery	837,244	-	-	-
Others	146,078	1,743	-	1,315
Net cash provided (used) by operating activities	(228,591)	92,799	31,089	91,228
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	630,149	-	-	-
Transfers out	(291,973)	-	-	-
Net cash provided (used) by noncapital financing activities	338,176	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	(18,034)	-	-
Net cash provided (used) by capital and related financing activities	-	(18,034)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	5,940	521	374	99
Net cash provided (used) by investing activities	5,940	521	374	99
Net change in cash and cash equivalents	115,525	75,286	31,463	91,327
CASH AND CASH EQUIVALENTS				
Beginning of year	1,625,555	54,913	97,816	1,707
End of year	<u>\$ 1,741,080</u>	<u>\$ 130,199</u>	<u>\$ 129,279</u>	<u>\$ 93,034</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,201,712)	\$ 224,113	\$ 25,958	\$ 114,377
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	25,564	16,798	2,083
Changes in current assets and liabilities:				
Accounts receivable	1,327	(245)	66	2,242
Due from other funds	(22,325)	(82,685)	-	-
Inventories	-	-	3,821	-
Prepaid items	-	(75,397)	-	-
Accounts payable	(5,902)	1,552	(15,554)	782
Salaries payable	(4,039)	(103)	-	(10,941)
Due to other funds	-	-	-	(17,315)
Claims payable	1,004,060	-	-	-
Total adjustments	973,121	(131,314)	5,131	(23,149)
Net cash provided (used) by operating activities	\$ (228,591)	\$ 92,799	\$ 31,089	\$ 91,228

City of Ridgecrest
Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2011

	Self Insurance Workers Comp	Building Maintenance	Fleet Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from user department	\$ -	\$ 172,165	\$ 562,217	\$ 3,308,490
Payments to suppliers or employees for goods and services	(294,196)	(234,412)	(498,235)	(4,600,806)
Insurance premiums and settlements and insurance recovery	-	-	-	837,244
Others	-	10,000	-	159,136
Net cash provided (used) by operating activities	(294,196)	(52,247)	63,982	(295,936)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	290,641	-	-	920,790
Transfers out	-	-	-	(291,973)
Net cash provided (used) by noncapital financing activities	290,641	-	-	628,817
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	-	-	(18,034)
Net cash provided (used) by capital and related financing activities	-	-	-	(18,034)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	-	533	91	7,558
Net cash provided (used) by investing activities	-	533	91	7,558
Net change in cash and cash equivalents	(3,555)	(51,714)	64,073	322,405
CASH AND CASH EQUIVALENTS				
Beginning of year	19,247	134,745	21,835	1,955,818
End of year	\$ 15,692	\$ 83,031	\$ 85,908	\$ 2,278,223
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (290,641)	\$ 64,480	\$ -	\$ (1,063,425)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	72,148	116,593
Changes in current assets and liabilities:				
Accounts receivable	-	41	23	3,454
Due from other funds	-	(100,000)	-	(205,010)
Inventories	-	-	(7,754)	(3,933)
Prepaid items	-	-	-	(75,397)
Accounts payable	(3,555)	(16,836)	(217)	(39,730)
Salaries payable	-	68	(218)	(15,233)
Due to other funds	-	-	-	(17,315)
Claims payable	-	-	-	1,004,060
Total adjustments	(3,555)	(116,727)	63,982	767,489
Net cash provided (used) by operating activities	\$ (294,196)	\$ (52,247)	\$ 63,982	\$ (295,936)

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

Fiduciary Funds



City of Ridgecrest
Statement of Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2011

	Private Purpose Trust Funds		
	Parks and Recreation Donation	Senior Donation	Total
ASSETS			
Cash and investments	\$ -	\$ 97	\$ 97
Total assets	-	97	97
NET ASSETS			
Held in Trust	-	97	97
Total net assets	\$ -	\$ 97	\$ 97

City of Ridgecrest
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Trust Funds
For the year ended June 30, 2011

	Private Purpose Trust Funds		
	Park & Recreation Donation	Senior Donation	Total
ADDITIONS:			
Other revenue	\$ 436	\$ -	\$ 436
Total additions	436	-	436
DEDUCTIONS:			
Culture and leisure	436	-	436
Total deductions	436	-	436
Change in net assets	-	-	-
NET ASSETS:			
Beginning of year	-	97	97
End of year	\$ -	\$ 97	\$ 97

City of Ridgecrest
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<u>ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 542,965	\$ 2,798	\$ -	\$ 545,763
Accounts receivable	786	-	(138)	648
Total assets	\$ 543,751	\$ 2,798	\$ (138)	\$ 546,411
Liabilities:				
Due to City of Ridgecrest	\$ 157,386	\$ -	\$ -	\$ 157,386
Due to bondholders - special assessment district	386,365	2,660	-	389,025
Total liabilities	\$ 543,751	\$ 2,660	\$ -	\$ 546,411



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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 (the "City"), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

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

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
January 26, 2012

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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

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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 Nine Fiscal Years (accrual basis of accounting)

	FISCAL YEARS								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities									
Invested in capital assets,									
net of related debt	\$ 8,428,496	\$ 31,515,820	\$ 32,676,918	\$ 34,321,803	\$ 36,151,924	\$ 36,723,055	\$ 38,924,688	\$ 41,091,665	\$ 39,690,604
Restricted	36,879,459	25,130,907	23,615,054	18,483,103	12,758,127	9,423,134	6,582,149	302,406	272,879
Unrestricted	11,269,841	(220,511)	798,741	2,858,388	2,914,754	3,210,134	1,657,163	5,095,753	4,902,632
Total governmental activities net assets	<u>56,577,796</u>	<u>56,426,216</u>	<u>57,090,713</u>	<u>55,663,294</u>	<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	16,045,080	16,522,152	16,979,238	17,259,625	17,439,700	16,761,833	16,045,165	18,098,541	18,722,370
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	9,755,416	11,109,512	11,807,479	11,511,303	13,002,769	12,279,782	12,271,560	9,759,630	8,294,789
Total business type activities net assets	<u>25,800,496</u>	<u>27,631,664</u>	<u>28,786,717</u>	<u>28,770,928</u>	<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	24,473,576	48,037,972	49,656,156	51,581,428	53,591,624	53,484,888	54,969,853	59,190,206	58,412,974
Restricted	36,879,459	25,130,907	23,615,054	18,483,103	12,758,127	9,423,134	6,582,149	302,406	272,879
Unrestricted	21,025,257	10,889,001	12,606,220	14,369,691	15,917,523	15,489,916	13,928,723	14,855,383	13,197,421
Total primary government net assets	<u>\$ 82,378,292</u>	<u>\$ 84,057,880</u>	<u>\$ 85,877,430</u>	<u>\$ 84,434,222</u>	<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 Nine Fiscal Years (accrual basis of accounting)

	FISCAL YEARS								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses									
Governmental activities:									
General government	\$ 110,641	\$ 822,032	\$ 639,444	\$ 1,968,944	\$ 1,248,003	\$ 1,788,039	\$ 3,633,285	\$ 2,610,200	\$ 3,976,140
Public safety	7,990,857	7,577,267	7,706,699	7,390,384	6,272,651	5,977,850	4,600,609	4,247,413	4,063,910
Public works	3,041,354	319,912	2,056,581	1,858,022	2,755,773	1,144,047	5,102	503,305	3,194,051
Transportation	1,677,918	3,590,557	2,559,837	2,460,727	847,028	1,491,230	3,202,007	2,983,211	1,942,939
Community development	3,394,765	6,214,074	3,412,566	2,379,597	2,726,996	3,010,805	1,362,832	1,384,567	3,204,303
Health	63,565	23,813	92,882	174,055	1,135,383	897,909	45,893	36,697	349,276
Culture and leisure	2,088,659	2,087,149	2,428,923	2,425,245	2,062,233	1,661,169	1,473,004	2,109,798	1,831,619
Interest and fiscal agent fees	2,434,697	897,803	927,854	973,731	927,572	2,176,002	1,265,420	1,300,781	1,583,289
Total governmental activities expenses	20,802,455	21,532,607	19,824,786	19,630,705	17,975,640	18,147,051	15,588,152	15,175,972	20,145,527
Business type activities:									
TDA Transit	589,224	661,514	789,718	714,560	664,494	657,291	519,590	505,599	550,332
Wastewater	2,606,452	2,167,812	2,117,372	2,922,903	1,322,303	1,877,549	1,006,344	958,436	666,729
Solid Waste Collection	699,218	850,423	-	-	-	-	-	-	-
Total business type activities expenses	3,894,894	3,679,749	2,907,090	3,637,463	1,986,797	2,534,840	1,525,934	1,464,035	1,217,061
Total primary government expenses	\$ 24,697,349	\$ 25,212,356	\$ 22,731,876	\$ 23,268,168	\$ 19,962,437	\$ 20,681,891	\$ 17,114,086	\$ 16,640,007	\$ 21,362,588
Program Revenues									
Governmental activities:									
Charges for services:									
General government	184,130	173,352	196,411	189,506	216,526	53,026	176,129	129,467	19,405
Public safety	310,398	391,308	371,973	340,599	265,239	210,805	216,577	134,767	175,466
Public works	-	-	-	-	-	-	-	-	-
Transportation	-	70	1,034	850	-	-	-	-	-
Community development	517,003	739,191	147,325	696,801	636,286	1,013,269	530,726	410,822	295,445
Health	-	-	-	-	25	-	49	-	-
Culture and leisure	475,348	500,996	484,910	462,904	417,666	404,028	419,679	355,708	365,924
Operating grants and contributions	1,885,581	1,253,997	1,384,420	1,112,823	890,959	763,657	684,679	1,007,704	1,288,713
Capital grants and contributions	998,583	939,616	766,742	1,474,279	1,277,771	432,633	387,562	1,088,752	1,892,119
Total governmental activities program revenues	4,371,043	3,998,530	3,352,815	4,277,762	3,704,472	2,877,418	2,415,414	3,127,220	4,037,072
Business type activities:									
Charges for services:									
TDA Transit	213,410	254,543	247,294	251,131	159,721	93,024	133,380	110,120	97,929
Wastewater	1,911,187	1,765,195	1,982,131	1,768,552	2,147,081	2,105,194	1,978,225	1,833,614	1,879,401
Solid Waste Collection	29,158	76,532	-	-	-	-	-	-	-
Operating grants and contributions	131,539	97,657	-	94,663	54,811	-	34,763	27,289	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	2,285,294	2,193,927	2,229,425	2,114,346	2,361,613	2,198,218	2,146,368	1,971,023	1,977,330
Total primary government program revenues	\$ 6,656,337	\$ 6,192,457	\$ 5,582,240	\$ 6,392,108	\$ 6,066,085	\$ 5,075,636	\$ 4,561,782	\$ 5,098,243	\$ 6,014,402
Net (Expense)/Revenue									
Governmental activities	(16,431,412)	(17,534,077)	(16,471,971)	(15,352,943)	(14,271,168)	(15,269,633)	(13,172,738)	(12,048,752)	(16,108,455)
Business type activities	(1,609,600)	(1,485,822)	(677,665)	(1,523,117)	374,816	(336,622)	620,434	506,988	760,269
Total primary government net expense	\$ (18,041,012)	\$ (19,019,899)	\$ (17,149,636)	\$ (16,876,060)	\$ (13,896,352)	\$ (15,606,255)	\$ (12,552,304)	\$ (11,541,764)	\$ (15,348,186)

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

	FISCAL YEARS								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and									
Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	9,616,160	10,044,411	9,915,676	9,573,705	8,621,750	6,520,691	4,452,522	3,445,492	2,969,614
Sales taxes	3,020,160	2,856,313	3,297,900	2,996,734	3,477,010	3,392,280	2,807,751	2,705,467	2,592,363
Special assessments	-	-	-	-	-	-	1,738	349	5,400
Other taxes	2,915,929	3,250,486	2,960,971	3,689,557	2,797,223	3,007,834	3,019,446	2,709,319	3,101,059
Investment earnings	261,784	131,130	99,550	743,954	743,571	454,613	203,827	129,142	158,205
Miscellaneous	245,232	116,840	1,180,496	868,501	819,361	2,171,014	1,831,295	997,998	572,527
Gain (loss) on disposal of capital assets	-	-	-	-	-	809,326	-	-	-
Transfers	523,727	470,400	444,799	1,318,981	280,735	401,031	1,051,811	431,912	732,478
Total governmental activities	16,582,992	16,869,580	17,899,392	19,191,432	16,739,650	16,756,789	13,368,390	10,419,679	10,131,646
Business type activities:									
Other taxes	248,368	665,449	776,431	563,141	614,994	718,734	586,019	579,761	683,228
Investment earnings	45,705	127,570	349,595	596,679	683,951	502,255	255,984	186,175	274,756
Miscellaneous	8,086	8,150	12,227	10,737	7,828	13,388	-	-	-
Capital Contribution	-	-	-	-	-	257,375	-	-	-
Transfers	(523,727)	(470,400)	(444,799)	(1,318,981)	(280,735)	(401,031)	(1,051,811)	(431,912)	(732,478)
Total business type activities	(221,568)	330,769	693,454	(148,424)	1,026,038	1,090,721	(209,808)	334,024	225,506
Total primary government	\$ 16,361,424	\$ 17,200,349	\$ 18,592,846	\$ 19,043,008	\$ 17,765,688	\$ 17,847,510	\$ 13,158,582	\$ 10,753,703	\$ 10,357,152
Change in Net Assets									
Governmental activities	151,580	(664,497)	1,427,421	3,838,489	2,468,482	1,487,156	195,652	(1,629,073)	(5,976,809)
Business type activities	(1,831,168)	(1,155,053)	15,789	(1,671,541)	1,400,854	754,099	410,626	841,012	985,775
Total primary government	\$ (1,679,588)	\$ (1,819,550)	\$ 1,443,210	\$ 2,166,948	\$ 3,869,336	\$ 2,241,255	\$ 606,278	\$ (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)

<u>Sources of Tax Revenues</u>	<u>Business Licenses</u>	<u>Franchise Fees</u>	<u>Property Tax *</u>	<u>Sales Tax</u>	<u>Transient Occupancy</u>	<u>Gas Tax **</u>	<u>TOTAL</u>
2010-2011	139,663	1,339,083	9,649,904	3,020,160	1,144,883	726,188	16,019,881
2009-2010	137,487	1,267,910	10,093,190	2,856,313	1,411,903	427,938	16,194,741
2008-2009	150,431	1,320,356	9,915,676	3,297,900	1,347,063	429,560	16,460,986
2007-2008	161,156	2,105,350	9,626,639	2,996,734	1,168,986	465,806	16,524,671
2006-2007	176,583	539,355	8,724,901	3,477,010	999,839	451,270	14,368,958
2005-2006	142,476	1,206,115	6,637,688	3,392,279	886,816	452,071	12,717,445
2004-2005	137,732	559,011	4,532,781	2,807,752	875,808	449,735	9,362,820
2003-2004	122,445	581,400	3,504,079	2,705,466	773,190	444,549	8,131,129
2002-2003	109,429	599,744	3,011,221	2,701,643	867,758	434,408	7,724,203
2001-2002	97,073	589,946	2,815,337	2,584,662	717,101	437,283	7,241,402

NOTES:

* Property tax amounts include state reimbursement of homeowners property tax relief and real property transfer tax

** Increase in Gas Tax from FY 2010 to FY 2011 was due to the "Fuel Tax Swap of 2010". This was the addition of Section 2103 fund allocation from a new motor vehicle excise tax that replace the allocation from Prop. 42 sales tax on gasoline. Figures for fiscal years 2010 and earlier did not include the Prop. 42 revenue.

City of Ridgecrest

Schedule 4

Fund Balances of Governmental Funds

Last Ten Fiscal Years (modified accrual basis of accounting)

	FISCAL YEARS				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General fund					
Restricted	\$ 164,835	\$ 302,583	\$ 665,322	\$ 465,103	\$ 619,360
Unrestricted	(237,493)	236,708	903,897	1,124,552	1,587,568
Total general fund	<u>(72,658)</u>	<u>539,291</u>	<u>1,569,219</u>	<u>1,589,655</u>	<u>2,206,928</u>
All other governmental funds					
Restricted	44,735,139	11,019,602	11,158,572	11,121,284	11,361,910
Unrestricted, reported in:					
Special revenue funds	(164,741)	8,506,599	7,174,341	5,784,155	1,298,263
Debt service fund	-	4,013,657	2,478,251	-	765,071
Capital projects funds	4,239,042	1,417,077	2,855,423	1,652,863	(1,358,472)
Total all other governmental fund	<u>\$ 48,809,440</u>	<u>\$ 24,956,935</u>	<u>\$ 23,666,587</u>	<u>\$ 18,558,302</u>	<u>\$ 12,066,772</u>
TOTAL FUND BALANCES	\$ 48,736,782	\$ 25,496,226	\$ 25,235,806	\$ 20,147,957	\$ 14,273,700

FISCAL YEARS

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 305,836	\$ -	\$ 536,280	\$ 318,132	\$ 361,404
2,359,373	2,344,973	1,796,246	2,169,848	2,591,372
2,665,209	2,344,973	2,332,526	2,487,980	2,952,776
13,184,361	-	2,647,904	3,407,708	5,145,508
1,298,702	122,365	99,787	(276,527)	(544,120)
(7,412,765)	4,003,925	648,107	301,748	-
679,826	672,438	(267,567)	(571,372)	(157,619)
\$ 7,750,124	\$ 4,798,728	\$ 3,128,231	\$ 2,861,557	\$ 4,443,769
\$ 10,415,333	\$ 7,143,701	\$ 5,460,757	\$ 5,349,537	\$ 7,396,545

City of Ridgecrest

Schedule 5

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (modified accrual basis of accounting)

	FISCAL YEARS				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues					
Taxes	\$ 15,793,330	\$ 15,530,273	\$ 16,223,465	\$ 16,313,383	\$ 14,137,641
Intergovernmental	2,602,093	2,575,356	2,111,122	2,309,609	1,783,935
Licenses, permits and fees	721,502	986,291	490,564	587,531	1,361,033
Fines and forfeitures	87,534	131,851	110,785	99,751	93,950
Use of money and property	392,414	255,750	422,410	673,407	640,658
Charges for services	633,109	828,784	656,543	816,897	786,753
Assessment revenues	-	-	-	-	4,520
Other revenue	226,512	127,332	850,061	1,033,309	1,148,125
Total revenues	20,456,494	20,435,637	20,864,950	21,833,887	19,956,615
Expenditures					
General Government	672,184	934,445	1,083,484	1,479,393	1,236,437
Public safety	7,190,421	7,302,660	7,248,370	6,972,804	5,921,981
Public works	466,230	323,167	2,056,584	897,772	1,217,673
Transportation	1,100,140	1,174,816	-	-	-
Community development	2,546,036	5,370,242	2,543,211	2,283,268	1,822,720
Health	-	205	61,417	156,948	1,105,735
Culture and leisure	1,847,674	1,899,143	2,184,997	2,095,579	1,899,677
Capital outlay	6,368,168	1,321,645	-	1,275,392	2,108,419
Debt service:					
Principal	7,901,849	1,109,695	1,065,747	1,075,690	1,069,235
Interest	2,410,055	900,785	932,768	978,031	1,053,156
Cost of Issuance	262,832	-	-	-	-
Total expenditures	30,765,589	20,336,803	17,176,578	17,214,877	17,435,033
Excess of revenues over (under) expenditures	(10,309,095)	98,834	3,688,372	4,619,010	2,521,582
Other financing sources (uses)					
Proceeds from capital lease	34,380,000	231,645	-	-	527,626
Bond discount	(725,259)	-	-	-	-
Transfers in	14,026,383	10,627,925	10,114,766	8,591,148	4,969,572
Transfers out	(14,131,473)	(10,697,985)	(8,715,289)	(7,335,901)	(4,160,413)
Total other financing sources (uses)	33,549,651	161,585	1,399,477	1,255,247	1,336,785
Net change in fund balances	\$ 23,240,556	\$ 260,419	\$ 5,087,849	\$ 5,874,257	\$ 3,858,367
Debt service as a percentage of non-capital expenditures	43.3%	10.6%	11.6%	12.9%	13.8%

FISCAL YEARS

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	12,247,901	\$ 8,725,616	\$ 7,657,442	\$ 7,300,623	\$ 7,135,067
	1,917,323	2,626,347	3,253,013	4,477,119	4,187,715
	649,325	447,594	245,025	248,319	245,583
	93,498	97,364	104,260	100,396	79,580
	464,460	274,229	202,816	263,345	382,629
	923,449	773,345	623,191	497,612	465,605
	26,427	1,738	349	1,573	2,736
	12,874,961	901,769	318,051	531,145	584,799
	<u>29,197,344</u>	<u>13,848,002</u>	<u>12,404,147</u>	<u>13,420,132</u>	<u>13,083,714</u>
	1,657,522	2,208,144	2,245,850	3,124,345	2,589,481
	5,752,857	4,287,023	3,862,446	3,933,757	4,046,744
	594,434	286,716	549,946	777,075	-
	-	698,515	562,118	1,842,018	2,469,333
	1,441,906	1,255,675	1,115,528	3,169,935	1,485,757
	873,806	27,683	8,669	336,488	473,511
	1,815,338	1,311,110	1,263,589	1,742,237	1,518,235
	1,388,073	281,614	1,109,864	-	-
	10,361,445	844,167	792,923	671,202	4,855,800
	1,731,348	1,270,947	1,312,023	1,358,421	1,486,697
	230,386				
	<u>25,847,115</u>	<u>12,471,594</u>	<u>12,822,956</u>	<u>16,955,478</u>	<u>18,925,558</u>
	3,350,229	1,376,408	(418,809)	(3,535,346)	(5,841,844)
	-	-	170,735	1,038,183	4,389,981
	(146,800)	-	-	-	-
	6,728,624	5,914,392	4,367,282	5,421,253	5,810,163
	(6,861,722)	(5,607,856)	(4,007,988)	(4,971,098)	(6,312,563)
	<u>(279,898)</u>	<u>306,536</u>	<u>530,029</u>	<u>1,488,338</u>	<u>3,887,581</u>
\$	<u>3,070,331</u>	<u>\$ 1,682,944</u>	<u>\$ 111,220</u>	<u>\$ (2,047,008)</u>	<u>\$ (1,954,263)</u>
	50.4%	17.4%	18.0%	12.0%	33.5%

City of Ridgecrest
Schedule 6
Assessed Value of Taxable Property
Last Ten Fiscal Years

<u>CATEGORY</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Residential	1,078,999,165	1,108,999,868	1,084,808,408	1,058,498,321	911,494,904
Commercial	232,784,394	237,376,125	205,319,656	179,110,827	174,032,874
Industrial	18,532,812	17,843,091	18,105,232	17,971,395	11,837,503
Government	164,272	167,751	161,605	128,221	146,152
Institutional	8,534,530	8,540,128	14,877,479	15,142,018	14,742,327
Miscellaneous	235,252	240,526	238,916	234,383	157,037
Recreational	5,308,333	5,603,484	5,000,813	4,698,128	4,642,201
Vacant Land	72,475,273	75,024,042	71,345,463	65,109,045	49,323,706
SBE Non-Unitary	842,761	842,761	842,761	842,761	842,761
Unsecured	34,479,690	38,641,463	38,435,738	29,790,351	29,827,806
Exempt	-	-	(4,173,979)	(4,178,993)	(1,069,989)
Unknown	-	-	543,791	662,290	544,550
TOTALS	1,452,356,482	1,493,279,239	1,439,679,862	1,372,187,740	1,196,521,832
Total Direct Rate	0.68764%	0.69471%	0.68679%	0.67270%	0.62767%

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 (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 the time of new construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the assessed value of the property to the limitations described above.

Source: HdL Coren & Cone

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
788,678,966	713,926,081	633,401,029	580,667,757	569,181,954
157,444,654	143,927,504	129,256,590	123,503,418	123,985,900
10,882,183	10,860,581	10,413,965	10,113,348	9,989,713
136,999	132,341	156,446	152,488	149,549
12,205,814	12,553,443	13,614,469	10,817,736	10,693,526
154,247	151,512	151,691	146,374	143,793
4,721,225	4,484,762	3,619,797	3,507,733	3,490,803
36,481,201	34,935,069	31,321,458	31,213,075	32,984,147
842,761	842,761	800	800	800
27,176,839	28,626,497	27,232,504	28,203,161	30,858,937
(984,427)	(988,262)	(1,108,762)	(2,289,514)	(2,530,752)
533,877	394,287	394,763	380,610	370,097
1,039,258,766	950,834,838	849,563,512	788,870,650	781,849,219
0.57120%	0.51486%	0.45724%	0.41538%	0.42577%

the property being taxed. Each year, the assessed value of property may be increased by an "inflation a new owner. At that point, the property is reassessed based upon the added value of the nly data currently available with respect to the actual market value of taxable property and is subject

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
City Share of 1%					
Year	Levy per Prop. 13	Debt Rate(s)	Total City Rates	1% + applicable voter approved debt	
2010-2011	0.05470%	0.00000%	0.05470%	1.00000%	0.68764%
2009-2010	0.05196%	0.00000%	0.05196%	1.00000%	0.69471%
2008-2009	0.05196%	0.00000%	0.05196%	1.00000%	0.68295%
2007-2008	0.05020%	0.00000%	0.05020%	1.00000%	0.67271%
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%

10 Year Detail Breakdown of the Property Tax Dollar											
Agency	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	
City of Ridgecrest	0.05470	0.05196	0.05196	0.05020	0.05068	0.05191	0.05191	0.05191	0.05191	0.05191	
Sierra Sands Child Dev	0.00509	0.00509	0.00509	0.00000	0.00000	0.00509	0.00509	0.00509	0.00509	0.00509	
County Advertising	0.00070	0.00070	0.00070	0.00070	0.00070	0.00069	0.00069	0.00069	0.00069	0.00069	
East Kern Res Con	0.00066	0.00066	0.00066	0.00070	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	
Education	0.01917	0.01917	0.01917	0.01897	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	
Education Revenue Augmentation Fund	0.12210	0.12490	0.12490	0.12984	0.12989	0.12504	0.12504	0.12504	0.12504	0.12504	
Fire	0.10580	0.10580	0.10580	0.10583	0.10577	0.10577	0.10577	0.10577	0.10577	0.10577	
Kern Community College	0.06770	0.06770	0.06789	0.06789	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	
Kern County	0.14130	0.14130	0.14130	0.14277	0.14263	0.14117	0.14117	0.14117	0.14117	0.14117	
Kern County Water Agency	0.00718	0.00718	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	0.47591	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	
TOTAL PROP. 13 RATE	1.00000										
Kern Community College	0.01012	0.00940	0.00905	0.00804	0.00528	0.00963	0.00918	0.01180	0.00000	0.00000	
Sierra Sand Unified School District	0.05688	0.05113	0.04077	0.04231	0.04209	0.00000	0.00000	0.00000	0.00000	0.00000	
Total Voter Approved Rate	0.06700	0.06053	0.04982	0.05035	0.04737	0.00963	0.00918	0.01180	0.00000	0.00000	
TOTAL TAX RATE	1.06700	1.06053	1.04982	1.05035	1.04737	1.00963	1.00918	1.01180	1.00000	1.00000	

NOTES:

- City share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures

- Total Direct Rate is the weighted average of all individual direct rates applied by the City of Ridgecrest.

- 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.

- Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

- In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject 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 2010 and Ten Years Prior

Taxpayer	2010-2011			2001-2002		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
K Partners Ridgecrest I LP	1	\$ 15,848,829	1.09%			
Walmart Stores, Inc.	2	10,352,645	0.71%	2	6,515,246	0.83%
HD Development Maryland Inc.	3	10,065,518	0.69%			
Ridgecrest Regional Hospital	4	9,486,115	0.65%			
New Albertsons	5	8,359,457	0.58%	5	5,262,237	0.67%
Carriage Inns	6	8,150,354	0.56%	1	7,600,000	0.97%
Ridgecrest Heritage Inn	7	6,850,216	0.47%	3	6,380,259	0.82%
First Berkshire Properties	8	6,575,834	0.45%			
PAM Ridgecrest Venture	9	6,411,654	0.44%			
China Lake & Ridgecrest LLC	10	6,140,731	0.42%			
Drummond Medical Center				4	6,255,796	0.80%
Mediacom California LLC				9	4,113,421	0.53%
First Berkshire Business Trust				7	4,350,000	0.56%
Ridgecrest Capital LLC				6	4,365,262	0.56%
Mervyns				8	4,321,619	0.55%
Beverly Enterprises California				10	3,984,276	0.51%
Top Ten Totals		\$ 88,241,353	6.08%		\$ 53,148,116	6.80%
CITY TOTALS		1,452,356,482			781,877,219	

Source: HdL Coren & Cone

City of Ridgecrest
Schedule 9
Property Tax Levies and Collections
Last Ten 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	
2011	9,924,681	9,883,935	99.59%	40,746
2010	10,014,973	9,985,447	99.71%	29,526
2009	9,684,531	9,669,503	99.84%	15,027
2008	9,082,220	9,069,060	99.86%	13,159
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

NOTES:

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

Source: Kern County Auditor-Controller

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

City of Ridgecrest
Schedule 10
Ratios of Outstanding Debt by Type
Last Eight 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			
2011	8,080,000	34,280,000	-	3,323,000	483,399	46,166,399	5.92%	\$ 1,663
2010	8,460,000	7,290,000	-	400,000	615,249	16,765,249	2.25%	\$ 591
2009	8,830,000	7,905,000	-	600,000	739,943	18,074,943	2.45%	\$ 647
2008	9,190,000	8,490,000	115,000	800,000	860,688	19,455,688	2.62%	\$ 694
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 eight years of data for this schedule.

City of Ridgecrest
Schedule 11
Ratios of General Bonded Debt Outstanding
Last Eight 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			
2011	8,080,000	34,280,000	-	42,360,000	2.92%	\$ 1,525
2010	8,460,000	7,290,000	-	15,750,000	1.05%	\$ 555
2009	8,830,000	7,905,000	-	16,735,000	1.16%	\$ 599
2008	9,190,000	8,490,000	115,000	17,795,000	1.30%	\$ 635
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 eight years of data for this schedule.

City of Ridgecrest
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

	Debt Outstanding <u>6/30/2011</u>	% <u>Applicable</u> ¹	City's Share of <u>Debt as of 6/30/11</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Kern Community College District Safety, Repair & Improvement District	\$ 107,851,213	0.704%	\$ 759,273
Kern Community College District Assessment District	3,895,000	0.763%	29,719
Sierra Sands Joint Unified School District	<u>23,994,430</u>	52.292%	<u>12,547,167</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 13,336,159
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Kern County Certificates of Participation	132,290,000	0.627%	829,458
Kern County Pension Obligations	424,380,506	0.627%	2,660,866
Kern County Board of Education Certificates of Participation	52,375,000	0.627%	328,391
Kern County Community College District Certificates of Participation	93,750,000	0.623%	584,063
Kern County Community College District Benefit Obligations	84,345,000	0.623%	525,469
Sierra Sands Joint Unified School District General Fund Obligations	20,330,000	52.292%	10,630,964
City of Ridgecrest Certificates of Participation	<u>8,080,000</u>	100.000%	<u>8,080,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT	815,550,506		\$ 23,639,211
COMBINED TOTAL DEBT			<u><u>36,975,369</u></u> 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.

2010-11 Assessed Valuation	\$ 1,452,370,482
Redevelopment Incremental Valuation	965,752,882
Adjusted Assessed Valuation	486,617,600

Ratios to 2010-11 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.92%
---	-------

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$8,460,000)	1.66%
Combined Total Debt	7.60%

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 Eight Fiscal Years

Legal Debt Margin Calculation	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>
Assessed value	\$ 1,452,356,482	\$ 1,493,279,239	\$ 1,439,679,862
Debt limit (15% of assessed value)	217,853,472	223,991,886	215,951,979
Debt applicable to limit:			
General obligation bonds	42,360,000	15,750,000	16,735,000
Less: Amount set aside for repayment of general obligation debt	<u>4,247,727</u>	<u>1,807,736</u>	<u>1,808,337</u>
Total net debt applicable to limit	<u>38,112,273</u>	<u>13,942,264</u>	<u>14,926,663</u>
Legal Debt Margin	179,741,199	210,049,622	201,025,316
Total debt applicable to the limit as a percentage of debt limit	<u>21.20%</u>	<u>6.64%</u>	<u>7.43%</u>

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 of the City of Ridgecrest has elected to show only eight years of data for this schedule.

	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2004</u>
\$	1,372,187,740	\$ 1,196,521,832	\$ 1,039,258,766	\$ 950,834,838	\$ 849,563,512
	205,828,161	179,478,275	155,888,815	142,625,226	127,434,527
	17,795,000	18,805,000	19,775,000	19,760,000	20,555,000
	1,814,042	2,640,512	2,265,223	1,865,888	1,859,194
	15,980,958	16,164,488	17,509,777	17,894,112	18,695,806
	189,847,203	163,313,787	138,379,038	124,731,113	108,738,721
	8.42%	9.90%	12.65%	14.35%	17.19%

ral obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

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

REDEVELOPMENT BONDS				
Fiscal Year	Net Property	Debt Service		Coverage
	<u>Tax Increment</u>	<u>Principal</u>	<u>Interest</u>	
2011	9,513,037	7,390,000	2,000,268	1.01
2010	9,627,922	615,000	466,635	8.90
2009	9,297,103	585,000	495,113	8.61
2008	8,698,122	560,000	522,165	8.04
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	Current	Debt Service		Coverage
	<u>Assessment Collections</u>	<u>Account Balance</u>	<u>Principal</u>	<u>Interest</u>	
2011	-	24,659	-	-	-
2010	-	24,659	-	-	-
2009	-	125,700	115,000	4,773	1.05
2008	116,927	125,700	105,000	13,903	2.04
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 eight years of data for this schedule.

The last special assessment bond was fully paid in fiscal year 2009.

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Personal Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment**</u>	<u>Unemployment Rate</u>
2011	27,768	780,176,392	28,096	33.8	5,511	8.30%
2010	28,362	745,268,274	26,277	30.9	5,652	8.30%
2009	27,951	737,095,821	26,371	31.8	5,690	5.50%
2008	28,038	743,680,000	26,524	n/a	5,727	4.60%
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 eight years of data for this schedule.

Population projections are provided by California Department of Finance

Income Data is provided by the United States Census Data and is adjusted for inflation

Unemployment rates are provided by the EDD, Bureau of Labor Statistics Department

FY 2004 school enrollment data was recalculated and corrected from 5692 to 5813

** School Enrollment only includes enrollment from the school district and charter school.

n/a = not available

Source: MuniServices, LLC

www.cde.ca.gov

City of Ridgecrest
Schedule 16
Principal Employers
Fiscal Year 2010 and Eight Years Prior

<u>Employer</u>	<u>2010-2011</u>			<u>2003-2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Naval Air Weapons Station China Lake (4324 civilians, 710 military, 1606 contractors)	6604	1	41.53%	4093	1	31.24%
TUV Industry Services*	752	2	4.73%			
Searles Valley Minerals	663	3	4.17%	625	2	4.77%
Sierra Sands Unified School District	600	4	3.77%	620	3	4.73%
Ridgecrest Regional Hospital	491	5	3.09%	340	4	2.60%
Jacobs Technology	360	6	2.26%	184	6	1.40%
Wal-Mart	218	7	1.37%			
Albertson's	170	8	1.07%			
Cerro Coso Community College	164	9	1.03%	175	7	1.34%
City of Ridgecrest	151	10	0.95%	134	10	1.02%
L-3 Communications, Government Services				150	9	1.15%
Advanced Information Engineering Services				280	5	2.14%
Alta One Federal Credit Union				161	8	1.23%
			63.98%			51.62%
	Total City Employment**		15,900			13,100

NOTES:

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

*Seasonal employer with up to 752 employees and 250 FTE's year round

** Total city employment was provided by EDD Labor Force Data

Source: MuniServices LLC

City of Ridgecrest

Schedule 17

Full Time Equivalent City Government Employees by Function/Program

Last Eight Fiscal Years (As of June 30)

<u>FUNCTION/PROGRAM</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government								
City Council	5	5	5	5	5	5	5	5
City Manager	3	3	4.5	4	4	3.75	2.5	2
City Clerk	1	1.25	1	1.5	2.75	1	1	1
Finance & Technology	9	9.5	9.5	12	9.75	9.75	8.5	11
Human Resources	1.5	1.5	1.5	1.5	2.5	1	1	1
Community Development	8	8	8	8	7	7	5	12
Planning Commissioners	5	5	5	5	5	5	5	5
Public Safety								
Police Officers-Sworn	34	35	33	37	38	35	30	30.5
Other Full Time Employees	16	15.75	16	16.25	16	15.5	26	25.46
PACT Volunteers	9	9	9	9	9	10	10	10
Public Works								
Engineering	4	4	3	4	5	3	4	2
Maintenance	8	8	9	8	9	9	7	8
Transit Services	7	7	7	7.5	8	8	8.5	8.5
Wastewater/Sewer	6	7	6	5	5	5	5	5
Culture & Recreation	32.5	22.5	29	31.97	23.44	22.4	23.86	23.54
Grant Funded Programs								
Work Investment Act	23.5	43	25	3.48	3.98	2.98	3.48	3.48

NOTES:

only eight years of data for this schedule.

The sharp increase in the number of employees hired for the WIA grant in FY 2010 was due to additional infusion of ARRA money; In FY 2011 actual number of part time employees was 28 converted to 14 FTE.

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

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

FUNCTION/PROGRAM	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police								
Physical Arrests	2416	2605	2667	2213	2,448	2,519	2,078	1,935
Parking Violations	97	237	278	294	161	134	216	252
Traffic Violations	1150	2054	2034	1439	2,001	2,338	2,844	2,887
Community Development								
Building Permits Issued	423	439	144	212	585	768	465	473
Building Permits Valuation (in millions)	13	18	12	22	20	35	23	16
Building Inspections Performed	2510	2759	5086	3861	5,455	5,850	2,557	2,039
Planning Permits Issued	69	77	161	137	135	197	113	86
Public Services								
Street Resurfacing (miles)	2.5	1	3	0.5	1.75	1	2.0	0.5
Street Light Replacement ^a	n/a							
Potholes Filled	2,565	540	600	3,500	1,500	2,011	2,000	1,500
Waste Water Average Daily Treatment (millions of gallons)	2.621	2.674	2.57	2.65	2.6	2.6	2.5	2.4
Transit Route (Service) Miles	92,925	61,092	86,965	91,178	82,277	91,998	112,052	110,947
Transit Passenger Count	27,223	12,977	27,478	35,595	38,529	33,967	40,374	38,775
Parks & Recreation								
Sports Field Participation	89,293	89,735	91,359	88078	88,140	87,536	87,564	87,518
Community Center/Gym/Pool Participation	68,325	68,645	73,499	67421	101,242	99,638	94,933	74,996
Other Participation	35,370	35,370	35,370	35730	35,730	35,730	36,738	37,170

NOTES:

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

- a) Street light replacement is done by Southern California Edison
- b) Friday and Saturday transit services were discontinued in FY 2010.

Source: Various City Departments

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

FUNCTION/PROGRAM	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police								
Stations	1	1	1	1	1	1	1	1
Patrol Units (marked)	13	13	18	16	12	10	13	11
Motorcycle unit	6	6	2	1	1	1	1	0
K-9 unit	1	2	1	1	2	1	1	0
Streets								
Streets (miles)	130	130	130	130	131.5	130.5	130	130
Streetlights	347	347	347	347	347	347	337	337
Traffic Signals *	9	8	7	7	7	7	7	7
Culture & Recreation								
Total Park Acreage	46.88	21.88	25.88	25.88	25.88	25.88	25.88	25.88
Parks **	5	5	6	6	6	6	6	6
Baseball Fields	4	4	4	4	4	4	4	4
Softball Fields	3	3	3	3	3	3	3	3
Soccer Fields	4	4	4	4	4	4	4	4
Football Fields	1	1	1	1	1	1	1	1
Tennis Courts	6	6	6	6	6	6	6	6
Swimming Pools	1	1	1	1	1	1	1	1
Community Centers	2	2	2	2	2	2	2	2
Waste Water								
Sanitary Sewers (miles)	170	165	265	265	224	223.5	220	220
Storm Sewers (miles)	5	5	5	2	2	2	2	2
Treatment Capacity (millions of gallons/day)	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Transit Services								
Minibuses								
Fixed Route	0	0	0	0	0	0	0	0
Dial A Ride	5	6	7	7	5	5	5	5
Bus Shelters	5	5	5	5	5	5	5	5

NOTE:

* There are 16 traffic signals in total but only nine are maintained by the City while the seven others are maintained by CalTrans.

** Hellmer's Park was closed in FY 2010 due to budget cuts and is now the City's solar field.

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

Source: Various City Departments