



City of Ridgecrest

**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2014**



City of Ridgecrest, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2014

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2014

Table of Contents



**City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2014**

Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal.....	i
Certificate of Achievement for Excellence in Financial Reporting - GFOA	xii
Organization Chart	xiii
Principal Officials.....	xiv
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Report on Internal Control over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Management's Discussion and Analysis (Required Supplementary Information) (Unaudited).....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	22
Statement of Activities	24
Fund Financial Statements:	
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet.....	32
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	33
Statement of Revenues, Expenditures and Changes in Fund Balances	35
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balance to the Government-Wide Statement of Activities	36
<i>Proprietary Fund Financial Statements:</i>	
Statement of Net Position	40
Statement of Revenues, Expenses and Changes in Net Position	41
Statement of Cash Flows	42
<i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Position.....	48
Statement of Changes in Fiduciary Net Position	49
Notes to Basic Financial Statements.....	53

**City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2014**

Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION, Continued</u>	
Required Supplementary Information (Unaudited):	
Budgetary Information	82
Budget Comparison Schedule - General Fund	83
Schedule of Funding Progress	
Defined Benefits Pension Plan	85
Other Postemployment Benefits Plan	85
Supplementary Information:	
<i>Non-Major Governmental Funds:</i>	
Combining Balance Sheet	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	94
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Park Development Fee – Special Revenue Fund	98
TDA Street Fund – Special Revenue Fund	99
Business Park – Special Revenue Fund	100
Supplemental Law Enforcement – Special Revenue Fund	101
Grant Operations – Special Revenue Fund	102
Traffic Congestion Relief – Special Revenue Fund	103
Special Projects – Special Revenue Fund	104
Fire Facilities Improvements – Special Revenue Fund	105
Traffic Impact Fee – Special Revenue Fund	106
Park Development Impact Fee Special Revenue Fund	107
Law Enforcement Improvement Fee – Special Revenue Fund	108
Storm Drainage Facilities – Special Revenue Fund	109
Community Partnership Grant – Special Revenue Fund	110
Housing Authority – Special Revenue Fund	111
Landscaping and Lighting – Special Revenue Fund	112
Sub-Standard Streets Improvements – Capital Projects Fund	113
<i>Internal Service Funds:</i>	
Combining Statement of Net Position	117
Combining Statement of Revenues, Expenses and Changes in Net Position	118
Combining Statement of Cash Flows	119
<i>Fiduciary Funds:</i>	
Statement of Fiduciary Net Position – Private Purpose Trust Funds	123
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds	124
Statement of Changes in Assets and Liabilities – All Agency Funds	125

**City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2014**

Table of Contents (Continued)

	<u>Page</u>
<u>STATISTICAL SECTION (Unaudited)</u>	
Index to Statistical Section	127
Financial Trend:	
Net Position by Component	128
Changes in Net Position	130
Fund Balances of Governmental Funds	134
Changes in Fund Balances of Governmental Funds.....	136
Governmental Activities Tax Revenues by Source.....	138
Revenue Capacity:	
Assessed Value of Taxable Property	139
Direct and Overlapping Property Tax Rates	141
Top Ten Principal Property Tax Payers	142
Property Tax Levies and Collections	143
Debt Capacity:	
Ratios of Outstanding Debt by Type	144
Ratios of General Bonded Debt Outstanding	145
Direct and Overlapping Governmental Activities Debt	146
Legal Debt Margin Information	147
Pledged Revenue Coverage.....	149
Demographic and Economic Information:	
Demographic and Economic Statistics	150
Principal Employers	151
Operating Information:	
Full Time Equivalent City Government Employees by Function/Program	152
Operating Indicators by Function/Program	153
Capital Asset Statistics by Function/Program	155

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2014

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December 22, 2014

**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, 2014. 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.

Naval Air Weapons Station (NAWS) China Lake 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 28,348 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 NAWS.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook

After experiencing the worst economic decline in recent history, the City's financial position has begun to stabilize with modest improvements. Transient Occupancy Tax (TOT) and sales tax revenues are more sensitive to the economic swings. These two sources represent 53% of the total General Fund revenue. Fortunately for the City, employment outlook is favorable. Based on the Employment Development Department (EDD) Labor Force data, the City has maintained job levels and the City's unemployment rate down from 7.6% to 6.7%. Kern County's unemployment rate is 10.2%.

Retail sales are rebounding at a slow pace from the doldrums after the burst of the housing bubble in 2008. Consumers continue to remain cautiously optimistic as the economy begins to stabilize. As a result of the June 5, 2012 election, the City successfully passed a local option sales tax called Measure L. This measure adds .75% to the sales tax making it a total of 8%. It became effective on October 1, 2012 and will sunset after five years. The City received \$2.5 million in Measure L funds for fiscal year 2014. Future Measure L revenue is anticipated to average \$2.5 million annually.

The City is beginning to see an upswing in community development and new construction. As the City leaders continue to concentrate on economic development, this trend is expected to rise. The following table summarizes the historical data for the local construction activity:

Year	Permits	Inspections	Valuation
2008	212	3,861	22.0 M
2009	144	5,086	12.1 M
2010	439	2,759	18.0 M
2011	423	2,510	13.0 M
2012	302	4,299	19.0 M
2013	705	1,603	5.0 M
2014	1020	1,925	9.0 M

Economic Development

Economic Development and the winding down of the Ridgecrest Redevelopment Successor Agency (RRSA) have a slightly positive outlook for 2015.

- ❖ The Super Wal-Mart Retail Center appears to be scheduled to begin shortly after the first quarter.
- ❖ The RRSA is undertaking a Property Management Plan (PMP) to structure specific economic development strategies for the Business Park and prior redevelopment agency assets.
- ❖ The RRSA will begin the projects and improvement within the 2010 Tax Allocation Bond Issuance of eighteen point nine million (\$18.9M), less six million (\$6M) for the RRSA anticipated payback. The City is currently in litigation for \$3M and will be initiating legislation on an additional \$3M, with hopes the City will prevail.
- ❖ Alternative Energy will continue to be developed and supported by both the City and the NAWS.
- ❖ The City is anticipating an increase in sales tax revenue through the expansion of retailers including Marshalls, Fabulous Footwear, JoAnn's Fabric and Dollar General.

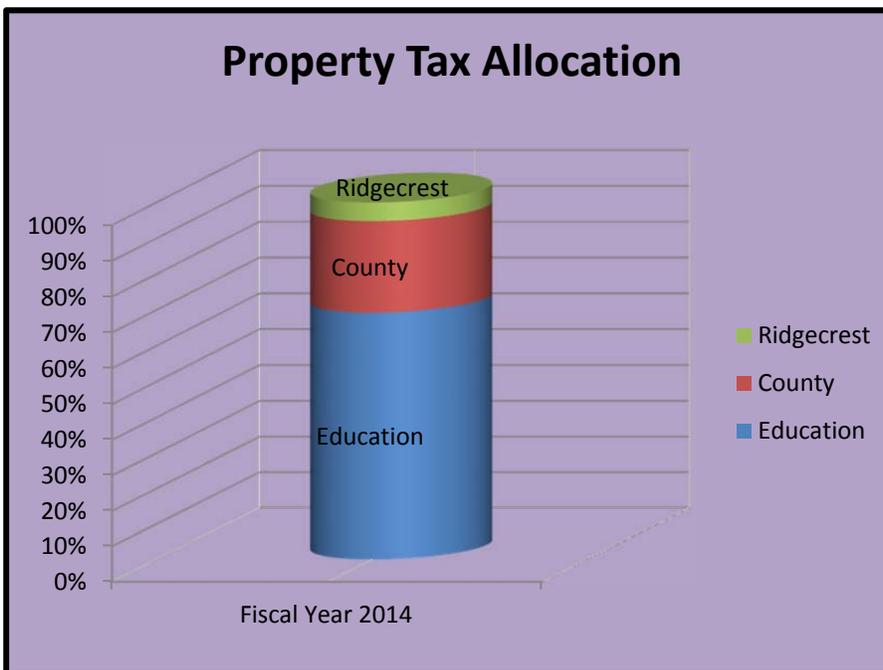
The ever expanding budget crisis of the State of California remains a huge concern for the City as the leadership in Sacramento continues to shift local revenues to help finance the state's budget deficits. The dissolution of the redevelopment agencies that became effective in February 1, 2012 is severely impacting the City's ability to improve its infrastructures and build new ones.

The City is witnessing a leveling off of the recession along with mild growth. Meanwhile, the City is projecting revenues conservatively, while reducing expenditures to maintain core services. The City is cautiously optimistic and is budgeting conservatively 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 \$2M annually to the City's property tax revenue, resulting in an increase of 46% in FY 2006. With the dissolution of the RDA, property tax has been drastically reduced, with a 35% reduction in 2012 from 2011, and in 2013 a further decrease of 47% from 2012. FY 2013 property tax revenue suffered a 66% loss from 2012. The 2014 Property Tax is 69% lower, but this is due to a one-time payment in 2013, along with a repayment of \$0.29 million for previous year's RDA pass-thru. The City anticipates property taxes will level out and will continue to conservatively budget future year's proceeds.

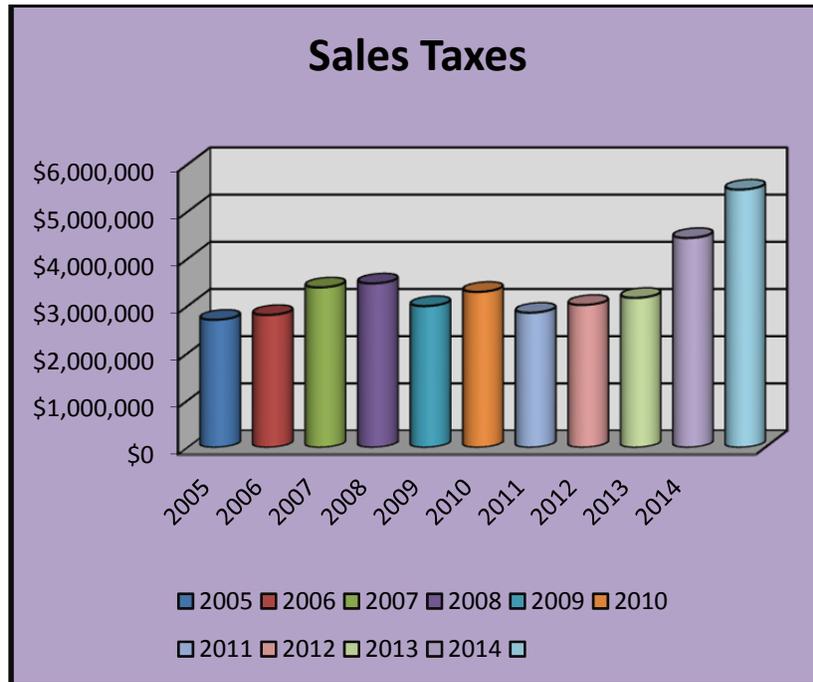


Sales Tax

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. Effective October 1, 2012, sales tax in the City was raised by .75% due to the passage of Measure L, with a partial year revenue of \$1.5 million, FY 2014 Measure L brought in \$2.5 million of sales tax \$1 million higher than the previous year. Sales tax increased by 23% in FY 2014 from prior year, primarily due to Measure L, as the general sales tax remained stable. In the last ten years, the City’s sales tax revenue has continuously climbed at an average rate of 8.4%, with 2013, by far, the largest increase due to Measure L. Measure L has been crucial in maintaining Public Safety and Road Maintenance; however, this local sales tax option will expire in

five years from its effective date. The City intends to return to voters to continue this local sales tax option to sustain and eventually increase services.

Sales tax leakage to the metropolitan areas of Victorville, Bakersfield and Lancaster-Palmdale continues to be a big concern for the City especially with limited shopping choices for clothing stores, restaurants and car dealerships. Even with the City’s lower sales tax rates, a significant amount of local retail sales is spent outside of Ridgecrest. With the addition of JoAnn’s and Marshall’s, the City hopes to retain local spending along with drawing retail sales from outlying areas.

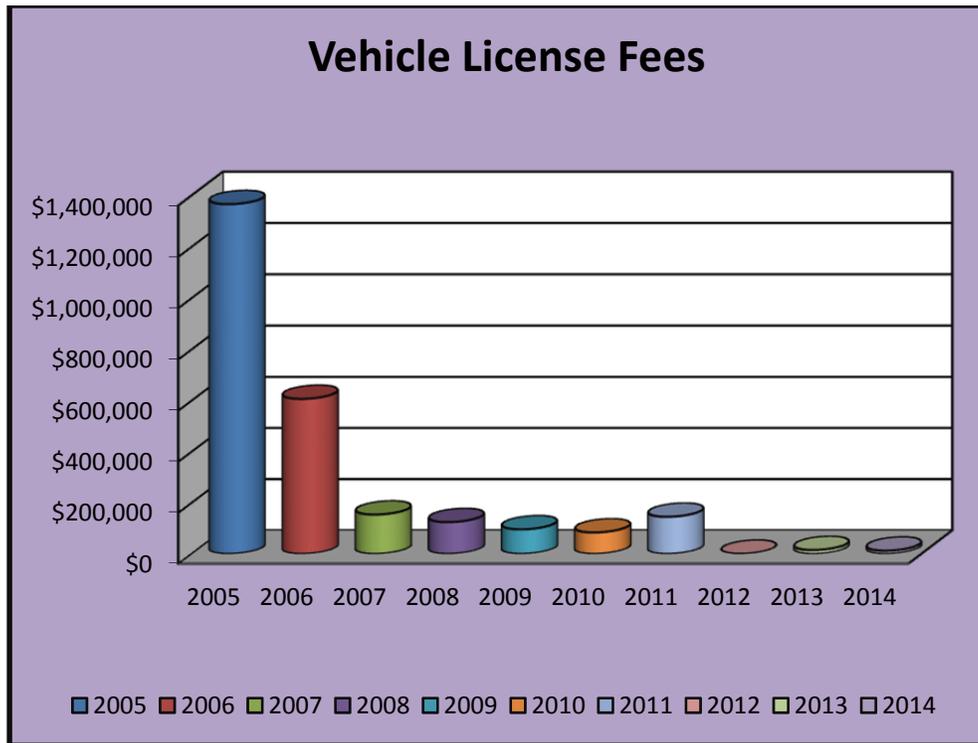


Vehicle License Fees

The Motor Vehicle License Fees was once the third largest source of revenue for the City of Ridgecrest. Vehicle License Fees (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 2011, 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 prior fiscal year. However, for FY 2012, the City did not receive any VLF monies. The chart below indicates the trend of VLF revenue. The City received \$12,187 in FY 2014, \$2,538 less than the City received \$14,725 in FY 2013.

The State started the split in FY 2006. The property-tax in lieu of VLF component remained stable in FY 2014 of \$1,510,555 a slight reduction from FY 2013 of \$1,513,330. 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 MVLFF Backfill Gap Loan.



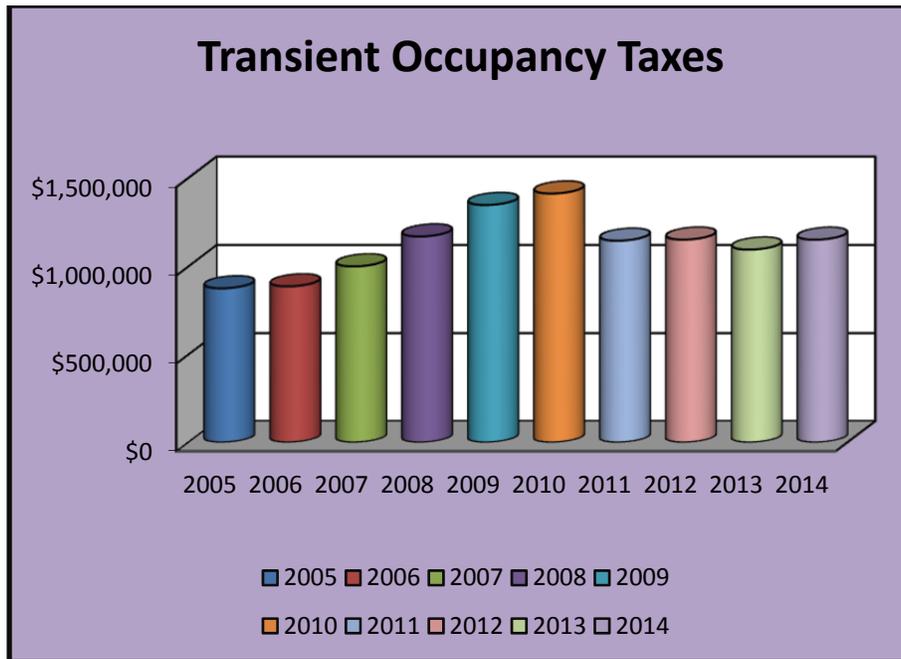
Transient Occupancy Tax

The City’s third 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 12% including the additional assessment of 2% that is a pass-through to the Ridgecrest Area Convention and Visitors Bureau (RACVB).

In the past years, TOT collections provide funding for such economic development initiatives as the RACVB, the Chamber of Commerce, the City’s Community and Economic Development program; as well as other city services. However, funding of these programs has either been eliminated or scaled down.

TOT has averaged a 4.6% growth rate for the last ten fiscal years. FY 2011 saw a significant decline in TOT revenue 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, the reduction of federal defense employee travel. In FY 2012, TOT went up by a very modest .55% from prior year, while FY 2013 went down almost 5% due to sequestration. FY 2014 TOT increased 5.1% due to the end of sequestration along with increased employment on the Navy Base. With the success of the Petroglyph festival in November 2014, the City expects TOT revenue to continue to rise.

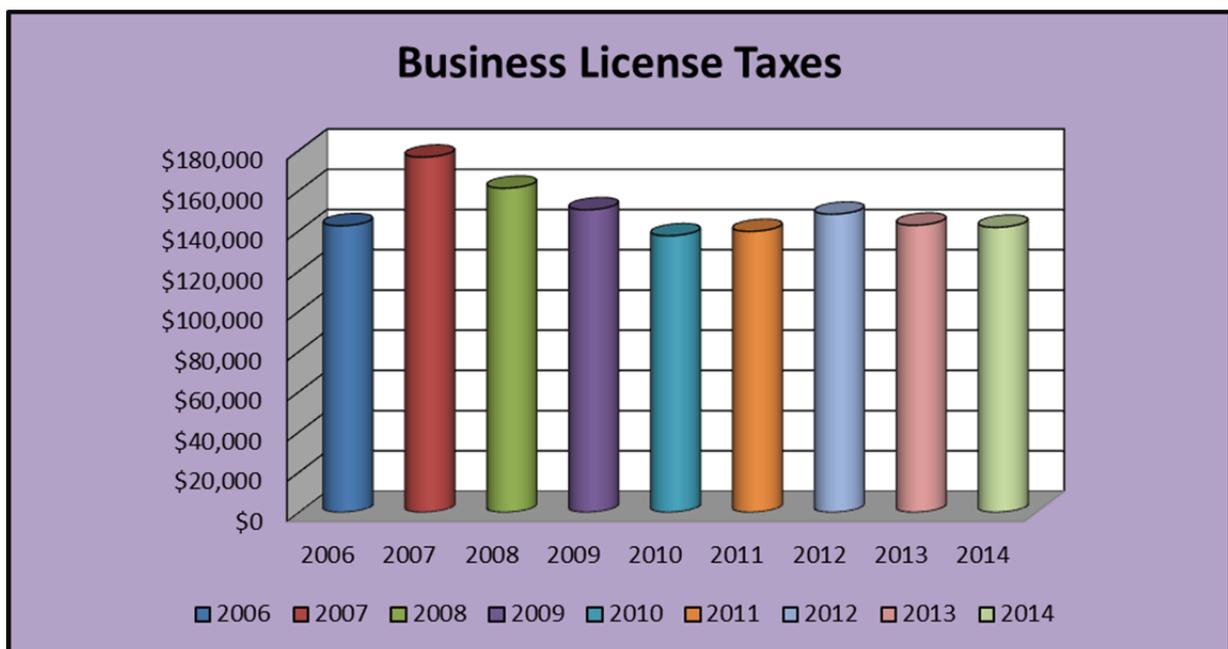
Effective October 1, 2012, lodging operators were required to assess their guests an additional 2%, making the total hotel tax 12%. The additional assessment is a pass through to the RACVB minus collections costs. This will expire five years from its effective date.



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 a spike in revenue in that fiscal year at a 24% increase compared to FY 2006. FY 2013 saw business license revenue decrease by 3.7% from FY 2012 likely due to business closures, with the NAWS sequestration markedly reduced spending within the community. FY 2014 saw a leveling off of business licenses, with a reduction of less than 1%. With the mild improvement in the economy, the City expects to see a small increase over the next few years. Over the last ten years, the City’s business license tax revenue is continuously climbing an average of 2% 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 \$39,931,235 with LAIF at June 30, 2013, included a portion of the pool funds invested in structured notes and asset-backed securities and similar transactions. This compares to \$52,239,234 at June 30, 2012. Reduction is primarily due to dissolution of the RDA which required the transfer of the redevelopment agency's cash to the State of California. 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 collateralized mortgage obligations (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, 2014, The City had \$39,849,362 invested in LAIF which had invested 1.86% of the pool investment funds in Medium-Term and Short-Term Structured Notes and Asset-Backed Securities. In 2015, the City will begin investing Tax Allocation Bond (TAB) proceeds in tax exempt securities as required by the bond.

RISK MANAGEMENT

The City is a member of California State Association of Counties - Excess Insurance Authority (CSAC-EIA). The CSAC-EIA is comprised of 55 California counties and, currently, consists of consists of 254 organizations including cities, 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 CSAC-EIA 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-EIA to \$50,000,000 per claim; there is an additional \$45,000,000 of reinsurance above CSAC-EIA coverage bringing the total coverage to over \$50,000,000 per claim.

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

The CSAC-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 JPA called the CSAC-EIA to pool their risk and provide a viable and cost effective solution for the counties' insurance and risk management needs.

Since then, the CSAC-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 JPAs.

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 Statement No. 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 the city is not yet aware of; as well as, any statistically probable increase in costs for accidents that are already known. The appropriate amount to include on the financial statements for IBNR claims is typically developed by an actuary.

Workers' Compensation and Liability Claims

The following table reflects the IBNR claims payable for the last five fiscal years:

Year	IBNR
2010	663,164
2011	1,667,224
2012	824,864
2013	1,543,276
2014	1,497,688

Unemployment Insurance

The City participates in a direct-cost reimbursement method for unemployment insurance. This program is administered by the State EDD to provide salary continuance for employees who were terminated involuntarily. For FY 2013-2014 the total cost reimbursed was \$1,003, considerably less than the FY 2012-2013 cost reimbursed was \$29,138. The City has been cautious hiring to back-fill positions in order to reduce future layoffs.

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 the cost of a control should not exceed the benefits likely to be derived, and 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 on June 30, encumbrances outstanding as of June 30, 2014 are disclosed in the notes to the financial statements. Appropriations for FY 2014 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 CAFR for the fiscal year ended June 30, 2013. This was the tenth consecutive years 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 CAFR. 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 CAFR 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

Many factors from previous years continue to impact the next fiscal year, both positively and negatively. On the positive side, three new businesses (Marshalls, Joanne's and Famous Footwear) opened the beginning of FY 2014. The City held the first annual Petroglyph festival in November 2014, which brought in thousands of tourists. Sales tax and TOT increases, will not be known until February 2015, but is expected to be 20% higher than previous years. TAB funds were released in December 2013 of \$24.9 million to be used for economic development and construction projects in FY 2014-15; Measure L continues to bring in an additional \$2.5 million

annually, which will come back to voters in 2017 for renewal. FY 2014-15 sales tax is trending 30% higher than previous year, along with Transient Occupancy Tax (TOT) is expected to make marginal gains.

On the negative side, with the dissolution of the RDA and the Wastewater Loan to refund in-lieu franchise fees plunged the 2012 General Fund balance to \$-4.2 million. The City is closely monitoring the fiscal position to steadily increase the General Fund to a positive balance within the next five years. The second repayment of the FY 2012-13 RDA pass-thru of \$294,071 will be taken in FY 2014-15 and final payment will be in FY 2015-16. Of the \$24.9 million in TAB funding, the State of California is disallowing \$6.0 million. The City has paid the State \$3.0 million and will hold the remaining contested \$3.0 million in tax-exempt bonds. The City is in litigation or preparing for litigation with the State of California Department of Finance for the \$6.0 million. Although this is a negative, the City has set aside the funds if the City does not prevail in both lawsuits.

Overall, the economy has stabilized and is expected to make modest gains. Fiscal year 2015 budget assumed conservative revenue estimates along with controlled appropriations to ensure increased fund balance annually. The City is continually reviewing increased revenue opportunities in new grants and fees, along with reviewing efficiencies in order to cut cost. The City Council receives monthly reports on projected year-end balance to ensure the City's financial position continues to strengthen. Strategies are being implemented in fiscal year 2015 to improve fund balance in order to bolster reserves in the general fund. New hires after December 31, 2012 who are not currently in the public pension system will be enrolled in substantially lower pension benefit and will be required to pay at least 50% of the pension cost. This reform may have a minimal savings in the current budget but there will be substantial savings in the long term.

Economic Development/Redevelopment

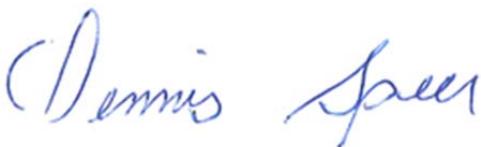
The City is dedicated to expanding community growth and resources, and improving community service. Ridgecrest has undertaken a variety of marketing projects in the specific areas of business retention, growth, relocation, recreation and retirement to achieve a highly developed and integrated regional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

Despite its challenges, Ridgecrest is a city filled with opportunities, where people, commodities, retail, manufacturing, medical resources, innovation, research and development, and the China Lake NAWS 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 also thank the City's independent auditors, Pun & McGeady, 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,



Dennis Speer
City Manager/RRSA Executive Director



V. Rachelle McQuiston
Finance Director



Government Finance Officers Association

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

Presented to

**City of Ridgecrest
California**

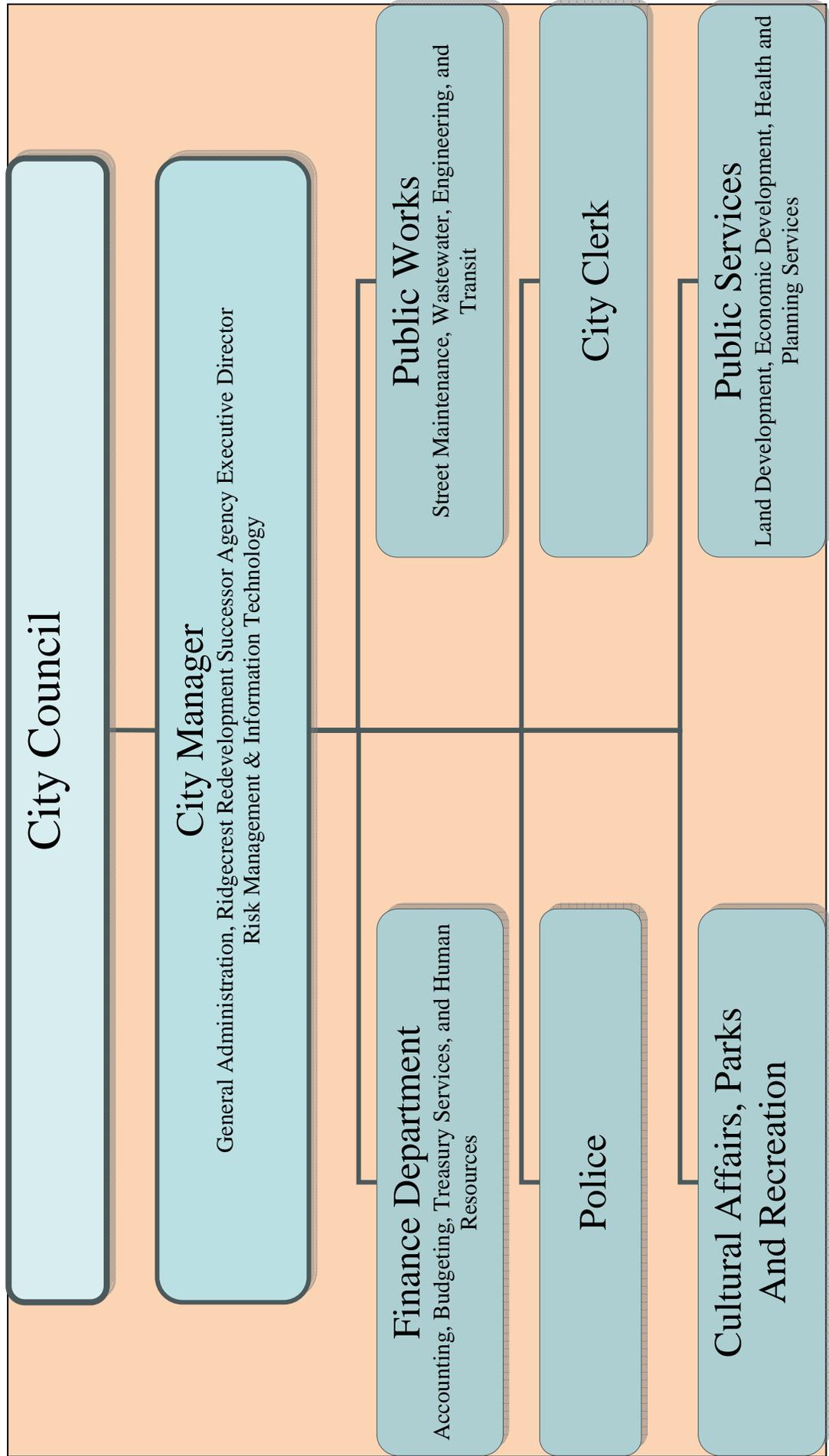
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITY OF RIDGECREST

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2014





City of Ridgecrest

Comprehensive Annual Financial Report

Principal Officials as of June 30, 2014

Daniel O. Clark, Mayor
Marshall “Chip” Holloway, Mayor Pro-Tempore
Lori Acton, Council Member
James Sanders, Council Member
Steven Morgan, Council Member

City Staff as of June 30, 2014

Dennis Speer, City Manager/RRSA Executive Director
/Public Works Director
Ronald Strand, Chief of Police
V. Rachelle McQuiston, Finance Director/City-Agency Treasurer
Rachel Ford, City Clerk

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2014

Financial Section



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously 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, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, and Schedules of Funding Progress on pages 5 through 17 and 82 through 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



San Diego, California
December 22, 2014



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

Independent Auditors' Report

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

We have audited, in accordance with the 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, the 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Paul J. McGeady LLP". The signature is written in a cursive style with a large initial "P" and "M".

San Diego, California
December 22, 2014

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 (FY) ended June 30, 2014. 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 position, changes in net position and fund disclosures are discussed in more detail later in the report.

Financial Highlights – Primary Government

- ♦ *Government-Wide Highlights*

Net Position – Assets of the City exceeded its liabilities at fiscal year ending June 30, 2014 by \$73.95 million, this compared to \$74.70 million at fiscal year end June 30, 2013. This is an overall decrease of \$0.76 million or a decrease of 1% of prior year's net position. Net position for governmental activities exceeded liabilities by \$40.3 million and this compares to \$42.26 million at June 30, 2013 a decrease of 4.6%. This reflects the leveling of the Redevelopment Agency (RDA) Successor wind-down, the passing of Measure L a local sales tax option, along with the stabilizing of the economy. Assets for business-type activities exceeded liabilities by \$33.64 million compared to \$32.44 million at June 30, 2013, an increase of 3.7%, another example of the stabilization of the economy.

Changes in Net Position – The City's net position decreased \$0.76 million in FY 2013-2014; this compared to a \$1.81 million increase in FY 2012-2013. Net position of governmental activities decreased \$1.95 million compared to an increase of \$1.60 million in 2012-2013. Net position of business-type activities increased by \$1.20 million compared to a \$0.21 increase in FY 2012-2013. This reflects the leveling of the RDA Successor wind-down, Measure L sales tax option, along with the stabilizing of the economy.

- ♦ *Fund Highlights*

Governmental Funds – At the close of FY 2013-2014 the City's total governmental funds reported a fund balance of \$8.19 million, a \$1.0 million decrease from the FY 2012-2013 balance of \$9.19 million, an 11% decrease, reflective of debt service fund reduction of \$0.43 million, realized every year, and reductions in funding in the capital improvements and other governmental funds.

General Fund – The fund balance of the general fund on June 30, 2014 was (\$2.32 million), a decrease of \$0.13 million from the June 30, 2013 balance of (\$2.19 million). This decrease was due to an unanticipated take-back of pass-thru funds of \$0.89 million, payable in 3 installments of \$0.29 million annually. Because the City was notified of this take-back in May, sufficient time was not available to cut expenses before year end. The City has anticipated the second installment for FY 2014-2015, and will manage expenses accordingly.

Redevelopment Agency – As of February 1, 2012, redevelopment agencies across California cease to exist pursuant to ABIX 26. The City of Ridgecrest opted to become the Successor Agency to administer the dissolution of the Ridgecrest Redevelopment Agency (RRA). The assets and liabilities of the RRA were transferred to a separate private purpose trust fund. The Successor Agency will be allowed to continue projects and pay off outstanding liabilities that have been determined as "enforceable obligations" as defined by the statute.

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 Position* - The Statement of Net Position presents summarized information of all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 Position* - The Statement of Activities and Changes in Net Position presents information showing how the government's net position changed during the fiscal year. All changes in net position 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, solid waste collection and the City's transit system.

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.

Since 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, expenses and changes in fund balance with the governmental-wide financial statements can be found on pages 33 and 35.

The City has twenty (20) governmental funds, of which 4 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, expenses and changes in fund balances. The City's four (4) major funds are: General Fund, State Gas Tax Fund, City Debt Service Fund, and Capital Improvements Capital Projects Fund. Data from the non-major governmental funds (e.g., Park Development Impact Fund, TDA Street Fund, etc.) are combined into a single, aggregated presentation. The governmental fund financial statements can be found on pages 32-36. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 90-113.

- ♦ 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, solid waste collection 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 40-42.

- ♦ 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 51-80.

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 81-85.

City of Ridgecrest's Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Current & Other Assets	\$ 11,469,673	\$ 11,805,112	\$19,391,066	\$17,596,386	\$30,860,739	\$ 29,401,498
Capital Assets	41,343,959	42,411,543	15,581,116	16,054,395	56,925,075	58,465,938
Total Assets	52,813,632	54,216,655	34,972,182	33,650,781	87,785,814	87,867,436
Current Liabilities	3,704,055	2,868,402	1,330,301	1,207,141	\$ 5,034,356	\$ 4,075,543
Long-term Liabilities	8,806,275	9,091,070	-	-	8,806,275	9,091,070
Total Liabilities	12,510,330	11,959,472	1,330,301	1,207,141	13,840,631	13,166,613
Investments in Capital						
Net of Related Debt	34,386,270	35,668,108	15,581,116	16,054,395	\$49,967,386	\$ 51,722,503
Restricted	10,718,146	2,614,715	-	-	10,718,146	2,614,715
Unrestricted	(4,801,114)	3,974,360	18,060,765	16,389,245	13,259,651	20,363,605
Total Net Position	\$ 40,303,302	\$ 42,257,183	\$33,641,881	\$32,443,640	\$73,945,183	\$ 74,700,823

Net Position

The chart above reflects the City's combined net position (governmental and business-type activities) which totals \$74.0 million at the close of fiscal year ending June 30, 2014.

The City's total net position of (67.6%) 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.

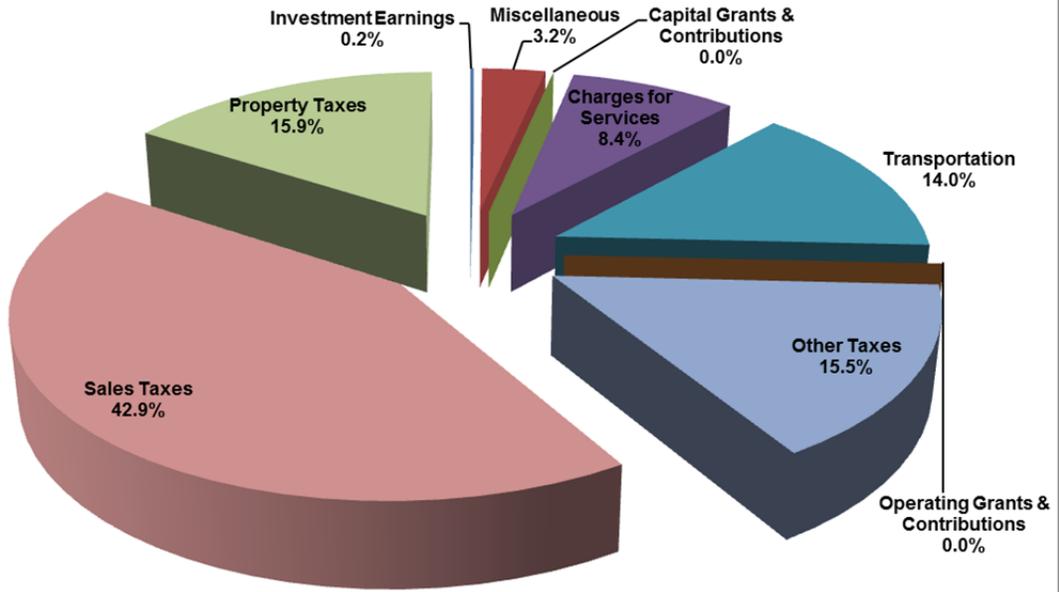
The remaining City net position (32.4%) represents resources that are subject to external restrictions (e.g., capital projects, community development, debt services and special projects) and resources that are unrestricted to meet the City's ongoing obligations to citizens and creditors.

At the end of the FY 2013-14, the City is able to report positive balances in all three categories of net position, both for the government as a whole; as well as, for its separate governmental and business-type activities. The City's net position was decreased by \$0.76 million during the fiscal year, a 1.01% decrease. This decrease can be attributed to the recognition of depreciation.

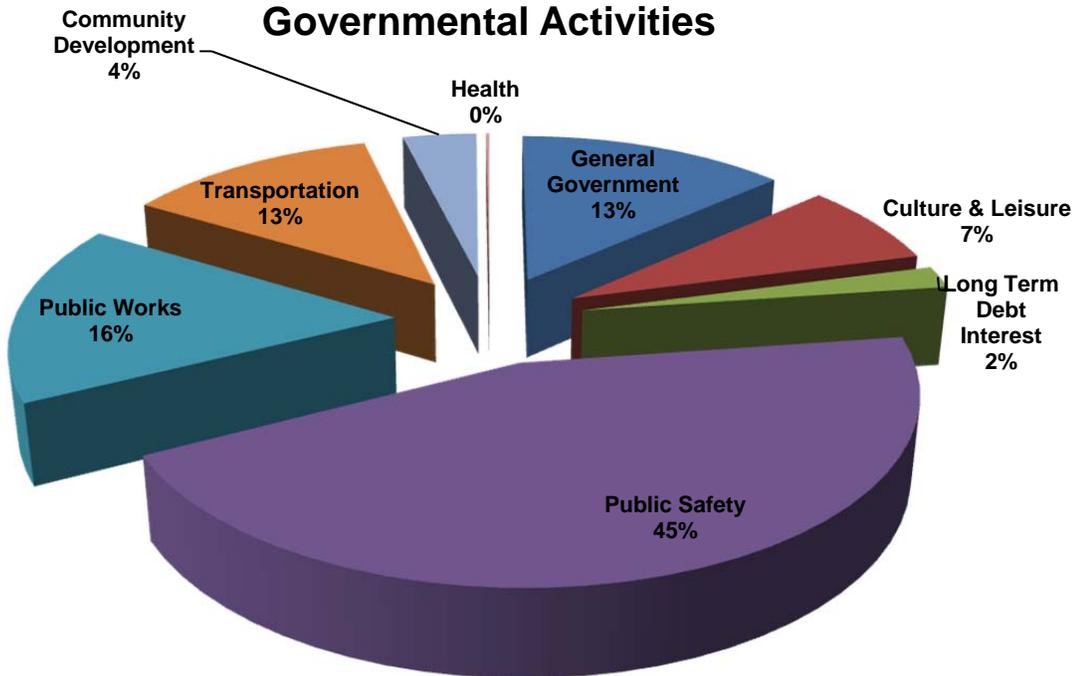
Governmental Activities

Governmental activities decreased the City's net position by \$1.95 million. The decrease in the net position for governmental activities is attributed to a reduction in accounts receivable, reduced advances to fiduciary funds, and increases accounts payable. The charts that follow show the program revenues, general revenues and expenses by function for all Governmental activities.

Revenue Sources - Governmental Activities



Expenses by Function Governmental Activities



Statement of Activities
For the Year Ended June 30, 2014

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 1,043,372	\$ 1,206,610	\$ 2,923,996	\$ 2,161,444	\$ 3,967,368	\$ 3,368,054
Operating grants and contributions	1,982,127	1,979,447	259,868	225,974	2,241,995	2,205,421
Capital grants and contributions	384,661	2,332,772	-	-	384,661	2,332,772
Total program revenues	3,410,160	5,518,829	3,183,864	2,387,418	6,594,024	7,906,247
General revenues:						
Property taxes	1,967,098	3,284,155	-	-	1,967,098	3,284,155
Sales taxes	5,314,304	4,440,039	-	-	5,314,304	4,440,039
Other taxes	1,919,733	1,986,184	614,050	768,613	2,533,783	2,754,794
Investment earnings	20,619	21,423	41,852	40,947	62,471	62,370
Other revenues	2,674,089	1,680,125	9,969	35,843	2,684,058	1,715,968
Total general revenues	11,895,843	11,411,926	665,871	845,403	12,561,714	12,257,329
Total revenues	15,306,003	16,930,755	3,849,735	3,232,821	19,155,738	20,163,576
Expenses:						
General government	2,393,838	1,818,304	-	-	2,392,555	1,818,304
Public safety	7,833,985	7,161,993	-	-	7,739,455	7,161,993
Public works	2,413,076	2,787,797	-	-	2,413,076	2,787,797
Transportation	2,097,999	753,762	-	-	2,013,025	753,762
Community Development	703,912	1,178,359	-	-	703,682	1,178,359
Health	5,270	76,939	-	-	(7,998)	76,939
Culture & Leisure	1,756,316	1,745,953	-	-	1,747,368	1,745,953
Interest on long-term debt	319,028	345,295	-	-	319,028	345,295
Transit	-	-	868,224	887,417	868,224	887,417
Waste Water	-	-	1,519,731	1,558,143	1,519,731	1,558,143
Solid Waste Collection	-	-	-	38,904	-	38,904
Total expenses	17,523,423	15,868,402	2,387,955	2,484,464	19,708,146	18,352,866
Increase (decrease) in net position before transfers	(2,217,420)	1,062,353	1,461,780	748,356	(552,408)	(1,986,800)
Transfers & extraordinary items	263,539	532,690	(263,539)	(532,690)	(203,232)	(7,501,379)
Change in net position	(1,953,881)	1,595,043	1,198,241	215,666	(755,640)	1,810,710
Net position, beginning of year (as restated)	42,257,183	40,662,140	32,443,640	32,227,973	74,700,823	72,890,113
Net position, end of year	\$ 40,303,302	\$ 42,257,183	\$ 33,641,881	\$ 32,443,639	\$ 75,945,182	\$ 74,700,821

Governmental Activities

- ♦ 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, transfer tax, voter-approved debt service and the redevelopment property taxes.
- ♦ Other taxes include mainly hotel, business, and franchise fees and other special assessments.
- ♦ 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) and
 - Administration which includes non-departmental 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 expenses.
- ♦ Culture & Leisure expenses cover Parks and Recreation services including the operation of the Senior Center building, 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 and its Wastewater System. These business-type activities increased the City's net position by \$1.20 million over the prior year compared to an increase of \$0.98 million from FY 2012-2013.

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, PTMISEA funds and other operational funds to purchase buses. The Solid Waste Collection Fund was supported by user fees collected for delinquent payments. Since the elimination of mandatory trash services, this fund is now funded by cost reimbursement and transfers from General Fund. 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 three (3) internal service funds: Human Resources/Risk Management, Self-Insurance 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.

Human Resources/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.

Self- Insurance Workers' Compensation

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

Fleet Maintenance

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

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

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

Governmental Funds

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

- ♦ *Governmental Funds* – The following schedule is a summary of governmental fund revenues for fiscal year ended June 30, 2014, 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.

<u>Source of Revenue</u>	<u>FY 11-12 Amount</u>	<u>Percent of Total</u>	<u>FY 12-13 Amount</u>	<u>Percent of Total</u>	<u>FY 13-14 Amount</u>	<u>Percent of Total</u>
Taxes	\$ 11,696,784	71.4%	\$ 11,295,144	67.2%	\$ 9,880,106	63.9%
Intergovernmental	2,353,056	14.4%	2,699,957	16.1%	1,906,762	12.3%
Licenses, Permits & Fees	506,334	3.1%	361,759	2.2%	256,780	1.7%
Fines and Forfeitures	77,254	0.5%	115,390	0.7%	84,493	0.5%
Use of Money & Property	240,867	1.5%	135,907	0.8%	245,182	1.6%
Charges for Services	569,653	3.5%	492,815	2.9%	389,830	2.6%
Assessment Revenues	-	0.0%	4,393	0.0%	10,526	0.1%
Transfers from Fiduciary Fund	571,414	3.5%	706,518	4.2%	2,278,026	14.7%
Other Revenues	369,651	2.3%	990,033	5.9%	403,262	2.6%
Total	\$ 16,385,013	100.0%	\$ 16,801,916	100.0%	\$ 15,454,967	100.0%

As of the end of the current year, the City of Ridgecrest's governmental funds reported combined ending fund balances of \$8.19 million, a decrease of \$1.0 million in comparison FY 2012-132 ending funding balance. Of this ending balance the unassigned fund balance is (\$2.5 million). The majority of the fund balance, \$6.04 million, is non-spendable as the balance represents the advance made to the former RDA to refund the 1999 COP and the payment receive from the Successor Agency can only be used to pay the 2005 Refunding Certificates of Participation.

Of the \$3.55 million of restricted fund balance, \$213,216 of this belongs to the General Fund, \$751,356 to the City Debt Service Fund and \$2,589,836 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 \$923,079; \$16,476 is committed for Park Development, \$370,438 is committed for Special Capital Projects, and \$536,165 is committed for Sub-Standard Street projects.

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 combined ending fund balance of \$8,186,019, 2.5% or \$206,500 is classified as Assigned Fund Balance, set aside for Capital Improvements and Lighting/Landscaping Districts.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the main operating fund of the City. The primary source of its revenues are taxes; primarily sales taxes including a collection of Measure L local option tax. Final budgeted taxes were reduced \$0.26 million from prior year, due to a combination of one time revenues received in FY 2012/2013, consisting of one-time refund of tax processing fees of \$205,945, receipt of RDA pass-thru revenues of \$882,214, and a settlement of a court case of \$620,988; along with FY 2013/2014 increase of Measure L local option of \$1 million, and a take back due to AB1484 of the aforementioned pass-thru in three installments of \$294,071 annually. The City was notified of this take-back in May of 2014, thus the City did not have the opportunity to reduce spending accordingly. Without the take-back, the general fund balance would have increased \$0.16 million; A modest increase, but a definite step in the right direction. The City has made considerable strides to wipe out the negative fund balance; with continued budget reduction, closely monitoring fiscal position and conservative revenue estimates, the City plans to have a positive fund balance within the next 5 years.

	For the Fiscal Year Ended June 30, 2014				For the Fiscal Year Ended June 30, 2013			
	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	\$ 569,913	\$ 599,996	\$ (2,189,606)	\$ (2,789,602)	\$ 35,263	\$ (353,042)	\$ (4,230,471)	\$ (3,877,429)
Resources (inflows):								
Taxes	8,808,127	9,408,127	9,404,971	(3,156)	8,763,605	8,352,605	9,664,943	1,312,338
Intergovernmental revenue	447,113	718,049	568,216	(149,833)	792,100	342,245	314,815	(27,430)
Licenses, fees, and permits	163,400	163,400	200,393	36,993	219,500	219,500	182,110	(37,390)
Fines and forfeitures	59,300	59,300	70,523	11,223	84,650	84,650	115,390	30,740
Use of money and property	112,884	112,884	229,804	116,920	127,430	187,430	118,341	(69,089)
Current service charges	496,865	525,670	389,830	(135,840)	605,850	605,850	467,813	(138,037)
Other revenues	268,900	268,900	376,897	107,997	482,100	1,108,688	960,829	(147,859)
Transfers from other funds	1,335,444	1,519,714	1,226,707	(293,007)	1,741,314	2,106,546	1,789,696	(316,850)
Amount available for appropriation	11,692,033	12,776,044	12,467,341	(308,703)	12,816,549	13,007,514	13,613,937	606,423
Charges to appropriations (outflows):								
General government	1,945,729	2,150,940	2,171,951	(21,011)	1,669,620	1,643,704	1,541,551	102,153
Public safety	6,026,144	6,695,608	7,264,984	(569,376)	6,356,126	6,529,202	5,999,976	529,226
Public works	269,984	413,708	298,633	115,075	240,010	192,593	163,032	29,561
Transportation	730,448	872,943	-	872,943				
Community development	67,000	70,155	611,480	(541,325)	502,888	866,228	728,225	138,003
Culture and leisure	1,331,909	1,471,439	1,250,608	220,831	1,534,383	1,553,897	1,557,337	(3,440)
Capital Outlay	257,123	343,060	-	343,060	434,559	448,225	201,104	247,121
Non-departmental:								
Transfers to other funds	882,388	1,637,925	998,990	638,935	1,509,050	1,173,669	1,381,847	(208,178)
Total charges to appropriations	11,510,725	13,655,778	12,596,646	1,059,132	12,246,636	12,407,518	11,573,072	834,446
Excess of resources over (under) charges to appropriations	181,308	(879,734)	(129,305)	750,429	569,913	599,996	2,040,865	1,440,869
Fund balance, June 30	\$ 751,221	\$ (279,738)	\$ (2,318,911)		\$ 605,176	\$ 246,954	\$ (2,189,606)	

Capital Asset and Debt Administration

The City’s investment in capital assets for its Governmental and Business Type activities as of June 30, 2014, amounts to \$56.93 million (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. Total capital assets remained stable, with a reduction \$1.5 million from prior year. New assets total \$2.26 million for governmental activities, primarily due to new construction on street improvement. With the release of the Tax Allocation Bonds (TAB), new construction will ramp up considerably in FYs 2014-15 and 2015-16. 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.

	Governmental Activities	Business-Type Activities	Total
<i>Non-Depreciable Assets:</i>			
Land	\$ 1,897,870	\$ 1,614,217	\$ 3,512,087
Construction in process	3,833,203	70,249	3,903,452
Total non-depreciable assets, net	<u>5,731,073</u>	<u>1,684,466</u>	<u>7,415,539</u>
<i>Depreciable Assets:</i>			
Buildings and improvements	5,878,334	3,305,880	9,184,214
Machinery and equipment	6,435,933	3,580,038	10,015,971
Infrastructure	105,987,578	18,877,601	124,865,179
	<u>118,301,845</u>	<u>25,763,519</u>	<u>144,065,364</u>
Less accumulated depreciation	<u>(82,688,959)</u>	<u>(11,866,869)</u>	<u>(94,555,828)</u>
Total depreciable assets, net	<u>35,612,886</u>	<u>13,896,650</u>	<u>49,509,536</u>
Total capital assets	<u><u>\$ 41,343,959</u></u>	<u><u>\$ 15,581,116</u></u>	<u><u>\$ 56,925,075</u></u>

Additional information on the capital assets can be found in Note 7 on pages 68-69 of this report.

- ♦ **Long-Term Debt** - At the end of the current fiscal year, the City had a total of Governmental Activities long term debt outstanding of \$9.1 million, a net decrease of \$0.4 million compared from prior year due to decrease of principle and a modest increase in compensated absences. The outstanding debt of \$9.1 million consists of \$6.85 million for the 2005 Refunding COP bonds that 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 and the balance of \$112,689 represents capital lease still owed.

Long Term Debt from Fiduciary Funds has a balance of \$30.1 million from the 2010 Tax Allocation Refunding Bond to provide funds to refund the 1999 Tax Allocation Bonds.

	Balance			Balance June 30, 2014	Due within one year	Due in more than one year
	June 30, 2013	Additions	Deletions			
Governmental Activities						
2005 Refunding Certificates of Participation	\$ 7,275,000	\$ -	\$ (430,000)	\$ 6,845,000	\$ 450,000	\$ 6,395,000
Capital Lease Obligations	219,791	-	(107,102)	112,689	-	112,689
Compensated Absences	1,987,299	976,807	(869,137)	2,094,969	706,728	1,388,241
Total Government Activities	9,482,090	976,807	(1,406,239)	9,052,658	1,156,728	7,895,930
Fiduciary Funds						
Tax Allocation Bonds	31,145,000	-	(1,085,000)	30,060,000	1,070,000	28,990,000
Less: Bond discount	(644,887)	-	26,870	(618,017)	-	(618,017)
	30,500,113	-	(1,058,130)	29,441,983	1,070,000	28,371,983
Total	\$ 39,982,203	\$ 976,807	\$ (2,464,369)	\$ 38,494,641	\$ 2,226,728	\$ 36,267,913

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 8 on pages 70-72 of this report.

Economic Factors and Next Year's Budget

Many factors from previous years continue to impact the next fiscal year, both positively and negatively. On the positive side, three new businesses (Marshalls, Joanne's and Famous Footwear) opened the beginning of FY 2014. The City held the first annual Petroglyph festival in November 2014, which brought in thousands of tourists. Sales tax and TOT increases, will not be known until February 2015, but is expected to be 20% higher than previous years. TAB funds were released in December 2013 of \$24.9 million to be used for economic development and construction projects in FY 2014-15; Measure L continues to bring in an additional \$2.5 million annually, which will come back to voters in 2017 for renewal. FY 2014-15 sales tax is trending 30% higher than previous year, along with Transient Occupancy Tax (TOT) is expected to make marginal gains.

On the negative side, the Wastewater Loan to refund in-lieu franchise fees plunged the 2012 General Fund balance to \$-4.2 million, which the City is closely monitoring the fiscal position to steadily increase the General Fund to a positive balance within the next five years. The second repayment of the FY 2012-13 RDA pass-thru of \$294,071 will be taken in FY 2014-15 and final payment will be in FY 2015-16. Of the \$24.9 million in TAB funding, the State of California is disallowing \$6.0 million. The City has paid the State \$3.0 million and will hold the remaining contested \$3.0 million held in tax-exempt bonds. The City is in litigation or preparing for litigation with the State of California Department of Finance for the \$6.0 million. Although this is a negative, the City has set aside the funds if the City does not prevail in both lawsuits.

Overall, the economy has stabilized and is expected to make modest gains. Fiscal year 2015 budget assumed conservative revenue estimates along with controlled appropriations to ensure increased fund balance annually. The City is continually reviewing increased revenue opportunities in new grants and fees, along with reviewing efficiencies in order to cut cost. The City Council receives monthly reports on projected year-end balance to ensure the City's financial position continues to strengthen. Strategies are being implemented in fiscal year 2015 to improve fund balance in order to bolster reserves in the general fund. New hires after December 31, 2012 who are not currently in the public pension system will be enrolled in substantially lower pension benefit and will be required to pay at least 50% of the pension cost. This reform may have a minimal savings in the current budget but there will be substantial savings in the long term.

The State of California has legally taken away the redevelopment assets and revenue from every city in the State, has significantly changed the revenue sources, and has required the City to look for other revenue options with a significant focus on economic development. The passage of Measure L has significantly mitigated the effects on Police and Streets, but if the ¾ sales tax is not renewed in 2017, the City may once again have to look at cutting the services for the City of Ridgecrest.

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 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, 2014

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Basic Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Government-Wide Financial Statements



City of Ridgecrest
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 6,355,335	\$ 11,831,309	\$ 18,186,644
Cash and investments with fiscal agent	751,356	-	751,356
Receivables:			
Accounts	784,252	862,854	1,647,106
Taxes	1,135,902	-	1,135,902
Interest	2,340	6,267	8,607
Deposits	10,241	-	10,241
Due from fiduciary fund	56,345	-	56,345
Internal balances	(3,986,021)	3,986,021	-
Inventories	21,700	-	21,700
Total current assets	<u>5,131,450</u>	<u>16,686,451</u>	<u>21,817,901</u>
Noncurrent assets:			
Advances to Fiduciary Fund	6,034,159	2,704,615	8,738,774
Loans receivable	267,908	-	267,908
Capital assets:			
Nondepreciable	5,731,073	1,684,466	7,415,539
Depreciable, net	35,612,886	13,896,650	49,509,536
Total capital assets, net	41,343,959	15,581,116	56,925,075
Net OPEB asset	36,156	-	36,156
Total noncurrent assets	<u>47,682,182</u>	<u>18,285,731</u>	<u>65,967,913</u>
Total assets	<u>52,813,632</u>	<u>34,972,182</u>	<u>87,785,814</u>

City of Ridgecrest
Statement of Net Position (Continued)
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	1,212,109	77,351	1,289,460
Interest payable	101,430	-	101,430
Salaries payable	179,783	22,999	202,782
Other payroll deductions payable	347,943	-	347,943
Deposits payable	90,989	-	90,989
Unearned revenue	27,730	1,229,951	1,257,681
Claims payable - due within one year	587,343	-	587,343
Compensated absences - due within one year	706,728	-	706,728
Long-term debt - due within one year	450,000	-	450,000
Total current liabilities	<u>3,704,055</u>	<u>1,330,301</u>	<u>5,034,356</u>
Long-term liabilities:			
Claims payable	910,345	-	910,345
Compensated absences - due in more than one year	1,388,241	-	1,388,241
Long-term debt - due in more than one year	6,507,689	-	6,507,689
Total long-term liabilities	<u>8,806,275</u>	<u>-</u>	<u>8,806,275</u>
Total liabilities	<u>12,510,330</u>	<u>1,330,301</u>	<u>13,840,631</u>
NET POSTION			
Net investment in capital assets	<u>34,386,270</u>	<u>15,581,116</u>	<u>49,967,386</u>
Restricted for:			
Special projects	156,372	-	156,372
Debt service	6,785,515	-	6,785,515
Capital projects	3,192,605	-	3,192,605
Other purpose	583,654	-	583,654
Total restricted	<u>10,718,146</u>	<u>-</u>	<u>10,718,146</u>
Unrestricted	<u>(4,801,114)</u>	<u>18,060,765</u>	<u>13,259,651</u>
Total net position	<u>\$ 40,303,302</u>	<u>\$ 33,641,881</u>	<u>\$ 73,945,183</u>

City of Ridgecrest
Statement of Activities
For the fiscal year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 2,393,838	\$ 326,982	\$ 157	\$ -	\$ 327,139
Public safety	7,833,984	186,170	642,494	10,455	839,119
Public works	2,413,076	223,811	7,816	-	231,627
Community development	703,912	-	1,331,660	-	1,331,660
Transportation	2,097,999	13,970	-	374,206	388,176
Health	5,270	-	-	-	-
Culture and leisure	1,756,316	292,439	-	-	292,439
Interest on long-term debt	319,028	-	-	-	-
Total governmental activities	17,523,423	1,043,372	1,982,127	384,661	3,410,160
Business-Type activities:					
TDA transit	868,224	273,698	179,094	-	452,792
Wastewater improvement	1,519,731	2,650,298	80,774	-	2,731,072
Total business-type activities	2,387,955	2,923,996	259,868	-	3,183,864
Total primary government	\$ 19,911,378	\$ 3,967,368	\$ 2,241,995	\$ 384,661	\$ 6,594,024

City of Ridgecrest
Statement of Activities (Continued)
For the fiscal year ended June 30, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (2,066,699)	\$ -	\$ (2,066,699)
Public safety	(6,994,865)	-	(6,994,865)
Public works	(2,181,449)	-	(2,181,449)
Community development	627,748	-	627,748
Transportation	(1,709,823)	-	(1,709,823)
Health	(5,270)	-	(5,270)
Culture and leisure	(1,463,877)	-	(1,463,877)
Interest on long-term debt	(319,028)	-	(319,028)
Total governmental activities	(14,113,263)	-	(14,113,263)
Business-Type activities:			
TDA transit	-	(415,432)	(415,432)
Wastewater improvement	-	1,211,341	1,211,341
Total business-type activities	-	795,909	795,909
Total primary government	(14,113,263)	795,909	(13,317,354)
General revenues:			
Taxes:			
Property taxes	1,967,098	-	1,967,098
Sales taxes	5,314,304	-	5,314,304
Transient occupancy tax	1,150,741	-	1,150,741
Franchise tax	682,692	-	682,692
Special assessments	74,113	-	74,113
Vehicle in lieu tax	12,187	614,050	626,237
Total taxes	9,201,135	614,050	9,815,185
Investment earnings	20,619	41,852	62,471
Miscellaneous	396,063	9,969	406,032
Revenues from Fiduciary Fund	2,278,026	-	2,278,026
Transfers	263,539	(263,539)	-
Total general revenues and transfers	12,159,382	402,332	12,561,714
Change in net position	(1,953,881)	1,198,241	(755,640)
Net position - beginning of year	42,257,183	32,443,640	74,700,823
Net position - end of year	\$ 40,303,302	\$ 33,641,881	\$ 73,945,183

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Fund Financial Statements

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



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Governmental Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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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.

State Gas Tax Special Revenue Fund - This fund is used to account for the City's share of state gas tax revenue restricted for street improvement and maintenance.

City Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the debt.

Capital Improvements - This fund is used to account for financial resources to be used for acquisition, construction and improvement of the city's major capital facilities.

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, 2014**

	Major Funds					Total Governmental Funds
	General Fund	State Gas Tax Special Revenue Fund	City Debt Service Fund	Capital Improvements	Other Governmental Funds	
ASSETS						
Cash and investments	\$ 1,200,110	\$ 373,095	\$ -	\$ 894,762	\$ 2,720,164	\$ 5,188,131
Cash and investments with fiscal agent	-	-	751,356	-	-	751,356
Receivables:						
Accounts	182,495	-	-	126,622	475,135	784,252
Taxes	1,051,444	83,832	-	-	-	1,135,276
Interest	651	-	-	24	1,665	2,340
Loans	-	-	-	-	267,908	267,908
Due from fiduciary funds	56,345	-	-	-	-	56,345
Deposits	-	-	-	-	10,241	10,241
Inventories	996	-	-	-	-	996
Advances to Fiduciary Fund	-	-	6,034,159	-	-	6,034,159
Total assets	\$ 2,492,041	\$ 456,927	\$ 6,785,515	\$ 1,021,408	\$ 3,475,113	\$ 14,231,004
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 228,210	\$ 76,704	\$ -	\$ 833,535	\$ 8,034	\$ 1,146,483
Salaries payable	168,126	9,785	-	-	-	177,911
Other payroll deductions payable	347,943	-	-	-	-	347,943
Deposits payable	59,962	-	-	31,027	-	90,989
Unearned revenue	20,690	-	-	7,040	-	27,730
Advances from other funds	3,986,021	-	-	-	-	3,986,021
Total liabilities	4,810,952	86,489	-	871,602	8,034	5,777,077
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	267,908	267,908
Total deferred inflows of resources	-	-	-	-	267,908	267,908
Fund Balances:						
Nonspendable	996	-	6,034,159	-	-	6,035,155
Restricted	213,216	-	751,356	-	2,589,836	3,554,408
Committed	-	370,438	-	-	552,641	923,079
Assigned	-	-	-	149,806	56,694	206,500
Unassigned	(2,533,123)	-	-	-	-	(2,533,123)
Total fund balances	(2,318,911)	370,438	6,785,515	149,806	3,199,171	8,186,019
Total liabilities, deferred inflows of resources and fund balances	\$ 2,492,041	\$ 456,927	\$ 6,785,515	\$ 1,021,408	\$ 3,475,113	\$ 14,231,004

City of Ridgecrest
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2014

Total Fund Balances - Total Governmental Funds	<u>\$ 8,186,019</u>
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 Position	41,343,959
Less: amount reported in Internal Service Funds	<u>(19,557)</u>
	<u>41,324,402</u>
Net OPEB asset resulting from making OPEB contributions in excess of annual OPEB cost.	<u>36,156</u>
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	(706,728)
Compensated absences - due in more than one year	(1,388,241)
Long-term debt - due within one year	(450,000)
Long-term debt - due in more than one year	<u>(6,507,689)</u>
	<u>(9,052,658)</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.	<u>(101,430)</u>
Unavailable 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.	<u>267,908</u>
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>(357,095)</u>
Net Position of Governmental Activities	<u><u>\$ 40,303,302</u></u>

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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City of Ridgecrest
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	State Gas Tax Special Revenue Fund	City Debt Service Fund	Capital Improvements		
REVENUES:						
Taxes	\$ 9,404,971	\$ -	\$ -	\$ -	\$ 475,135	\$ 9,880,106
Intergovernmental	568,216	856,524	-	374,206	107,816	1,906,762
License and permits	200,393	-	-	-	56,387	256,780
Fines and forfeitures	70,523	-	-	13,970	-	84,493
Assessment levied	-	-	-	-	10,526	10,526
Use of money and property	229,804	271	-	270	14,837	245,182
Charges for services	389,830	-	-	-	-	389,830
Other revenues	376,897	7,000	-	-	19,365	403,262
Total revenues	11,240,634	863,795	-	388,446	684,066	13,176,941
EXPENDITURES:						
Current:						
General government	\$ 2,171,951	\$ -	\$ -	\$ -	\$ (1,340)	\$ 2,170,611
Public safety	7,264,984	248,184	-	-	-	7,513,168
Public works	298,633	-	2,500	91,631	-	392,764
Transportation	-	2,109,108	-	-	-	2,109,108
Community development	611,480	-	-	-	8,349	619,829
Culture and leisure	1,250,608	-	-	-	-	1,250,608
Capital outlay	-	-	-	1,963,373	-	1,963,373
Debt service:						
Principal	-	-	537,102	-	-	537,102
Interest	-	-	328,494	-	-	328,494
Total expenditures	11,597,656	2,357,292	868,096	2,055,004	7,009	16,885,057
REVENUES OVER (UNDER) EXPENDITURES	(357,022)	(1,493,497)	(868,096)	(1,666,558)	677,057	(3,708,116)
OTHER FINANCING SOURCES (USES):						
Transfers In	876,707	1,001,446	117,060	737,912	37,974	2,771,099
Transfers Out	(998,990)	(334,393)	-	-	(1,011,447)	(2,344,830)
Transfers from Successor Agency	350,000	952,682	321,036	654,308	-	2,278,026
Total other financing sources (uses)	227,717	1,619,735	438,096	1,392,220	(973,473)	2,704,295
Net changes in fund balances	(129,305)	126,238	(430,000)	(274,338)	(296,416)	(1,003,821)
FUND BALANCES:						
Beginning of year	(2,189,606)	244,200	7,215,515	424,144	3,495,587	9,189,840
End of year	<u>\$ (2,318,911)</u>	<u>\$ 370,438</u>	<u>\$ 6,785,515</u>	<u>\$ 149,806</u>	<u>\$ 3,199,171</u>	<u>\$ 8,186,019</u>

City of Ridgecrest
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ (1,003,821)
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, 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.	2,256,416
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 \$43,948 reported in Internal Service Funds).	(3,280,012)
The net effect of OPEB contributions in excess of annual OPEB cost was to increase net position.	187
Compensated absences were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in governmental funds.	(107,670)
The repayment of debt principal consumes the current financial resources of governmental funds; however, it has no effect on net position.	537,102
Interest expense on long-term debt was reported in the government-wide Statement of Activities, 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.	9,466
Revenues in the Statement of Activities that did not provide current financial resources were not reported as revenues in the governmental funds.	(151,372)
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.	<u>(214,177)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (1,953,881)</u></u>

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Proprietary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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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.

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 Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 886,896	\$ 10,944,413	\$ 11,831,309	\$ 1,167,204
Receivables:				
Accounts	720,273	142,581	862,854	-
Interest	480	5,787	6,267	-
Inventories	-	-	-	20,704
Total current assets	1,607,649	11,092,781	12,700,430	1,187,908
Noncurrent assets:				
Advances to other funds	-	3,986,021	3,986,021	-
Advances to Fiduciary Fund	-	2,704,615	2,704,615	-
Capital assets:				
Non-depreciable	70,249	1,614,217	1,684,466	-
Depreciable	1,089,616	24,673,902	25,763,518	412,893
Less: accumulated depreciation	(612,722)	(11,254,146)	(11,866,868)	(393,336)
Total capital assets	547,143	15,033,973	15,581,116	19,557
Total noncurrent assets	547,143	21,724,609	22,271,752	19,557
Total assets	2,154,792	32,817,390	34,972,182	1,207,465
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 4,801	\$ 72,550	77,351	65,626
Salaries payable	11,252	11,747	22,999	1,872
Unearned revenue	1,229,951	-	1,229,951	-
Claims payable - due within one year	-	-	-	587,343
Total current liabilities	1,246,004	84,297	1,330,301	654,841
Noncurrent liabilities:				
Claims payable - due in more than one year	-	-	-	910,345
Total noncurrent liabilities	-	-	-	910,345
Total liabilities	1,246,004	84,297	1,330,301	1,565,186
NET POSITION				
Net investment in capital assets	547,143	15,033,973	15,581,116	19,557
Unrestricted (deficit)	361,645	17,699,120	18,060,765	(376,652)
Total net position	\$ 908,788	\$ 32,733,093	\$ 33,641,881	\$ (357,095)

City of Ridgecrest
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
OPERATING REVENUES:				
Charges for services	\$ 273,698	\$ 2,650,298	\$ 2,923,996	\$ 750,574
Other revenue	-	9,969	9,969	851,621
Total operating revenues	<u>273,698</u>	<u>2,660,267</u>	<u>2,933,965</u>	<u>1,602,195</u>
OPERATING EXPENSES:				
Transportation	745,518	-	745,518	-
Health	-	1,067,344	1,067,344	-
Administration	-	-	-	1,612,061
Depreciation	122,706	452,387	575,093	43,989
Total operating expenses	<u>868,224</u>	<u>1,519,731</u>	<u>2,387,955</u>	<u>1,656,050</u>
OPERATING INCOME (LOSS)	<u>(594,526)</u>	<u>1,140,536</u>	<u>546,010</u>	<u>(53,855)</u>
NONOPERATING REVENUES:				
Taxes	614,050	-	614,050	-
Intergovernmental	179,094	80,774	259,868	-
Use of money and property	-	41,852	41,852	2,408
Total nonoperating revenues	<u>793,144</u>	<u>122,626</u>	<u>915,770</u>	<u>2,408</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>198,618</u>	<u>1,263,162</u>	<u>1,461,780</u>	<u>(51,447)</u>
TRANSFERS:				
Transfers in	-	-	-	550,074
Transfers out	(131,578)	(131,961)	(263,539)	(712,804)
Total transfers	<u>(131,578)</u>	<u>(131,961)</u>	<u>(263,539)</u>	<u>(162,730)</u>
Changes in net position	67,040	1,131,201	1,198,241	(214,177)
NET POSITION:				
Beginning of year	841,748	31,601,892	32,443,640	(142,918)
End of year	<u>\$ 908,788</u>	<u>\$ 32,733,093</u>	<u>\$ 33,641,881</u>	<u>\$ (357,095)</u>

City of Ridgecrest
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 4,695	\$ 2,551,769	\$ 2,556,464	\$ 752,974
Payments to suppliers or employees for goods and services	(738,715)	(1,009,687)	(1,748,402)	(867,149)
Insurance premiums and settlements or insurance recovery	-	-	-	(773,738)
Others	-	9,969	9,969	851,621
Net cash provided by (used in) operating activities	(734,020)	1,552,051	818,031	(36,292)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Taxes	614,050	-	614,050	-
Intergovernmental	179,094	80,774	259,868	-
Transfers in	-	-	-	550,074
Transfers out	(131,578)	(131,961)	(263,539)	(712,804)
Net cash provided by (used in) noncapital financing activities	661,566	(51,187)	610,379	(162,730)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(89,422)	(12,392)	(101,814)	-
Cash received from repayment of advances	-	132,319	132,319	-
Net cash provided by (used in) capital and related financing activities	(89,422)	119,927	30,505	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	(44)	39,821	39,777	2,290
Net cash provided by (used in) investing activities	(44)	39,821	39,777	2,290
Net increase (decrease) in cash and cash equivalents	(161,920)	1,660,612	1,498,692	(196,732)
CASH AND CASH EQUIVALENT:				
Beginning of year	1,048,816	9,283,801	10,332,617	1,363,936
End of year	<u>\$ 886,896</u>	<u>\$ 10,944,413</u>	<u>\$ 11,831,309</u>	<u>\$ 1,167,204</u>

City of Ridgecrest
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds		Total	Governmental Activities -
	T.D.A. Transit	Wastewater Improvement		Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (594,526)	\$ 1,140,536	\$ 546,010	\$ (53,855)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	122,706	452,387	575,093	43,989
Changes in current assets and liabilities:				
Accounts receivable	(338,022)	(98,529)	(436,551)	2,400
Prepaid items	6,500	-	6,500	-
Inventories	-	-	-	1,584
Accounts payable	623	57,846	58,469	15,310
Salaries payable	(320)	(189)	(509)	(131)
Claims payable	-	-	-	(45,589)
Unearned revenue	69,019	-	69,019	-
Total adjustments	<u>(139,494)</u>	<u>411,515</u>	<u>272,021</u>	<u>17,563</u>
Net cash provided by (used in) operating activities	<u>\$ (734,020)</u>	<u>\$ 1,552,051</u>	<u>\$ 818,031</u>	<u>\$ (36,292)</u>

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Fiduciary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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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 and to account for activities of the Successor Agency to the dissolved Ridgecrest Redevelopment Agency.

Agency Funds

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

City of Ridgecrest
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments	\$ 21,852,589	\$ 448,716
Cash and investments with fiscal agents	2,873,084	-
Accounts receivable	-	-
Loans receivable	3,050,978	-
Interest receivable	12,479	272
Capital assets:		
Non-depreciable	2,202,440	-
Depreciable, net	2,406,318	-
Total assets	<u>32,397,888</u>	<u>\$ 448,988</u>
LIABILITIES		
Due to City of Ridgecrest	-	\$ 56,345
Due to bondholders	-	392,643
Accounts payable	2,744	-
Deposits payable	2,000	-
Advances from City of Ridgecrest	8,738,774	-
Bonds payable	29,441,983	-
Total liabilities	<u>38,185,501</u>	<u>\$ 448,988</u>
NET POSITION		
Net Position (Deficit):		
Held in trust for Successor Agency to Ridgecrest Redevelopment Agency	(5,787,710)	
Held in trust for Senior Donation	97	
Total net position (deficit)	<u>\$ (5,787,613)</u>	

City of Ridgecrest
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Taxes	\$ 4,954,851
Intergovernmental	-
Revenue from use of money and property	61,609
Other revenue	3,688
Total additions	<u>5,020,148</u>
DEDUCTIONS:	
Community development	4,384,651
Depreciation expense	287,839
Interest expense	1,825,955
Transfers to City of Ridgecrest (Note 6)	2,278,026
Total deductions	<u>8,776,471</u>
Change in fiduciary net position	(3,756,323)
NET POSITION:	
Beginning of year, as restated (Note 15)	<u>(2,031,290)</u>
End of year	<u><u>\$ (5,787,613)</u></u>

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Notes to Basic Financial Statements



City of Ridgecrest
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Reporting Entity and Summary of Significant Accounting Policies	53
2	Cash and Investments	60
3	Loans Program	63
4	Interfund Balances and Transactions	65
5	Advances to Fiduciary Fund	67
6	Transfers from Fiduciary Fund	68
7	Capital Assets	68
8	Long-term Obligations	70
9	Risk Management	72
10	Public Employee Retirement System	74
11	Other Postemployment Benefits	76
12	Other Required Disclosures	78
13	Classification of Fund Balances	79
14	Commitments and Contingencies	80

City of Ridgecrest
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

Note 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:

Ridgecrest Housing Authority (the “Housing Authority”) – The Housing Authority was formed on January 11, 2012 to develop or acquire and subsequently operate rental housing projects within the City. The members of the City Council act as the governing board of the Housing Authority. The Housing Authority does not issue separate financial statements.

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 units provided services entirely to the City. The activities of the Housing Authority are included in the special revenue fund.

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.

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

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

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 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 position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

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

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

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

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. (In the statement of activities, 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:

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

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 position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. 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.

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.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Revenues are recognized as soon as they are both “measurable” and “available”. Revenues are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

The reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences.

Governmental funds of the City are outlined below:

General Fund – This fund accounts for all revenues and expenditures 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.

State Gas Tax Special Revenue Fund – This fund is used to account for the City's share of state gas tax revenue restricted for street improvement and maintenance.

City Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the debt.

Capital Improvement Fund – This fund is used to account for financial resources to be used for acquisition, construction and improvement of the city's major capital facilities.

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 position, a statement of revenues, expenses and changes in net position, and a statement of cash flows for each major proprietary fund.

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

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

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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.

Internal Service Funds – The City has three internal service funds. 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. 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. Lastly, the Fleet Maintenance Fund is used to account for the cost of maintenance of the motor vehicles, heavy and light equipment and equipment replacements.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. 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 1) donations received and held by the City as an agent for individuals, developers, private organizations and other governmental agencies and 2) activities of the Successor Agency to the Ridgecrest Redevelopment Agency (the “Successor Agency”). 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.

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investment (Continued)

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.

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 for infrastructure reporting.

F. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial 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 expensed in the period when incurred.

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 position.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

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 90 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, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Net Position

For government-wide and proprietary fund financial statements, net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When expenses are incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position 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 imposed by the formal action of the government's highest level of decision making authority normally through resolutions, etc., and that remain binding unless rescinded or modified 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. On June 1, 2011, the City Council adopted Resolution 11-36 adopting the fund balance policy authorizing the Finance Director to make the determination.

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, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

L. Accounting Changes

GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This Statement became effective for periods beginning after December 15, 2012.

GASB has issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The requirements of this statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This statement became effective for periods beginning after December 15, 2012 and did not have a significant impact on the City’s financial statements for year ended June 30, 2014.

GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The requirements of this statement enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This statement also enhances the information disclosed about a government’s obligations and risk exposure from extending nonexchange financial guarantees. This statement also augments the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. This statement became effective for period beginning after June 15, 2013 and did not have a significant impact on the City’s financial statements for the year ended June 30, 2014.

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2014:

	Primary Government			Fiduciary	
	Governmental Activities	Business-type Activities	Total	Funds	Total
Cash and investments	\$ 6,355,335	\$ 11,831,309	\$ 18,186,644	\$ 22,301,305	\$ 40,487,949
Cash and investments with fiscal agent	751,356	-	751,356	2,873,084	3,624,440
Total	\$ 7,106,691	\$ 11,831,309	\$ 18,938,000	\$ 25,174,389	\$ 44,112,389

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Cash and Investments (Continued)

Cash, cash equivalents, and investment, excluding investments with fiscal agents, consisted of the following at June 30, 2014:

Cash and cash equivalents:	
Petty cash	\$ 1,620
Demand deposits	635,799
Investments:	
Local Agency Investment Fund	39,850,501
Money market funds	2,873,113
U.S. Agencies	751,356
Total	<u><u>\$ 44,112,389</u></u>

A. Cash Deposits

The carrying amounts of the City's demand deposits were \$635,799 at June 30, 2014. Bank balances were \$1,732,882 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; however, the City has not waived the collateralization requirements.

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.

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.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Cash and Investments (Continued)

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, 2014 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, 2014, the City had \$39,849,362 invested in LAIF, which had invested 1.86% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

D. Risk Disclosures

Disclosures Relating to 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 and cash equivalent:		
Petty cash	\$ 1,620	\$ 1,620
Demand deposits	635,799	635,799
Investments:		
Local Agency Investment Fund	39,850,501	39,850,501
Money market funds	2,873,113	2,873,113
U.S. Agencies	751,356	751,356
Total	\$ 44,112,389	\$ 44,112,389

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Disclosures Relating to 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.

	<u>Amount</u>	<u>Credit Quality Ratings</u>	
		<u>Moody's</u>	<u>Standard & Poor's</u>
Investments:			
Local Agency Investment Fund	\$ 39,850,501	Not Rated	Not Rated
Money market funds	2,873,113	Not Rated	Not Rated
U.S. Agencies	751,356	Not Rated	Not Rated
Total	\$ 43,474,970		

Disclosures Relating to 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.

Note 3 – Loan Program

A. Governmental Activities

At June 30, 2014, the outstanding balance of the City loan program is as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Loans receivables:				
Women's shelter	\$ 4,609	\$ -	\$ (2,252)	\$ 2,357
High Desert loans	275,086	-	(9,535)	265,551
Total	\$ 279,695	\$ -	\$ (11,787)	\$ 267,908

Women’s Shelter

In 2005 the former Ridgecrest Redevelopment Agency sold a tract of land to the Women’s Center High Desert Inc. for \$15,000 to build their new transitional housing facility. The payment terms is for ten years at 5% interest per annum. As of June 30, 2014 the loan balance is \$2,357.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 3 – Loan Program (Continued)

B. Governmental Activities (Continued)

High Desert Loans

The City entered into a loan agreement with High Desert Haven in the amount of \$375,000 on October 5, 2001. The purpose of the loan was for the construction and operation of twenty-six unit senior assisted housing. The loan is to be paid over thirty years and bears interest of the 3% compounded annually.

C. Fiduciary Fund Financial Statements

At June 30, 2014, the outstanding balance of the Fiduciary Activities loans receivable is as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Loans receivables:				
AMG Ridgecrest Pacific				
Associates	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Globe Project	50,978	-	-	50,978
Total	<u>\$ 3,050,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,050,978</u>

The Ridgecrest Redevelopment Agency (RRA) prior to its dissolution gave Ridgecrest Pacific Associates a development loan in the amount of \$3 million to build the Ridgecrest Senior Apartments, a 32 unit apartment complex on 4.6 acres of land located at southwest corner of Downs Street and Church Avenue. The payment term for this loan is fifty five (55) years from the date of the promissory note and shall bear simple interest at the rate of four percent (4%) per annum. The payment due and payable is equal to sixty percent (60%) of the Residual Receipts until all principal and interest owing under the Promissory Note has been paid in full. In addition, and as further consideration for the loan, Ridgecrest Pacific shall pay to the agency after repayment of the principal and interest, 20% of Cash Flow from operation of the Project. Payments towards the loan shall be applied first to costs and fees owing under the promissory note, then to accrued interest, and finally to any principal owing under the promissory note.

The Globe Project loan was to purchase the first deed of trust owned by Mojave Desert Bank on a Globe Project property that the Ridgecrest Redevelopment Agency has a second deed of trust. Globe Project is in delinquent status and Mojave Desert Bank was about to foreclose the property. In order to protect its investment on this property, RRA loaned Globe Protect and purchased the first deed of trust for \$50,978. The payment term for this loan is seven (7) years at 3% per annum. This loan is currently in default but is secured by a property located at 2559 N. EL Prado, Ridgecrest, CA. However the property is currently in probate.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 4 – Interfund Transactions

A. Due To and From Other Funds

At June 30, 2014, the City had the following short-term interfund receivables and payables to cover cash shortfalls:

		Due from other funds	
		General Fund	Total
Due to other funds	Agency Funds	\$ 56,345	\$ 56,345
	Total	\$ 56,345	\$ 56,345

The loans to the Agency Funds were made to cover their temporary cash shortfalls in order to make bond payments.

B. Advances To and From Other Funds

In 2013, the General Fund entered into loan agreement with Wastewater Improvement Enterprise Fund in the amount of \$4,250,000. The loan is to be repaid over 30 years at 0.5% interest rate per year. This loan is for paying back the franchise fees the Wastewater Fund had paid General Fund from fiscal years ended June 30, 2006 through 2012. At June 30, 2014, the outstanding balance of the agreement was \$3,986,021.

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 132,980	\$ 19,930	\$ 152,910
2016	133,645	19,265	152,910
2017	134,313	18,597	152,910
2018	134,985	17,925	152,910
2019	135,660	17,250	152,910
2020-2024	688,542	76,010	764,552
2025-2029	705,928	58,623	764,551
2030-2034	723,754	40,798	764,552
2035-2039	742,030	22,522	764,552
2040-2042	454,184	4,549	458,733
Total	\$ 3,986,021	\$ 295,469	\$ 4,281,490

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 4 – Interfund Transactions (Continued)

C. Transfers

At June 30, 2014, the City had the following transfers:

		Transfers Out						Total
		State Gas Tax		Non-major Governmental	TDA Transit Enterprise	Wastewater Improvement Enterprise		
		General Fund	Special Revenue Fund	Funds	Fund	Funds	Funds	Funds
Transfers In	General Fund	\$ -	\$ 334,393	\$ 116,045	\$ 131,578	\$ 131,961	\$ 162,730	\$ 876,707
	State Gas Tax Fund	426,157	-	575,289	-	-	-	1,001,446
	City Debt Service Fund	117,060	-	-	-	-	-	117,060
	Capital Improvements	417,799	-	320,113	-	-	-	737,912
	Non-major							
	Governmental Funds	37,974	-	-	-	-	-	37,974
	Internal Service Funds	-	-	-	-	-	550,074	550,074
Total	\$ 998,990	\$ 334,393	\$ 1,011,447	\$ 131,578	\$ 131,961	\$ 712,804	\$ 5,599,199	

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:

The transfers from General Fund to other funds and their purposes are as follows: 1) \$426,157 to Gas Tax Fund for Measure L funding of streets maintenance; 2) \$117,060 to City Debt Service Fund for payment of the loans that financed the City Hall re-roofing and HVAC replacement; 3) \$417,799 to Capital Improvement Fund for Measure L funding of several street construction projects; 4) \$37,974 to non-major Special Projects Fund for the housing element project.

The transfer from the State Gas Tax special revenue fund to the General Fund for \$334,393 is for overhead allocations.

The transfers from Non-major governmental funds to the other funds and their purposes are as follows: 1) \$116,045 to General Fund was comprised of \$100,120 to cover public safety funding per AB 3229 and \$15,925 to cover the initial costs of two capital projects; 2) \$575,289 to the State Gas Tax special revenue fund for TDA Article 4 funding of street maintenance; 3) \$320,113 to the Capital Improvements Fund for funding of four street construction projects;

Transit Enterprise Fund transfers to the General Fund for a total of \$131,578 are for administrative overhead allocation.

Wastewater Improvement Enterprise Fund transfers to the General Fund for a total of \$131,961 are for administrative overhead allocation.

Internal Service Funds transfers to General Fund for \$162,073 are for administrative overhead allocation. While the transfer of \$550,074 to other Internal Service Funds is to pay workers compensation claims for the year.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 5 – Advances to Fiduciary Fund

At June 30, 2014, the City had advanced the Fiduciary Fund \$8,738,774.

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. On February 1, 2012, the outstanding balance was transferred to the Successor Agency due to the dissolution of the Agency. At June 30, 2014, the outstanding balance of the agreement was \$6,034,159. Payment of the loan is done annually. It is reduced by the principal portion of the lease payment of the dissolved Agency towards the 2005 Refunding Certificates of Participation.

On June 19, 2002, the Wastewater Improvement Enterprise Fund loaned the 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. On February 1, 2012, the outstanding balance was transferred to the Successor Agency due to the dissolution of the Agency. At June 30, 2014, the outstanding balance of the agreement was \$200,000.

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 200,000	\$ 20,000	\$ 220,000
Total	\$ 200,000	\$ 20,000	\$ 220,000

On June 16, 2010, per resolution 10-49, the City Council and Agency Board 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 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. On February 1, 2012, the outstanding balance was transferred to the Successor Agency due to the dissolution of the Agency. At June 30, 2014, the outstanding balance of the agreement was \$2,504,615.

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,873,769	\$ 643,401	\$ 2,517,170
2016	630,846	3,154	634,000
Total	\$ 2,504,615	\$ 646,555	\$ 3,151,170

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 6 – Transfers from Fiduciary Fund

During the year ended June 30, 2014, the Successor Agency made the following transfers: 1) \$250,000 to the City’s General Fund for the administrative allowance for the Redevelopment Agency dissolution and \$100,000 for the 2010 Tax Allocation Bond funding of the Chamber of Commerce; 2) \$321,036 to the City’s Debt Service Fund to cover the preparation cost of the 2005 COP arbitrage analysis and its fiscal agent fees and the lease payment to cover the interest payment to the 2005 Certificate of Participation Bonds; 3) \$654,308 to the Capital Projects Fund for the 2010 TAB funding of several street construction projects; and 4) \$952,682 to the State Gas Tax Fund for the 2010 TAB funding of streets micro-paving projects. The total transferred was \$2,278,026 and was reviewed and approved by the California Department of Finance through ROPS.

Note 7 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for governmental activities for the year ended June 30, 2014 is as follows:

	Balance				Balance
	July 1, 2013	Additions	Deletions	Reclassifications	June 30, 2014
Nondepreciable assets:					
Land	\$ 1,897,870	\$ -	\$ -	\$ -	\$ 1,897,870
Construction in progress	3,787,393	1,935,850	-	(1,890,040)	3,833,203
Total nondepreciable assets	5,685,263	1,935,850	-	(1,890,040)	5,731,073
Depreciable assets					
Building and improvements	5,869,754	-	-	8,580	5,878,334
Machinery and equipment	6,220,021	224,492	-	(8,580)	6,435,933
Infrastructure	104,001,463	96,074	-	1,890,040	105,987,577
Subtotal	116,091,238	320,566	-	1,890,040	118,301,844
Less accumulated depreciation					
Building and improvements	(1,765,469)	(222,914)	-	-	(1,988,383)
Machinery and equipment	(5,183,733)	(325,138)	-	-	(5,508,871)
Infrastructure	(72,415,756)	(2,775,949)	-	-	(75,191,705)
Subtotal	(79,364,958)	(3,324,001)	-	-	(82,688,959)
Total depreciable assets, net	36,726,280	(3,003,435)	-	1,890,040	35,612,885
Total	\$ 42,411,543	\$ (1,067,585)	\$ -	\$ -	\$ 41,343,958

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2014 are as follows:

General government	\$ 190,346
Public safety	185,307
Public works	2,303,893
Community development	101,774
Culture and leisure	498,691
Internal service fund	43,989
Total depreciation expense	\$ 3,324,000

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 7 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital assets for business-type activities for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Deletions	Reclassifications	Balance June 30, 2014
Nondepreciable assets:					
Land	\$ 1,614,217	\$ -	\$ -	\$ -	\$ 1,614,217
Construction in progress	28,160	70,249	-	(28,160)	70,249
Total nondepreciable assets	1,642,377	70,249	-	(28,160)	1,684,466
Depreciable assets					
Building and improvements	2,751,008	-	-	554,872	3,305,880
Machinery and equipment	4,075,185	31,565	-	(526,712)	3,580,038
Infrastructure	18,877,601	-	-	-	18,877,601
Subtotal	25,703,794	31,565	-	28,160	25,763,519
Less accumulated depreciation					
Building and improvements	(1,381,730)	(258,949)	-	405,258	(1,235,421)
Machinery and equipment	(2,598,140)	(203,390)	-	43,897	(2,757,633)
Infrastructure	(7,311,906)	(112,754)	-	(449,155)	(7,873,815)
Subtotal	(11,291,776)	(575,093)	-	-	(11,866,869)
Total depreciable assets, net	14,412,018	(543,528)	-	28,160	13,896,650
Total	\$ 16,054,395	\$ (473,279)	\$ -	\$ -	\$ 15,581,116

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2014 are as follows:

T.D.A. Transit	\$ 122,706
Wastewater Improvement	452,387
Total depreciation expense	\$ 575,093

D. Fiduciary Funds

Summary of changes in capital assets for business-type activities for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Nondepreciable assets:				
Land	\$ 2,202,440	\$ -	\$ -	\$ 2,202,440
Total nondepreciable assets	2,202,440	-	-	2,202,440
Depreciable assets				
Building and improvements	12,092,609	-	-	12,092,609
Subtotal	12,092,609	-	-	12,092,609
Less accumulated depreciation				
Building and improvements	(9,398,452)	(287,839)	-	(9,686,291)
Subtotal	(9,398,452)	(287,839)	-	(9,686,291)
Total depreciable assets, net	2,694,157	(287,839)	-	2,406,318
Total	\$ 4,896,597	\$ (287,839)	\$ -	\$ 4,608,758

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 8 – Long-term Obligations

A. Governmental Activities

Summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2014 is as follows:

	Balance			Balance June 30, 2014	Classification	
	July 1, 2013	Additions	Deletions		Due within One Year	Due in more than One Year
Governmental Activities:						
2005 Refunding Certificates of Participation	\$ 7,275,000	\$ -	\$ (430,000)	\$ 6,845,000	\$ 450,000	\$ 6,395,000
Capital lease	219,791	-	(107,102)	112,689	-	112,689
Compensated absences	1,987,299	976,807	(869,137)	2,094,969	706,728	1,388,241
Total governmental activities	\$ 9,482,090	\$ 976,807	\$ (1,406,239)	\$ 9,052,658	\$ 1,156,728	\$ 7,895,930

2005 Refunding Certificates of Participation

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

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

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 450,000	\$ 297,036	\$ 747,036
2016	470,000	279,036	749,036
2017	485,000	260,236	745,236
2018	510,000	240,351	750,351
2019	525,000	218,931	743,931
2020-2024	3,010,000	727,831	3,737,831
2025-2026	1,395,000	94,725	1,489,725
TOTAL	\$ 6,845,000	\$ 2,118,148	\$ 8,963,148

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 8 – Long-term Obligations (Continued)

A. Governmental Activities

Capital Lease Obligations

The City entered into various capital lease agreements for cooling/heating system and other assets during the fiscal years ended June 30 2002 and 2006. The leases have been classified as capital lease obligations. The gross amount of assets acquired under capital leases is \$1,288,183. The debt requirements due under the terms of all the leases are as follows:

Year Ending June 30,	
2015	\$ 117,060
Total minimum lease payments	117,060
Less amount representing interest	4,371
Present value of lease payments	\$ 112,689

Compensated Absences

Compensated absences at June 30, 2014, amounted to \$2,094,969. 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.

B. Fiduciary Funds

Summary of changes in long-term liabilities for the fiduciary funds for the year ended June 30, 2014 is as follows:

	Balance			Balance June 30, 2014	Classification	
	July 1, 2013	Additions	Deletions		Due within One Year	Due in more than One Year
2010 Tax Allocation Refunding Bonds	\$ 31,145,000	-	\$ (1,085,000)	30,060,000	1,070,000	28,990,000
Bond discount	(644,887)	-	26,870	(618,017)	-	(618,017)
Total Tax Allocation Bonds	\$ 30,500,113	\$ -	\$ (1,058,130)	\$ 29,441,983	\$ 1,070,000	\$ 28,371,983

2010 Tax Allocation Refunding Bond

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.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 8 – Long-term Obligations (Continued)

B. Fiduciary Funds (Continued)

2010 Tax Allocation Refunding Bond

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. Bonds and related deferred cost of issuance and bond discount outstanding at January 31, 2012 were \$33,375,000, \$247,999 and \$683,042, respectively, and were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the Agency. Total principal and interest remaining on the bond is \$59,898,635 at June 30, 2013 payable through 2037.

The annual requirements to amortize the bonds outstanding at June 30, 2014, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,070,000	1,751,393	\$ 2,821,393
2016	1,055,000	1,711,268	2,766,268
2017	1,055,000	1,658,518	2,713,518
2018	1,050,000	1,605,768	2,655,768
2019	1,050,000	1,550,643	2,600,643
2020-2024	5,165,000	6,906,798	12,071,798
2025-2029	6,545,000	5,362,444	11,907,444
2030-2034	7,995,000	3,073,381	11,068,381
2035-2037	5,075,000	631,894	5,706,894
TOTAL	\$ 30,060,000	\$ 24,252,106	\$ 54,312,106

Note 9 – 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 254 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.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Risk Management (Continued)

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.

The workers' compensation and general liability claims payable of \$1,497,688 reported at June 30, 2014. Of the total claims payable, \$846,077 is due within the next fiscal year. 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	Current Year		Balance at
	Fiscal Year	Claims and	Claim	Fiscal Year
	Liability	Changes in	Payments	End
	Liability	Estimates	Payments	End
2011-2012	\$ 1,667,224	\$ 151,531	\$ (993,890)	\$ 824,865
2012-2013	824,865	1,368,882	(650,471)	1,543,277
2013-2014	1,543,277	541,754	(587,343)	1,497,688

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2013, is as follows:

Total assets	\$ 588,152,525
Total liabilities	\$ 469,537,129
Total equities	\$ 118,615,396
Total revenues	\$ 538,894,700
Total expenses	\$ 525,831,124
Expenses over revenues	\$ 13,063,576

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 10 – Public Employee Retirement System

Plan Description

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

Funding Policy

For fiscal year ended June 30, 2014, Safety and Miscellaneous plan participants were required to contribute 9% and 8% of their covered salary respectively. However due to multiyear bargaining agreement, the City paid for the required employee contribution for employees belonging to Local 8 bargaining unit for full fiscal year and for employees belonging to Police Employee Association of Ridgecrest (PEAR) bargaining from July 1, 2012 to August 14, 2012. On August 15, 2012 an amendment to PEAR labor agreement took effect whereby their members will pay the full amount of the required employee contribution in exchange to salary increase of 4.3% for sworn members and 6.8% for non-sworn members. On August 31, 2012 the California Legislature passed AB 340, the Public Employees’ Pension Reform Act of 2013 (PEPRA). As part of this reform, “new members” hired starting January 1, 2013 will have to pay their required employee contribution. Since their benefit level is much lower than the ‘classic members” their contribution rate is also lower. PEPRA defines “new member” as an employee hired on or after January 1, 2013 who falls into one of the following:

1. Has no prior membership in any California public retirement system,
2. Has prior membership with another California public retirement system that has no reciprocity with CalPERS; or
3. Has an established membership with CalPERS prior January 1, 2013 and is re-hired by a different CalPERS employer after a break in service of greater than six months.

The City paid \$85,838 for the required employee contributions for all the “classic” members of the Local 8 bargaining unit as required by their bargaining agreement for fiscal year 2014. All other employees belonging to other groups paid for their own employee required contribution.

The following table details the contribution rate for the City and its employees by bargaining unit as of June 30, 2014:

Bargaining Unit	Employee Contribution paid by City	Employee Contribution paid by Employee	New Hires as of January 1, 2013 - paid by Employee
Elected Officials - City Council Members	0.00%	8.00%	6.25%
Unrepresented - Management	0.00%	8.00%	6.25%
Unrepresented - Mid-Management	0.00%	8.00%	6.25%
Unrepresented - Confidential Employees	0.00%	8.00%	6.25%
UFCW Local 8 (RACE)	8.00%	0.00%	6.25%
Police Employee Association of Ridgecrest			
Sworn Members	0.00%	9.00%	11.50%
Non-sworn Members	0.00%	8.00%	6.25%

Additionally, the City is required to contribute at an actuarially determined rate applied to covered payroll. The rate for “classic members” for fiscal year 2014 is 18.226% for miscellaneous employees and 32.340% for safety employees. However, for employees hired on or after January 1, 2013 and classified as CalPERS “new members”, the rate is 6.25% for miscellaneous employees and 11.50% for safety employees. These rates are effective until June 30, 2015.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 10 – Public Employee Retirement System (Continued)

Annual Pension Cost

For the fiscal year ended June 30, 2014, the City’s annual pension cost was \$698,270 for miscellaneous employees and \$768,451 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, 2012, 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 3.55% to 14.45% depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments for both miscellaneous and safety employees. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of CalPERS 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 was 15 years for both miscellaneous and safety employees.

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

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	823,753	100%	-
6/30/2013	631,984	100%	-
6/30/2014	698,270	100%	-

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

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	759,773	100%	-
6/30/2013	706,150	100%	-
6/30/2014	768,451	100%	-

Funded Status of Plan – Miscellaneous and Safety Employees

As of the actuarial valuation date of June 30, 2013, the City’s miscellaneous and safety plans were 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, 2014

Note 11 – Other Postemployment Benefits

Plan Description

The City provides \$119 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. For calendar year 2015, the required employer contributions under the CalPERS Health plan will be \$122 per month. CalPERS adjusts this amount annually based on an inflation index.

Retired employees who have health coverage outside CALPERS do not get any premium reimbursement from the City with the exception of those who are members of the Police Employees Association of Ridgecrest ("PEAR"). For PEAR members who retired between the dates of March 17, 2005 and August 31, 2011, they are eligible for a reimbursement of up to \$100 per month for non-CalPERS health coverage. For those who retire starting September 1, 2011 and after, that monthly amount goes up to \$250.

Funding Policy

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. 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 and Net OPEB Obligation (Assets)

For fiscal year ended June 30, 2014, the City's annual OPEB cost was \$77,761. The City's annual required contribution (ARC) was \$77,948 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 following table shows the components of the City's Annual OPEB Cost for the year ended June 30, 2014, the amount actually contributed to the plan, and changes in the City's Net OPEB obligation (asset):

Annual Required Contribution (ARC)	\$	77,948
Interest on Net OPEB Obligation (Assets) @ 7.75%		(2,737)
Adjustment to ARC		2,550
Annual OPEB Cost		77,761
Contribution Made (ARC Inclusive of Benefit Payments)		(77,948)
(Increase) in Net OPEB Obligation (Assets)		(187)
Net OPEB Obligation (Assets) - Beginning of year		(35,969)
Net OPEB Obligation (Assets) - End of year	\$	(36,156)

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 11 – Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation (Assets) (Continued)

Below is the summary of the City’s OPEB cost and net OPEB obligation (asset):

	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage Contribution</u>	<u>Net OPEB Obligation (Asset)</u>
2011-2012	\$ 76,640	\$ 76,990	100.5%	\$ (350)
2012-2013	80,767	81,120	100.4%	(703)
2013-2014	77,761	77,948	100.2%	(890)

Actuarial Methods and Assumptions

The ARC was determined as part of the June 30, 2013, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.61% investment rate of return (net of administrative expenses), (b) 7.61% discount rate, (c) projected annual salary increases range of 3.0%, (d) inflation rate of 2.8%, (e) CalPERS Assumption Model was used in determining the factor for pre-retirement turnover, pre-retirement mortality, post-retirement mortality and retirement age. Employee currently retired who have elected CalPERS medical coverage are assumed to continue coverage for their lifetime and the lifetime of their spouse if covered. 50% of future non-PEAR active employees are assumed to elect retiree health coverage at retirement. 100% of future PEAR retirees are assumed to elect retiree health coverage at retirement with 50% electing the \$250 reimbursement benefit over the CalPERS benefit. Of those electing coverage approximately 20% are assumed to elect coverage for their spouse. A female spouse is assumed to be 3 years younger than a male spouse. 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 4% 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 June 30, 2013 is assumed to be 24 years.

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 47% funded. The actuarial accrued liability for benefits was \$961,858, and the actuarial value of assets was \$449,520, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$512,338. The covered payroll (annual payroll for active employees covered by the plan) was \$5,189,000, and the ratio of the UAAL to the covered payroll was 9.87%.

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 12 – Other Required Disclosures

A. Deficit Fund Balances/Net Position

At June 30, 2014, the following funds had a fund balances (deficit) or unrestricted net position (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	\$ (2,318,911)
Human Resource and Risk Management	Internal Service Fund	(553,410)
RDA Retirement Obligation	Fiduciary Fund	(5,787,710)

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 13 – Classification of Fund Balances

	Major Funds				Other Governmental Funds	Total
	General Fund	State Gas Tax Fund	City Debt Service Fund	Capital Improvements		
Nonspendable:						
Inventory	\$ 996	\$ -	\$ -	\$ -	\$ -	\$ 996
Advances to Fiduciary Fund	-	-	6,034,159	-	-	6,034,159
Total nonspendable	996	-	6,034,159	-	-	6,035,155
Restricted:						
Asset seizure	42,661	-	-	-	-	42,661
Asset Seizure - drug/gang	11,561	-	-	-	-	11,561
DARE/CHAMPS car donations	2,951	-	-	-	-	2,951
Proposition 172	92,394	-	-	-	-	92,394
Spay & neuter donations	62,219	-	-	-	-	62,219
Freedom park donation	1,430	-	-	-	-	1,430
Measure L	-	-	-	-	-	-
Debt service	-	-	751,356	-	-	751,356
AB 3229	-	-	-	-	53	53
Grant operations	-	-	-	-	23,158	23,158
TCRF capital projects	-	-	-	-	74,714	74,714
Capital projects	-	-	-	-	545,145	545,145
Community partnership	-	-	-	-	1,946,766	1,946,766
Total restricted	213,216	-	751,356	-	2,589,836	3,554,408
Committed:						
Park development	-	-	-	-	16,476	16,476
Special Capital Projects	-	370,438	-	-	-	370,438
Substandard street improvement	-	-	-	-	536,165	536,165
Total committed	-	370,438	-	-	552,641	923,079
Assigned:						
Capital improvements	-	-	-	149,806	-	149,806
Landscaping & lighting district	-	-	-	-	18,941	18,941
Business park capital projects	-	-	-	-	37,753	37,753
Total assigned	-	-	-	149,806	56,694	206,500
Unassigned	(2,533,123)	-	-	-	-	(2,533,123)
Total Fund Balances	\$ (2,318,911)	\$ 370,438	\$ 6,785,515	\$ 149,806	\$ 3,199,171	\$ 8,186,019

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 14 – 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.

Note 15 – Prior Period Adjustment

The Successor Agency implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during fiscal year 2014. Bond issuance costs are recognized as an expense in the year they were incurred. Prior to the implementation, these items were deferred and amortized over the life of the existing debt. The Successor Agency also recognized revenues that had previously been deferred. The cumulative effect of applying GASB No. 65 has resulted in an increase to the net position at July 1, 2013 as follows:

	RDA Obligation Retirement
Net position at July 1, 2013	\$ (4,865,250)
Bond issuance costs	(224,515)
Deferred revenues	3,058,378
Net position at July 1, 2013, as restated	\$ (2,031,387)

Note 16 – Subsequent Events

GASB Statement No. 68, Accounting and Financial Reporting for Pension Plans

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pension Plans (an amendment of GASB Statement No. 27). This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures of pension plans. This statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Management is evaluating the impact of the adoption of this standard on the financial statements and believes that its impact, when adopted, may be substantial to the City. GASB Statement No. 68 will be implemented effective with the fiscal year 2014-2015 financial statements.

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Required Supplementary Information (Unaudited)



City of Ridgecrest
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2014

Note 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, 2014 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2015 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 (Unaudited) (Continued)
For the Year Ended June 30, 2014

Note 1 – Budgetary Information (Continued)

Budget Comparison Schedule - General Fund

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 8,808,127	\$ 9,408,127	\$ 9,404,971	\$ (3,156)
Intergovernmental	447,113	718,049	568,216	(149,833)
License and permits	163,400	163,400	200,393	36,993
Fines and forfeitures	59,300	59,300	70,523	11,223
Use of property and money	112,884	112,884	229,804	116,920
Charges for services	496,865	525,670	389,830	(135,840)
Other revenues	268,900	268,900	376,897	107,997
Total revenues	<u>10,356,589</u>	<u>11,256,330</u>	<u>11,240,634</u>	<u>(15,696)</u>
EXPENDITURES:				
Current:				
General government	1,945,729	2,150,940	2,171,951	(21,011)
Public safety	6,026,144	6,695,608	7,264,984	(569,376)
Public works	264,984	413,708	298,633	115,075
Transportation	730,448	872,943	-	872,943
Community development	67,000	70,155	611,480	(541,325)
Culture and leisure	1,331,909	1,471,439	1,250,608	220,831
Capital outlay	257,123	343,060	-	343,060
Total expenditures	<u>10,623,337</u>	<u>12,017,853</u>	<u>11,597,656</u>	<u>420,197</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(266,748)</u>	<u>(761,523)</u>	<u>(357,022)</u>	<u>404,501</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,085,444	1,169,714	876,707	(293,007)
Transfers Out	(882,388)	(1,637,925)	(998,990)	638,935
Transfers from Successor Agency	250,000	350,000	350,000	-
Total other financing sources (uses)	<u>453,056</u>	<u>(118,211)</u>	<u>227,717</u>	<u>345,928</u>
Net change in fund balances	<u>\$ 186,308</u>	<u>\$ (879,734)</u>	<u>(129,305)</u>	<u>\$ 750,429</u>
FUND BALANCES:				
Beginning of year			<u>(2,189,606)</u>	
End of year			<u>\$ (2,318,911)</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2014

Note 1 – Budgetary Information (Continued)

Budget Comparison Schedule – State Gas Tax Special Revenue Fund

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 595,000	\$ 595,000	\$ 856,524	\$ 261,524
Use of property and money	-	-	271	271
Other revenues	-	-	7,000	7,000
Total revenues	<u>595,000</u>	<u>595,000</u>	<u>863,795</u>	<u>268,795</u>
EXPENDITURES:				
Current:				
Public safety	240,000	240,000	248,184	(8,184)
Transportation	1,280,985	2,176,628	2,109,108	67,520
Total expenditures	<u>1,520,985</u>	<u>2,416,628</u>	<u>2,357,292</u>	<u>59,336</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>(925,985)</u>	<u>(1,821,628)</u>	<u>(1,493,497)</u>	<u>328,131</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,185,328	2,422,012	1,001,446	(1,420,566)
Transfers Out	(241,644)	(241,644)	(334,393)	(92,749)
Total other financing sources (uses)	<u>943,684</u>	<u>3,133,050</u>	<u>1,619,735</u>	<u>(1,513,315)</u>
Net change in fund balances	<u>\$ 17,699</u>	<u>\$ 1,311,422</u>	126,238	<u>\$ (1,185,184)</u>
FUND BALANCES:				
Beginning of year			<u>244,200</u>	
End of year			<u>\$ 370,438</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2014

Note 2 – Schedule of Funding Progress

A. Defined Benefits Pension Plan

As of the actuarial valuation date of June 30, 2012, 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

Actuarial Valuation Date	Actuarial Assets Valuation	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Accrued Liability as Percentage of Covered Payroll
6/30/2009	\$ 129,549	\$ 661,750	\$ 532,201	19.58%	\$ 6,063,000	8.78%
6/30/2011	318,724	917,842	599,118	34.73%	5,569,000	10.76%
6/30/2013	449,520	961,858	512,338	46.73%	5,189,000	9.87%

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Supplementary Information



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Non-Major Governmental Funds



**City of Ridgecrest
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014**

	Special Revenue Funds				
	Park Development	TDA Street Fund	Business Park	Supplemental Law Enforcement	Grant Operations
ASSETS					
Cash and investments	\$ 16,467	\$ -	\$ 37,733	\$ -	\$ 23,146
Receivables:					
Accounts	-	475,135	-	-	-
Interest	9	-	20	53	12
Loans	-	-	-	-	-
Deposits	-	-	-	-	-
Total assets	\$ 16,476	\$ 475,135	\$ 37,753	\$ 53	\$ 23,158
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Restricted	-	475,135	-	53	23,158
Committed	16,476	-	-	-	-
Assigned	-	-	37,753	-	-
Total fund balances	16,476	475,135	37,753	53	23,158
Total liabilities, deferred inflows of resources and fund balances	\$ 16,476	\$ 475,135	\$ 37,753	\$ 53	\$ 23,158

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2014

	Special Revenue Funds				
	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee	Park Development Impact Fee
ASSETS					
Cash and investments	\$ 74,675	\$ 38,380	\$ 171,106	\$ 393,342	\$ 240,753
Receivables:					
Accounts	-	-	-	-	-
Interest	39	20	90	385	127
Loans	-	-	-	-	-
Deposits	-	-	-	-	-
Total assets	\$ 74,714	\$ 38,400	\$ 171,196	\$ 393,727	\$ 240,880
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 8,034	\$ -	\$ -	\$ -
Total liabilities	-	8,034	-	-	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Restricted	74,714	30,366	171,196	393,727	240,880
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	74,714	30,366	171,196	393,727	240,880
Total liabilities, deferred inflows of resources and fund balances	\$ 74,714	\$ 38,400	\$ 171,196	\$ 393,727	\$ 240,880

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2014

	Special Revenue Funds				
	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant	Housing Authority	Landscaping and Lighting
ASSETS					
Cash and investments	\$ 108,115	\$ 1,032,246	\$ 138	\$ 39,485	\$ 18,931
Receivables:					
Accounts	-	-	-	-	-
Interest	57	545	-	21	10
Loans	-	-	-	267,908	-
Deposits	-	-	-	-	-
Total assets	\$ 108,172	\$ 1,032,791	\$ 138	\$ 307,414	\$ 18,941
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	267,908	-
Total deferred inflows of resources	-	-	-	267,908	-
Fund Balances:					
Restricted	108,172	1,032,791	138	39,506	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	18,941
Total fund balances	108,172	1,032,791	138	39,506	18,941
Total liabilities, deferred inflows of resources and fund balances	\$ 108,172	\$ 1,032,791	\$ 138	\$ 307,414	\$ 18,941

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2014

	Capital Projects Funds	Total Other Governmental Funds
	Sub-Standard Streets Improvements	
ASSETS		
Cash and investments	\$ 525,647	2,720,164
Receivables:		
Accounts	-	475,135
Interest	277	1,665
Loans	-	267,908
Deposits	10,241	10,241
Total assets	\$ 536,165	\$ 3,475,113
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 8,034
Total liabilities	-	8,034
Deferred Inflows of Resources:		
Unavailable revenue	-	267,908
Total deferred inflows of resources	-	267,908
Fund Balances:		
Restricted	-	2,589,836
Committed	536,165	552,641
Assigned	-	56,694
Total fund balances	536,165	3,199,171
Total liabilities, deferred inflows of resources and fund balances	\$ 536,165	\$ 3,475,113

(Concluded)

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds				
	Park Development	TDA Street Fund	Business Park	Supplemental Law Enforcement	Grant Operations
REVENUES:					
Taxes	\$ -	\$ 475,135	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	100,000	7,816
License and permits	-	-	-	-	-
Assessment levied	-	-	-	-	-
Use of money and property	34	289	78	133	49
Other revenues	-	-	-	-	-
Total revenues	<u>34</u>	<u>475,424</u>	<u>78</u>	<u>100,133</u>	<u>7,865</u>
EXPENDITURES:					
Current:					
General government	\$ -	\$ -	\$ -	\$ -	\$ 2,650
Community development	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,650</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>34</u>	<u>475,424</u>	<u>78</u>	<u>100,133</u>	<u>5,215</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	-	-	-
Transfers Out	-	(575,289)	-	(100,120)	-
Total other financing sources (uses)	<u>-</u>	<u>(575,289)</u>	<u>-</u>	<u>(100,120)</u>	<u>-</u>
Net changes in fund balances	34	(99,865)	78	13	5,215
FUND BALANCES:					
Beginning of year	16,442	575,000	37,675	40	17,943
End of year	<u>\$ 16,476</u>	<u>\$ 475,135</u>	<u>\$ 37,753</u>	<u>\$ 53</u>	<u>\$ 23,158</u>

(Continued)

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds				
	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee	Park Development Impact Fee
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
License and permits	-	-	4,649	17,227	8,164
Assessment levied	-	-	-	-	-
Use of money and property	152	21	347	1,481	487
Other revenues	-	-	-	-	-
Total revenues	<u>152</u>	<u>21</u>	<u>4,996</u>	<u>18,708</u>	<u>8,651</u>
EXPENDITURES:					
Current:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Community development	-	8,349	-	-	-
Total expenditures	<u>-</u>	<u>8,349</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>152</u>	<u>(8,328)</u>	<u>4,996</u>	<u>18,708</u>	<u>8,651</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	-	37,974	-	-	-
Transfers Out	-	-	-	(336,038)	-
Total other financing sources (uses)	<u>-</u>	<u>37,974</u>	<u>-</u>	<u>(336,038)</u>	<u>-</u>
Net changes in fund balances	152	29,646	4,996	(317,330)	8,651
FUND BALANCES:					
Beginning of year	74,562	720	166,200	711,057	232,229
End of year	<u>\$ 74,714</u>	<u>\$ 30,366</u>	<u>\$ 171,196</u>	<u>\$ 393,727</u>	<u>\$ 240,880</u>

(Continued)

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds				
	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant	Housing Authority	Landscaping And Lighting
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
License and permits	7,751	18,596	-	-	-
Assessment levied	-	-	-	-	10,526
Use of money and property	216	2,096	-	8,359	28
Other revenues	-	-	-	12,165	-
Total revenues	<u>7,967</u>	<u>20,692</u>	<u>-</u>	<u>20,524</u>	<u>10,554</u>
EXPENDITURES:					
Current:					
General government	\$ -	\$ -	\$ -	\$ -	\$ (3,990)
Community development	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,990)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>7,967</u>	<u>20,692</u>	<u>-</u>	<u>20,524</u>	<u>14,544</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	7,967	20,692	-	20,524	14,544
FUND BALANCES:					
Beginning of year	100,205	1,012,099	138	18,982	4,397
End of year	<u>\$ 108,172</u>	<u>\$ 1,032,791</u>	<u>\$ 138</u>	<u>\$ 39,506</u>	<u>\$ 18,941</u>

(Continued)

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds	Total Other Governmental Funds
	Sub-Standard Streets Improvements	
REVENUES:		
Taxes	\$ -	\$ 475,135
Intergovernmental	-	107,816
License and permits	-	56,387
Assessment levied	-	10,526
Use of money and property	1,067	14,837
Other revenues	7,200	19,365
Total revenues	8,267	684,066
EXPENDITURES:		
Current:		
General government	\$ -	(1,340)
Community development	-	8,349
Total expenditures	-	7,009
REVENUE OVER (UNDER) EXPENDITURES	8,267	677,057
OTHER FINANCING SOURCES (USES):		
Transfers In	-	37,974
Transfers Out	-	(1,011,447)
Total other financing sources (uses)	-	(973,473)
Net changes in fund balances	8,267	(296,416)
FUND BALANCES:		
Beginning of year	527,898	3,495,587
End of year	\$ 536,165	\$ 3,199,171

(Concluded)

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Park Development Fee - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 34	\$ 34
Total revenues	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	34	<u>\$ 34</u>
FUND BALANCE:				
Beginning of year			<u>16,442</u>	
End of year			<u>\$ 16,476</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
TDA Street Fund - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 575,000	\$ 575,000	\$ 475,135	\$ (99,865)
Use of money and property	-	-	289	289
Total revenues	<u>575,000</u>	<u>575,000</u>	<u>475,424</u>	<u>(99,576)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(575,000)	(575,000)	(575,289)	(289)
Total other financing sources (uses)	<u>(575,000)</u>	<u>(575,000)</u>	<u>(575,289)</u>	<u>(289)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(99,865)	<u>\$ (99,865)</u>
FUND BALANCE:				
Beginning of year			<u>575,000</u>	
End of year			<u>\$ 475,135</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Business Park - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 78	\$ 78
Total revenues	<u>-</u>	<u>-</u>	<u>78</u>	<u>78</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	78	<u>\$ 78</u>
FUND BALANCE:				
Beginning of year			<u>37,675</u>	
End of year			<u>\$ 37,753</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Supplemental Law Enforcement - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of property and money	-	-	133	133
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>100,133</u>	<u>133</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(100,000)	(100,120)	(120)
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,120)</u>	<u>(120)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	13	<u>\$ 13</u>
FUND BALANCE:				
Beginning of year			<u>40</u>	
End of year			<u>\$ 53</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Grant Operations - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 3,220	\$ 3,220	\$ 7,816	\$ 4,596
Use of property and money	-	-	49	49
Total revenues	<u>3,220</u>	<u>3,220</u>	<u>7,865</u>	<u>4,645</u>
EXPENDITURES:				
Current:				
General government	<u>2,800</u>	<u>2,800</u>	<u>2,650</u>	<u>150</u>
Total expenditures	<u>2,800</u>	<u>2,800</u>	<u>2,650</u>	<u>150</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 420</u>	<u>\$ 420</u>	5,215	<u>\$ 4,795</u>
FUND BALANCE:				
Beginning of year			<u>17,943</u>	
End of year			<u>\$ 23,158</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Traffic Congestion Relief - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 152	\$ 152
Total revenues	<u>-</u>	<u>-</u>	<u>152</u>	<u>152</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	152	<u>\$ 152</u>
FUND BALANCE:				
Beginning of year			<u>74,562</u>	
End of year			<u>\$ 74,714</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Special Projects - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 30,052	\$ 30,052	\$ -	\$ (30,052)
Use of property and money	-	-	21	21
Total revenues	<u>30,052</u>	<u>30,052</u>	<u>21</u>	<u>(30,031)</u>
EXPENDITURES:				
Current:				
Community development	30,052	44,249	8,349	35,900
Total expenditures	<u>30,052</u>	<u>44,249</u>	<u>8,349</u>	<u>35,900</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(14,197)</u>	<u>(8,328)</u>	<u>5,869</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	37,974	37,974	-
Total other financing sources (uses)	<u>-</u>	<u>37,974</u>	<u>37,974</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 23,777</u>	<u>29,646</u>	<u>\$ 5,869</u>
FUND BALANCE:				
Beginning of year			<u>720</u>	
End of year			<u>\$ 30,366</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Fire Facilities Improvements - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 4,649	\$ 4,649
Use of property and money	-	-	347	347
Total revenues	<u>-</u>	<u>-</u>	<u>4,996</u>	<u>4,996</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,996	<u>\$ 4,996</u>
FUND BALANCE:				
Beginning of year			<u>166,200</u>	
End of year			<u>\$ 171,196</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Traffic Impact Fee - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 17,227	\$ 17,227
Use of property and money	-	-	1,481	1,481
Total revenues	<u>-</u>	<u>-</u>	<u>18,708</u>	<u>18,708</u>
EXPENDITURES:				
Current:				
Transportation	8,300	8,300	-	8,300
Total expenditures	<u>8,300</u>	<u>8,300</u>	<u>-</u>	<u>8,300</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(8,300)</u>	<u>(8,300)</u>	<u>18,708</u>	<u>10,408</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(466,377)	(336,038)	130,339
Total other financing sources (uses)	<u>-</u>	<u>(466,377)</u>	<u>(336,038)</u>	<u>130,339</u>
Net change in fund balance	<u>\$ (8,300)</u>	<u>\$ (474,677)</u>	<u>(317,330)</u>	<u>\$ 8,300</u>
FUND BALANCE:				
Beginning of year			<u>711,057</u>	
End of year			<u>\$ 393,727</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Park Development Impact Fee - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 30,000	\$ 30,000	\$ 8,164	\$ (21,836)
Use of property and money	-	-	487	487
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>8,651</u>	<u>(21,349)</u>
Net change in fund balance	<u>\$ 30,000</u>	<u>\$ 30,000</u>	8,651	<u>\$ (21,349)</u>
FUND BALANCE:				
Beginning of year			<u>232,229</u>	
End of year			<u>\$ 240,880</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Law Enforcement Improvement Fee - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 7,751	\$ (12,249)
Use of property and money	100	100	216	116
Total revenues	<u>20,100</u>	<u>20,100</u>	<u>7,967</u>	<u>(12,133)</u>
Net change in fund balance	<u>\$ 20,100</u>	<u>\$ 20,100</u>	7,967	<u>\$ (12,133)</u>
FUND BALANCE:				
Beginning of year			<u>100,205</u>	
End of year			<u>\$ 108,172</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Storm Drainage Facilities - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 18,596	\$ 18,596
Use of property and money	400	400	2,096	1,696
Total revenues	<u>400</u>	<u>400</u>	<u>20,692</u>	<u>20,292</u>
Net change in fund balance	<u>\$ 400</u>	<u>\$ 400</u>	20,692	<u>\$ 20,292</u>
FUND BALANCE:				
Beginning of year			<u>1,012,099</u>	
End of year			<u>\$ 1,032,791</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Community Partnership Grant - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>138</u>	
End of year			<u>\$ 138</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Housing Authority - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 8,359	\$ 8,359
Other revenues	-	-	12,165	12,165
Total revenues	<u>-</u>	<u>-</u>	<u>20,524</u>	<u>20,524</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 20,524	 <u>\$ 20,524</u>
 FUND BALANCE:				
Beginning of year			<u>18,982</u>	
End of year			<u>\$ 39,506</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Landscaping and Lighting - Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ 10,538	\$ 10,538	\$ 10,526	\$ (12)
Other revenues	-	-	28	28
Total revenues	<u>10,538</u>	<u>10,538</u>	<u>10,554</u>	<u>16</u>
EXPENDITURES:				
Current:				
General government	-	(3,990)	(3,990)	-
Total expenditures	<u>-</u>	<u>(3,990)</u>	<u>(3,990)</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>10,538</u>	<u>14,528</u>	<u>14,544</u>	<u>16</u>
Net change in fund balance	<u>\$ 10,538</u>	<u>\$ 14,528</u>	<u>14,544</u>	<u>\$ 16</u>
FUND BALANCE:				
Beginning of year			<u>4,397</u>	
End of year			<u>\$ 18,941</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Sub-Standard Streets Improvements - Capital Projects Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 1,067	\$ 1,067
Other revenues	20,000	20,000	7,200	(12,800)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>8,267</u>	<u>(11,733)</u>
Net change in fund balance	<u>\$ 20,000</u>	<u>\$ 20,000</u>	8,267	<u>\$ (11,733)</u>
FUND BALANCE:				
Beginning of year			<u>527,898</u>	
End of year			<u>\$ 536,165</u>	

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Internal Service Funds



INTERNAL SERVICE FUND FINANCIAL STATEMENTS

Internal Service Funds of the City are outlined below:

Human Resources and Risk Management Fund - 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.

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

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

City of Ridgecrest
Combining Statement of Net Position
All Internal Service Funds
June 30, 2014

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
ASSETS				
Current assets:				
Cash and investments	\$ 945,193	\$ 48,649	\$ 173,362	\$ 1,167,204
Interest receivable	573	-	53	626
Inventories	-	-	20,704	20,704
Total current assets	<u>945,766</u>	<u>48,649</u>	<u>194,119</u>	<u>1,188,534</u>
Noncurrent assets:				
Capital assets:				
Depreciable	-	-	412,893	412,893
Less: accumulated depreciation	-	-	(393,336)	(393,336)
Total capital assets	<u>-</u>	<u>-</u>	<u>19,557</u>	<u>19,557</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>19,557</u>	<u>19,557</u>
Total assets	<u>945,766</u>	<u>48,649</u>	<u>213,676</u>	<u>1,208,091</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 1,430	\$ 48,649	\$ 15,547	65,626
Salaries payable	58	-	1,814	1,872
Claims payable - due within one year	587,343	-	-	587,343
Total current liabilities	<u>588,831</u>	<u>48,649</u>	<u>17,361</u>	<u>654,841</u>
Noncurrent liabilities:				
Claims payable - due in more than one year	910,345	-	-	910,345
Total noncurrent liabilities	<u>910,345</u>	<u>-</u>	<u>-</u>	<u>910,345</u>
Total liabilities	<u>1,499,176</u>	<u>48,649</u>	<u>17,361</u>	<u>1,565,186</u>
NET POSITION				
Net investment in capital assets	-	-	19,557	19,557
Unrestricted	(553,410)	-	176,758	(376,652)
Total net position	<u>\$ (553,410)</u>	<u>\$ -</u>	<u>\$ 196,315</u>	<u>\$ (357,095)</u>

City of Ridgecrest
Combining Statements of Revenues, Expenses and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2014

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
OPERATING REVENUES:				
Charges for services	\$ 315,483	\$ -	\$ 435,091	\$ 750,574
Other revenue	851,621	-	-	851,621
Total operating revenues	1,167,104	-	435,091	1,602,195
OPERATING EXPENSES:				
Administration	727,029	550,074	334,958	1,612,061
Depreciation	-	-	43,989	43,989
Total operating expenses	727,029	550,074	378,947	1,656,050
OPERATING INCOME (LOSS)	440,075	(550,074)	56,144	(53,855)
NONOPERATING REVENUES:				
Use of money and property	2,179	-	229	2,408
Total nonoperating revenues	2,179	-	229	2,408
INCOME (LOSS) BEFORE TRANSFERS	442,254	(550,074)	56,373	(51,447)
TRANSFERS:				
Transfers in	-	550,074	-	550,074
Transfers out	(656,660)	-	(56,144)	(712,804)
Total transfers	(656,660)	550,074	(56,144)	(162,730)
Changes in net position	(214,406)	-	229	(214,177)
NET POSITION:				
Beginning of year	(339,004)	-	196,086	(142,918)
End of year	<u>\$ (553,410)</u>	<u>\$ -</u>	<u>\$ 196,315</u>	<u>\$ (357,095)</u>

City of Ridgecrest
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2014

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from user departments	\$ 317,883	\$ -	\$ 435,091	\$ 752,974
Payments to suppliers or employees for goods and services	-	(528,432)	(338,717)	(867,149)
Insurance premiums and settlements and insurance recovery	(773,738)	-	-	(773,738)
Others	851,621	-	-	851,621
Net cash provided by (used in) operating activities	395,766	(528,432)	96,374	(36,292)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	550,074	-	550,074
Transfers out	(656,660)	-	(56,144)	(712,804)
Net cash provided by (used in) noncapital financing activities	(656,660)	550,074	(56,144)	(162,730)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	2,078	-	212	2,290
Net cash provided by investing activities	2,078	-	212	2,290
Net changes in cash and cash equivalents	(258,816)	21,642	40,442	(196,732)
CASH AND CASH EQUIVALENTS				
Beginning of year	1,204,009	27,007	132,920	1,363,936
End of year	\$ 945,193	\$ 48,649	\$ 173,362	\$ 1,167,204
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 440,075	\$ (550,074)	\$ 56,144	\$ (53,855)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	43,989	43,989
Changes in current assets and liabilities:				
Accounts receivable	2,400	-	-	2,400
Inventories	-	-	1,584	1,584
Accounts payable	825	21,642	(7,157)	15,310
Salaries payable	(1,945)	-	1,814	(131)
Claims payable	(45,589)	-	-	(45,589)
Total adjustments	(44,309)	21,642	40,230	17,563
Net cash provided by (used in) operating activities	\$ 395,766	\$ (528,432)	\$ 96,374	\$ (36,292)

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Fiduciary Funds



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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City of Ridgecrest
Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2014

	Private Purpose Trust Funds		Total
	Senior Donation	RDA Obligation Retirement	
ASSETS			
Cash and investments	\$ 97	\$ 21,852,492	\$ 21,852,589
Investments with fiscal agents	-	2,873,084	2,873,084
Accounts receivable	-	-	-
Interest receivable	-	12,479	12,479
Loans receivable	-	3,050,978	3,050,978
Capital assets:			
Non-depreciable	-	2,202,440	2,202,440
Depreciable, net	-	2,406,318	2,406,318
Total assets	<u>97</u>	<u>32,397,791</u>	<u>32,397,888</u>
LIABILITIES			
Salaries payable	\$ -	\$ 2,744	\$ 2,744
Deposits payable	-	2,000	2,000
Advances from City of Ridgecrest	-	8,738,774	8,738,774
Long-term debt	-	29,441,983	29,441,983
Total liabilities	<u>-</u>	<u>38,185,501</u>	<u>38,185,501</u>
NET POSITION			
Held in trust	<u>97</u>	<u>(5,787,710)</u>	<u>(5,787,613)</u>
Total net position	<u>\$ 97</u>	<u>\$ (5,787,710)</u>	<u>\$ (5,787,613)</u>

City of Ridgecrest
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the Year Ended June 30, 2014

	Private Purpose Trust Funds		Total
	Senior Donation	RDA Obligation Retirement	
ADDITIONS:			
Taxes	\$ -	\$ 4,954,851	\$ 4,954,851
Revenue from use of money and property	-	61,609	61,609
Other revenue	-	3,688	3,688
Total additions	<u>-</u>	<u>5,020,148</u>	<u>5,020,148</u>
DEDUCTIONS:			
Community development	-	4,384,651	4,384,651
Depreciation expense	-	287,839	287,839
Interest expense	-	1,825,955	1,825,955
Transfers to City of Ridgecrest (Note 6)	-	2,278,026	2,278,026
Total deductions	<u>-</u>	<u>8,776,471</u>	<u>8,776,471</u>
Changes in net position	-	(3,756,323)	(3,756,323)
NET POSITION:			
Beginning of year, as restated (Note 15)	<u>97</u>	<u>(2,031,387)</u>	<u>(2,031,290)</u>
End of year	<u>\$ 97</u>	<u>\$ (5,787,710)</u>	<u>\$ (5,787,613)</u>

City of Ridgecrest
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<u>ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 448,716	\$ -	\$ -	\$ 448,716
Interest receivable	272	-	-	272
Total assets	\$ 448,988	\$ -	\$ -	\$ 448,988
Liabilities:				
Due to City of Ridgecrest	\$ 56,345	\$ -	\$ -	\$ 56,345
Due to bondholders - special assessment district	392,643	-	-	392,643
Total liabilities	\$ 448,988	\$ -	\$ -	\$ 448,988

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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CITY OF RIDGECREST - STATISTICAL SECTION

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

CONTENTS	PAGE
Financial Trends - These schedules contain trend information to help the reader understand how the City of Ridgecrest's financial performance and well being have changed over time	
1 Net Position by Component	128-129
2 Changes in Net Position	130-133
3 Fund Balances of Governmental Funds	134-135
4 Changes in Fund Balances of Governmental Funds	136-137
Revenue Capacity - These schedules contain information to help the reader assess the City of Ridgecrest's most significant local revenue source, the property tax.	
5 Governmental Activities Tax Revenues by Source	138
6 Assessed Value of Taxable Property	139-140
7 Direct and Overlapping Property Tax Rates	141
8 Top Ten Principal Property Taxpayers	142
9 Property Tax Levies and Collections	143
Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	
10 Ratios of Outstanding Debt by Type	144
11 Ratios of General Bonded Debt Outstanding	145
12 Direct and Overlapping Governmental Activities Debt	146
13 Legal Debt Margin Information	147-148
14 Pledged Revenue Coverage	149
Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
15 Demographic and Economic Statistics	150
16 Principal Employers	151
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
17 Full Time Equivalent City Government Employees by Function/Program	152
18 Operating Indicators by Function/Program	153-154
19 Capital Asset Statistics by Function/Program	155

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 Position by Component
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 34,386,270	\$ 35,668,108	\$ 35,805,602	\$ 8,428,496	\$ 31,515,820
Restricted	10,718,146	2,614,715	2,730,315	36,879,459	25,130,907
Unrestricted	(4,801,114)	3,974,360	2,126,223	11,269,841	(220,511)
Total governmental activities net position	<u>40,303,302</u>	<u>42,257,183</u>	<u>40,662,140</u>	<u>56,577,796</u>	<u>56,426,216</u>
Business type activities					
Invested in capital assets, net of related debt	15,581,116	16,054,395	16,378,348	16,045,080	16,522,152
Restricted	-	-	-	-	-
Unrestricted	18,060,765	16,389,245	15,849,625	9,755,416	11,109,512
Total business type activities net assets	<u>33,641,881</u>	<u>32,443,640</u>	<u>32,227,973</u>	<u>25,800,496</u>	<u>27,631,664</u>
Primary government					
Invested in capital assets, net of related debt	49,967,386	51,722,503	52,183,950	24,473,576	48,037,972
Restricted	10,718,146	2,614,715	2,730,315	36,879,459	25,130,907
Unrestricted	13,259,651	20,363,605	17,975,848	21,025,257	10,889,001
Total primary government net position	<u>\$ 73,945,183</u>	<u>\$ 74,700,823</u>	<u>\$ 72,890,113</u>	<u>\$ 82,378,292</u>	<u>\$ 84,057,880</u>

City of Ridgecrest
Schedule 1
Net Position by Component
Last Ten Fiscal Years (accrual basis of accounting) (Continued)

	Fiscal Years				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 32,676,918	\$ 34,321,803	\$ 36,151,924	\$ 36,723,055	\$ 38,924,688
Restricted	23,615,054	18,483,103	12,758,127	9,423,134	6,582,149
Unrestricted	798,741	2,858,388	2,914,754	3,210,134	1,657,163
Total governmental activities net position	<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>
Business type activities					
Invested in capital assets, net of related debt	16,979,238	17,259,625	17,439,700	16,761,833	16,045,165
Restricted	-	-	-	-	-
Unrestricted	11,807,479	11,511,303	13,002,769	12,279,782	12,271,560
Total business type activities net assets	<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>
Primary government					
Invested in capital assets, net of related debt	49,656,156	51,581,428	53,591,624	53,484,888	54,969,853
Restricted	23,615,054	18,483,103	12,758,127	9,423,134	6,582,149
Unrestricted	12,606,220	14,369,691	15,917,523	15,489,916	13,928,723
Total primary government net position	<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>

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

	Fiscal Years				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenses					
Governmental activities:					
General government	\$ 2,393,838	\$ 1,818,304	\$ 1,876,073	\$ 110,641	\$ 822,032
Public safety	7,833,984	7,161,993	6,683,638	7,990,857	7,577,267
Public works	2,413,076	2,787,797	2,758,511	3,041,354	319,912
Transportation	2,097,999	753,762	1,005,682	1,677,918	3,590,557
Community development	703,912	1,178,359	4,963,100	3,394,765	6,214,074
Health	5,270	76,939	-	63,565	23,813
Culture and leisure	1,756,316	1,745,953	1,648,072	2,088,659	2,087,149
Interest and fiscal agent fees	319,028	345,295	1,530,204	2,434,697	897,803
Total governmental activities expenses	<u>17,523,423</u>	<u>15,868,402</u>	<u>20,465,280</u>	<u>20,802,455</u>	<u>21,532,607</u>
Business type activities:					
TDA Transit	868,224	887,416	619,971	589,224	661,514
Wastewater	1,519,731	1,558,143	1,485,273	2,606,452	2,167,812
Solid Waste Collection	-	38,905	161,257	699,218	850,423
Total business type activities expenses	<u>2,387,955</u>	<u>2,484,464</u>	<u>2,266,501</u>	<u>3,894,894</u>	<u>3,679,749</u>
Total primary government expenses	<u>\$ 19,911,378</u>	<u>\$ 18,352,866</u>	<u>\$ 22,731,781</u>	<u>\$ 24,697,349</u>	<u>\$ 25,212,356</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	326,982	192,539	195,656	184,130	173,352
Public safety	186,170	304,361	298,244	310,398	391,308
Public works	223,811	25,000	-	-	-
Transportation	13,970	230	-	-	70
Community development	-	357,550	225,504	517,003	739,191
Health	-	-	41,754	-	-
Culture and leisure	292,439	326,930	425,213	475,348	500,996
Operating grants and contributions	1,982,127	1,979,447	1,622,484	1,885,581	1,253,997
Capital grants and contributions	384,661	2,332,772	1,057,999	998,583	939,616
Total governmental activities program revenues	<u>3,410,160</u>	<u>5,518,829</u>	<u>3,866,854</u>	<u>4,371,043</u>	<u>3,998,530</u>
Business type activities:					
Charges for services:					
TDA Transit	273,698	346,509	212,819	213,410	254,543
Wastewater	2,650,298	1,814,935	2,019,185	1,911,187	1,765,195
Solid Waste Collection	-	-	820	29,158	76,532
Operating grants and contributions	259,868	225,974	1,597,115	131,539	97,657
Capital grants and contributions	-	-	-	-	-
Total business type activities program revenues	<u>3,183,864</u>	<u>2,387,418</u>	<u>3,829,939</u>	<u>2,285,294</u>	<u>2,193,927</u>
Total primary government program revenues	<u>\$ 6,594,024</u>	<u>\$ 7,906,247</u>	<u>\$ 7,696,793</u>	<u>\$ 6,656,337</u>	<u>\$ 6,192,457</u>
Net (Expense)/Revenue					
Governmental activities	(14,113,263)	(10,349,573)	(16,598,426)	(16,431,412)	(17,534,077)
Business type activities	795,909	(97,046)	1,563,438	(1,609,600)	(1,485,822)
Total primary government net expense	<u>\$ (13,317,354)</u>	<u>\$ (10,446,619)</u>	<u>\$ (15,034,988)</u>	<u>\$ (18,041,012)</u>	<u>\$ (19,019,899)</u>

City of Ridgecrest
Schedule 2
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting) (Continued)

	Fiscal Years				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses					
Governmental activities:					
General government	\$ 639,444	\$ 1,968,944	\$ 1,248,003	\$ 1,788,039	\$ 3,633,285
Public safety	7,706,699	7,390,384	6,272,651	5,977,850	4,600,609
Public works	2,056,581	1,858,022	2,755,773	1,144,047	5,102
Transportation	2,559,837	2,460,727	847,028	1,491,230	3,202,007
Community development	3,412,566	2,379,597	2,726,996	3,010,805	1,362,832
Health	92,882	174,055	1,135,383	897,909	45,893
Culture and leisure	2,428,923	2,425,245	2,062,233	1,661,169	1,473,004
Interest and fiscal agent fees	927,854	973,731	927,572	2,176,002	1,265,420
Total governmental activities expenses	<u>19,824,786</u>	<u>19,630,705</u>	<u>17,975,640</u>	<u>18,147,051</u>	<u>15,588,152</u>
Business type activities:					
TDA Transit	789,718	714,560	664,494	657,291	519,590
Wastewater	2,117,372	2,922,903	1,322,303	1,877,549	1,006,344
Solid Waste Collection	-	-	-	-	-
Total business type activities expenses	<u>2,907,090</u>	<u>3,637,463</u>	<u>1,986,797</u>	<u>2,534,840</u>	<u>1,525,934</u>
Total primary government expenses	<u>\$ 22,731,876</u>	<u>\$ 23,268,168</u>	<u>\$ 19,962,437</u>	<u>\$ 20,681,891</u>	<u>\$ 17,114,086</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	196,411	189,506	216,526	53,026	176,129
Public safety	371,973	340,599	265,239	210,805	216,577
Public works	-	-	-	-	-
Transportation	1,034	850	-	-	-
Community development	147,325	696,801	636,286	1,013,269	530,726
Health	-	-	25	-	49
Culture and leisure	484,910	462,904	417,666	404,028	419,679
Operating grants and contributions	1,384,420	1,112,823	890,959	763,657	684,679
Capital grants and contributions	766,742	1,474,279	1,277,771	432,633	387,562
Total governmental activities program revenues	<u>3,352,815</u>	<u>4,277,762</u>	<u>3,704,472</u>	<u>2,877,418</u>	<u>2,415,414</u>
Business type activities:					
Charges for services:					
TDA Transit	247,294	251,131	159,721	93,024	133,380
Wastewater	1,982,131	1,768,552	2,147,081	2,105,194	1,978,225
Solid Waste Collection	-	-	-	-	-
Operating grants and contributions	-	94,663	54,811	-	34,763
Capital grants and contributions	-	-	-	-	-
Total business type activities program revenues	<u>2,229,425</u>	<u>2,114,346</u>	<u>2,361,613</u>	<u>2,198,218</u>	<u>2,146,368</u>
Total primary government program revenues	<u>\$ 5,582,240</u>	<u>\$ 6,392,108</u>	<u>\$ 6,066,085</u>	<u>\$ 5,075,636</u>	<u>\$ 4,561,782</u>
Net (Expense)/Revenue					
Governmental activities	(16,471,971)	(15,352,943)	(14,271,168)	(15,269,633)	(13,172,738)
Business type activities	(677,665)	(1,523,117)	374,816	(336,622)	620,434
Total primary government net expense	<u>\$ (17,149,636)</u>	<u>\$ (16,876,060)</u>	<u>\$ (13,896,352)</u>	<u>\$ (15,606,255)</u>	<u>\$ (12,552,304)</u>

City of Ridgecrest
Schedule 2
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting) (Continued)

	Fiscal Years				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	1,967,098	3,284,155	6,252,553	9,616,160	10,044,411
Sales taxes	5,314,304	4,440,039	3,171,044	3,020,160	2,856,313
Transient occupancy taxes	1,150,741	1,094,855	1,151,215	1,144,883	1,411,903
Special assessments	74,113	170,658	292,654	-	-
Other taxes	694,879	720,671	573,695	1,771,046	1,838,583
Investment earnings	20,619	21,423	111,677	261,784	131,130
Miscellaneous	396,063	973,607	409,138	245,232	116,840
Gain (loss) on disposal of capital assets	-	-	-	-	-
Loss from dissolution of former RDA	-	-	(8,072,793)	-	-
Revenues from Fiduciary Fund	2,278,026	706,518	571,414	-	-
Transfers	263,539	532,690	(3,777,827)	523,727	470,400
Total governmental activities	<u>12,159,382</u>	<u>11,944,616</u>	<u>682,770</u>	<u>16,582,992</u>	<u>16,869,580</u>
Business type activities:					
Other taxes	614,050	768,613	890,633	248,368	665,449
Investment earnings	41,852	40,947	39,196	45,705	127,570
Miscellaneous	9,969	35,843	156,383	8,086	8,150
Capital Contribution	-	-	-	-	-
Transfers	(263,539)	(532,690)	3,777,827	(523,727)	(470,400)
Total business type activities	<u>402,332</u>	<u>312,713</u>	<u>4,864,039</u>	<u>(221,568)</u>	<u>330,769</u>
Total primary government	<u>\$ 12,561,714</u>	<u>\$ 12,257,329</u>	<u>\$ 5,546,809</u>	<u>\$ 16,361,424</u>	<u>\$ 17,200,349</u>
Change in Net Position					
Governmental activities	(1,953,881)	1,595,043	(15,915,656)	151,580	(664,497)
Business type activities	1,198,241	215,667	6,427,477	(1,831,168)	(1,155,053)
Total primary government	<u>\$ (755,640)</u>	<u>\$ 1,810,710</u>	<u>\$ (9,488,179)</u>	<u>\$ (1,679,588)</u>	<u>\$ (1,819,550)</u>

City of Ridgecrest
Schedule 2
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting) (Continued)

	Fiscal Years				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	9,915,676	9,573,705	8,621,750	6,520,691	4,452,522
Sales taxes	3,297,900	2,996,734	3,477,010	3,392,280	2,807,751
Transient occupancy taxes	1,347,063	1,168,986	999,839	886,816	875,808
Special assessments	-	-	-	-	1,738
Other taxes	1,613,908	2,520,571	1,797,384	2,121,018	2,143,638
Investment earnings	99,550	743,954	743,571	454,613	203,827
Miscellaneous	1,180,496	868,501	819,361	2,171,014	1,831,295
Gain (loss) on disposal of capital assets	-	-	-	809,326	-
Loss from dissolution of former RDA	-	-	-	-	-
Revenues from Fiduciary Fund	-	-	-	-	-
Transfers	444,799	1,318,981	280,735	401,031	1,051,811
Total governmental activities	<u>17,899,392</u>	<u>19,191,432</u>	<u>16,739,650</u>	<u>16,756,789</u>	<u>13,368,390</u>
Business type activities:					
Other taxes	776,431	563,141	614,994	718,734	586,019
Investment earnings	349,595	596,679	683,951	502,255	255,984
Miscellaneous	12,227	10,737	7,828	13,388	-
Capital Contribution	-	-	-	257,375	-
Transfers	(444,799)	(1,318,981)	(280,735)	(401,031)	(1,051,811)
Total business type activities	<u>693,454</u>	<u>(148,424)</u>	<u>1,026,038</u>	<u>1,090,721</u>	<u>(209,808)</u>
Total primary government	<u>\$ 18,592,846</u>	<u>\$ 19,043,008</u>	<u>\$ 17,765,688</u>	<u>\$ 17,847,510</u>	<u>\$ 13,158,582</u>
Change in Net Position					
Governmental activities	1,427,421	3,838,489	2,468,482	1,487,156	195,652
Business type activities	15,789	(1,671,541)	1,400,854	754,099	410,626
Total primary government	<u>\$ 1,443,210</u>	<u>\$ 2,166,948</u>	<u>\$ 3,869,336</u>	<u>\$ 2,241,255</u>	<u>\$ 606,278</u>

City of Ridgecrest
Schedule 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Years				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General fund					
Nonspendable	\$ 996	\$ 1,935	\$ -	\$ -	\$ -
Restricted	213,216	300,242	69,667	164,835	302,583
Committed	-	-			-
Assigned		-		375,678	-
Unassigned	(2,533,123)	(2,491,783)	(4,300,138)	(613,171)	236,708
Total general fund	<u>(2,318,911)</u>	<u>(2,189,606)</u>	<u>(4,230,471)</u>	<u>(72,658)</u>	<u>539,291</u>
All other governmental funds					
Nonspendable	6,034,159	6,464,159	6,874,159	-	
Restricted	3,341,192	3,065,829	3,412,004	44,735,139	11,019,602
Committed	923,079	544,340	527,029	30,421	
Assigned	206,500	466,216	274,695	4,208,621	
Unassigned	-	838,902	(339,858)	(164,741)	13,937,333
Total all other governmental fund	<u>\$ 10,504,930</u>	<u>\$ 11,379,446</u>	<u>\$ 10,748,029</u>	<u>\$ 48,809,440</u>	<u>\$ 24,956,935</u>
TOTAL FUND BALANCES	\$ 8,186,019	\$ 9,189,840	\$ 6,517,558	\$ 48,736,782	\$ 25,496,226

City of Ridgecrest
Schedule 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting) (Continued)

	Fiscal Years				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	665,322	465,103	619,360	305,836	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	903,897	1,124,552	1,587,568	2,359,373	2,344,973
Total general fund	<u>1,569,219</u>	<u>1,589,655</u>	<u>2,206,928</u>	<u>2,665,209</u>	<u>2,344,973</u>
All other governmental funds					
Nonspendable					
Restricted	11,158,572	11,121,284	11,361,910	13,184,361	-
Committed					
Assigned					
Unassigned	12,508,015	7,437,018	704,862	(5,434,237)	4,798,728
Total all other governmental fund	<u>\$ 23,666,587</u>	<u>\$ 18,558,302</u>	<u>\$ 12,066,772</u>	<u>\$ 7,750,124</u>	<u>\$ 4,798,728</u>
TOTAL FUND BALANCES	\$ 25,235,806	\$ 20,147,957	\$ 14,273,700	\$ 10,415,333	\$ 7,143,701

City of Ridgecrest
Schedule 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Years				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues					
Taxes	\$ 9,880,106	\$ 11,295,144	\$ 11,696,784	\$ 15,793,330	\$ 15,530,273
Intergovernmental	1,906,762	2,699,957	2,353,056	2,602,093	2,575,356
Licenses, permits and fees	256,780	361,759	506,334	721,502	986,291
Fines and forfeitures	84,493	115,390	77,254	87,534	131,851
Use of money and property	245,182	135,907	240,867	392,414	255,750
Charges for services	389,830	492,815	569,653	633,109	828,784
Assessment revenues	10,526	4,393	-	-	-
Transfers from Fiduciary Fund	2,278,026	706,518	571,414	-	-
Other revenue	403,262	990,033	369,651	226,512	127,332
Total revenues	15,454,967	16,801,916	16,385,013	20,456,494	20,435,637
Expenditures					
General Government	2,170,611	1,544,277	1,916,341	672,184	934,445
Public safety	7,513,168	6,230,447	6,872,186	7,190,421	7,302,660
Public works	392,764	165,284	376,341	466,230	323,167
Transportation	2,109,108	659,715	1,087,475	1,100,140	1,174,816
Community development	619,829	756,476	4,450,458	2,546,036	5,370,242
Health	-	-	-	-	205
Culture and leisure	1,250,608	1,557,343	1,604,073	1,847,674	1,899,143
Capital outlay	1,963,373	2,867,058	1,319,036	6,368,168	1,321,645
Debt service:					
Principal	537,102	534,190	534,418	7,901,849	1,109,695
Interest	328,494	354,312	1,356,477	2,410,055	900,785
Cost of Issuance	-	-	-	262,832	-
Total expenditures	16,885,057	14,669,102	19,516,805	30,765,589	20,336,803
Excess of revenues over (under) expenditures	(1,430,090)	2,132,814	(3,131,792)	(10,309,095)	98,834
Other financing sources (uses)					
Proceeds from capital lease	-	-	-	34,380,000	231,645
Bond discount	-	-	-	(725,259)	-
Transfers in	2,771,099	3,211,991	5,288,101	14,026,383	10,627,925
Transfers out	(2,344,830)	(2,672,523)	(8,137,761)	(14,131,473)	(10,697,985)
Total other financing sources (uses)	426,269	539,468	(2,849,660)	33,549,651	161,585
Net change in fund balances	\$ (1,003,821)	\$ 2,672,282	\$ (5,981,452)	\$ 23,240,556	\$ 260,419
Debt service as a percentage of non-capital expenditures	5.8%	7.5%	10.4%	42.3%	10.6%

City of Ridgecrest
Schedule 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting) (Continued)

	Fiscal Years				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues					
Taxes	\$ 16,223,465	\$ 16,313,383	\$ 14,137,641	\$ 12,247,901	\$ 8,725,616
Intergovernmental	2,111,122	2,309,609	1,783,935	1,917,323	2,626,347
Licenses, permits and fees	490,564	587,531	1,361,033	649,325	447,594
Fines and forfeitures	110,785	99,751	93,950	93,498	97,364
Use of money and property	422,410	673,407	640,658	464,460	274,229
Charges for services	656,543	816,897	786,753	923,449	773,345
Assessment revenues	-	-	4,520	26,427	1,738
Transfers from Fiduciary Fund					
Other revenue	850,061	1,033,309	1,148,125	12,874,961	901,769
Total revenues	<u>20,864,950</u>	<u>21,833,887</u>	<u>19,956,615</u>	<u>29,197,344</u>	<u>13,848,002</u>
Expenditures					
General Government	1,083,484	1,479,393	1,236,437	1,657,522	2,208,144
Public safety	7,248,370	6,972,804	5,921,981	5,752,857	4,287,023
Public works	2,056,584	897,772	1,217,673	594,434	286,716
Transportation	-	-	-	-	698,515
Community development	2,543,211	2,283,268	1,822,720	1,441,906	1,255,675
Health	61,417	156,948	1,105,735	873,806	27,683
Culture and leisure	2,184,997	2,095,579	1,899,677	1,815,338	1,311,110
Capital outlay	-	1,275,392	2,108,419	1,388,073	281,614
Debt service:					
Principal	1,065,747	1,075,690	1,069,235	10,361,445	844,167
Interest	932,768	978,031	1,053,156	1,731,348	1,270,947
Cost of Issuance				230,386	
Total expenditures	<u>17,176,578</u>	<u>17,214,877</u>	<u>17,435,033</u>	<u>25,847,115</u>	<u>12,471,594</u>
Excess of revenues over (under) expenditures	<u>3,688,372</u>	<u>4,619,010</u>	<u>2,521,582</u>	<u>3,350,229</u>	<u>1,376,408</u>
Other financing sources (uses)					
Proceeds from capital lease	-	-	527,626	-	-
Bond discount	-	-	-	(146,800)	-
Transfers in	10,114,766	8,591,148	4,969,572	6,728,624	5,914,392
Transfers out	(8,715,289)	(7,335,901)	(4,160,413)	(6,861,722)	(5,607,856)
Total other financing sources (uses)	<u>1,399,477</u>	<u>1,255,247</u>	<u>1,336,785</u>	<u>(279,898)</u>	<u>306,536</u>
Net change in fund balances	<u>\$ 5,087,849</u>	<u>\$ 5,874,257</u>	<u>\$ 3,858,367</u>	<u>\$ 3,070,331</u>	<u>\$ 1,682,944</u>
Debt service as a percentage of non-capital expenditures	11.6%	12.9%	13.8%	49.4%	17.4%

City of Ridgecrest
Schedule 5
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years (modified accrual basis of accounting)

Sources of Tax Revenues	Business <u>Licenses</u>	Franchise <u>Fees</u>³	Property <u>Tax</u>¹	Sales <u>Tax</u>⁴	Transient <u>Occupancy</u>	Gas <u>Tax</u>²	<u>TOTAL</u>
2013-2014	141,689	682,692	1,967,098	5,465,676	1,150,741	856,525	10,264,420
2012-2013	142,744	705,946	3,284,155	4,440,039	1,094,855	612,967	10,280,706
2011-2012	148,213	573,695	6,252,553	3,171,044	1,151,215	765,633	12,062,353
2010-2011	139,663	464,083	9,616,160	3,020,160	1,144,883	726,188	15,111,137
2009-2010	137,487	542,910	10,044,411	2,856,313	1,411,903	427,938	15,420,962
2008-2009	150,431	595,356	9,915,676	3,297,900	1,347,063	429,560	15,735,986
2007-2008	161,156	655,350	9,573,705	2,996,734	1,168,986	465,806	15,021,737
2006-2007	176,583	539,355	8,621,750	3,477,010	999,839	451,270	14,265,807
2005-2006	142,476	556,115	6,520,691	3,392,279	886,816	452,071	11,950,448
2004-2005	137,732	559,011	4,452,522	2,807,752	875,808	449,735	9,282,561

NOTES:

- 1) Property tax amounts include state reimbursement of homeowners property tax relief and real property transfer tax. Property tax for fiscal years 2012 and earlier included redevelopment tax increment.
- 2) Increase in Gas Tax from FY 2010 onward 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.
- 3) Franchise fees for fiscal year 2006 thru 2011 was adjusted to remove the waste water franchise fees that was refunded to the Waste Water Enterprise Fund per Resolution 11-73
- 4) The City passed "Measure L" allowing an additional increase of 0.75% in the local sale tax rate. This local measure becomes effective October 1, 2012 and will end on October 1, 2017

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

<u>CATEGORY</u>	<u>2014*</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Residential	1,069,793,922	1,073,678,607	1,107,100,892	1,078,999,165	1,108,999,868
Commercial	233,678,787	233,122,309	232,239,002	232,784,394	237,376,125
Industrial	18,100,825	18,635,376	18,661,585	18,532,812	17,843,091
Government	171,731	168,551	165,432	164,272	167,751
Institutional	11,683,412	19,549,674	8,442,440	8,534,530	8,540,128
Miscellaneous	157,926	154,830	237,022	235,252	240,526
Recreational	8,120,756	7,863,497	8,968,482	5,308,333	5,603,484
Vacant Land	59,944,917	63,789,381	73,750,197	72,475,273	75,024,042
SBE Non-Unitary	89,975	863,043	863,043	842,761	842,761
Unsecured	35,264,251	40,690,119	38,000,781	34,479,690	38,641,463
Exempt	(4,865,220)	(4,632,331)	(4,320,437)	(4,173,918)	(4,314,950)
Unknown	-	-	-	-	-
TOTALS	1,437,006,502	1,458,515,387	1,488,428,876	1,452,356,482	1,493,279,239
Total Direct Rate	0.06459%	0.68945%	0.69386%	0.68764%	0.69471%

NOTES:

Exempt values are not included in Total

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

* Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

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

<u>CATEGORY</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Residential	1,084,808,408	1,058,498,321	911,494,904	788,678,966	713,926,081
Commercial	205,319,656	179,110,827	174,032,874	157,444,654	143,927,504
Industrial	18,105,232	17,971,395	11,837,503	10,882,183	10,860,581
Government	161,605	128,221	146,152	136,999	132,341
Institutional	14,877,479	15,142,018	14,742,327	12,205,814	12,553,443
Miscellaneous	238,916	234,383	157,037	154,247	151,512
Recreational	5,000,813	4,698,128	4,642,201	4,721,225	4,484,762
Vacant Land	71,345,463	65,109,045	49,323,706	36,481,201	34,935,069
SBE Non-Unitary	842,761	842,761	842,761	842,761	842,761
Unsecured	38,435,738	29,790,351	29,827,806	27,176,839	28,626,497
Exempt	(4,173,979)	(4,178,993)	(1,069,989)	(984,427)	(988,262)
Unknown	543,791	662,290	544,550	533,877	394,287
TOTALS	1,439,679,862	1,372,187,740	1,196,521,832	1,039,258,766	950,834,838
Total Direct Rate	0.68679%	0.67270%	0.62767%	0.57120%	0.51486%

NOTES:

Exempt values are not included in Total

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

* Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

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					
City General Fund Direct Rates				RDA Incremental Rate ²	Total Direct Rate ⁵
City Share of 1%					
Year	Levy per Prop. 13	Debt Rate(s)	Total City Rates	1% + applicable voter approved debt	
2013-2014	0.05190%	0.00000%	0.05190%	-	0.06459%
2012-2013	0.05468%	0.00000%	0.05468%	-	0.68945%
2011-2012	0.05469%	0.00000%	0.05469%	1.00000%	0.69386%
2010-2011	0.05469%	0.00000%	0.05469%	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	0.05175%	0.00000%	0.05175%	1.00000%	0.67271%
2006-2007	0.05068%	0.00000%	0.05068%	1.00000%	0.62767%
2005-2006	0.05190%	0.00000%	0.05190%	1.00000%	0.57120%
2004-2005	0.05191%	0.00000%	0.05191%	1.00000%	0.51486%

10 Year Detail Breakdown of the Property Tax Dollar										
Agency	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2003-2004
City of Ridgecrest¹	0.05190	0.05468	0.05469	0.05469	0.05196	0.05196	0.05175	0.05068	0.05190	0.05191
Sierra Sands Child Dev	0.00509	0.00000	0.00509	0.00509	0.00509	0.00509	0.00000	0.00000	0.00509	0.00509
County Advertising	0.00069	0.00069	0.00070	0.00070	0.00070	0.00070	0.00070	0.00070	0.00070	0.00069
East Kern Res Con	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066
Education	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917
Education Revenue										
Augmentation Fund	0.12510	0.12712	0.12210	0.12211	0.12490	0.12490	0.12900	0.12989	0.12504	0.12504
Fire	0.10580	0.10580	0.10580	0.10580	0.10580	0.10580	0.10560	0.10577	0.10577	0.10577
Kern Community College	0.06770	0.06770	0.06770	0.06770	0.06770	0.06789	0.06770	0.06770	0.06770	0.06770
Kern County	0.14110	0.14140	0.14130	0.14130	0.14130	0.14130	0.14263	0.14263	0.14117	0.14117
Kern County Water Agency	0.00718	0.00718	0.00719	0.00718	0.00718	0.00719	0.00719	0.00719	0.00719	0.00719
Sierra Unified School	0.47561	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560
TOTAL PROP. 13 RATE⁴	1.00000									
Kern Community College	0.01264	0.00850	0.00906	0.01012	0.00940	0.00905	0.00804	0.00528	0.00963	0.01180
Sierra Sand Unified School District	0.06261	0.05698	0.05833	0.05688	0.05113	0.04077	0.04231	0.04209	0.00000	0.00000
Total Voter Approved Rate³	0.07525	0.06548	0.06739	0.06700	0.06053	0.04982	0.05035	0.04737	0.00963	0.01180
TOTAL TAX RATE	1.07525	1.06548	1.06739	1.06700	1.06053	1.04982	1.05035	1.04737	1.00963	1.01180

NOTES:

- 1) 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.
- 2) Redevelopment 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. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/2013 and years thereafter.
- 3) 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.
- 4) 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.

5) Total Direct Rate is the weighted average of all individual direct rates applied by the City of Ridgecrest and excludes revenues derived from aircraft. Beginning in FY 2013/2014 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

City of Ridgecrest
Schedule 8
Top Ten Principal Property Taxpayers
Fiscal Year 2014 and Ten Years Prior

	<u>2013-2014</u>			<u>2004-2005</u>		
	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>
K Partners Ridgecrest I LP	1	\$ 21,486,525	1.50%			
Walmart Real Estate BSNS Trust	2	9,474,300	0.66%			
Home Depot Dev Maryland Inc	3	8,508,539	0.59%	2	8,917,002	0.94%
Oceanic Ridgecrest LP	4	7,285,442	0.51%			
Alta One Federal Credit Union	5	7,179,109	0.50%	8	5,771,231	0.61%
Randall Benderson 1993 1 Trust	6	6,893,011	0.48%			
China Lake & Ridgecrest LLC	7	6,436,921	0.45%			
Ridgecrest Regional Hospital	8	6,415,274	0.45%			
Ridgecrest Capital LLC	9	5,341,581	0.37%	9	4,626,402	0.49%
Giichi Sakurai Rev Trust	10	5,320,174	0.37%			
1402 Alta Vista Partners LLC				1	11,535,390	1.21%
Carriage Inn				3	7,600,000	0.80%
Walmart Real Estate BSNS Trust				4	6,927,126	0.73%
Drummond Medical Group Inc				5	6,612,625	0.70%
Albertson's Inc				6	6,409,033	0.67%
Ridgecrest Heritage Inn				7	6,211,243	0.65%
First Berkshire Business Trust				10	4,557,996	0.48%
Top Ten Totals		<u><u>\$ 84,340,876</u></u>	<u><u>5.87%</u></u>		<u><u>\$ 69,168,048</u></u>	<u><u>7.27%</u></u>
CITY TOTALS		#####			950,864,838	

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

Fiscal Year Ended <u>June 30</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the <u>Fiscal Year of the Levy</u>		Collections in Subsequent <u>Years</u> ²	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2014	436,307	311,843	71.47%	2,320	314,163	72.00%
2013	480,951 ¹	408,417	84.92%	31,039	439,455	91.37%
2012	10,336,490	10,192,452	98.61%	69,477	10,261,929	99.28%
2011	10,148,466	9,799,545	96.56%	94,130	9,893,675	97.49%
2010	10,226,667	9,993,536	97.72%	122,080	10,115,616	98.91%
2009	10,276,431	9,719,401	94.58%	119,557	9,838,958	95.74%
2008	9,911,568	8,996,236	90.77%	55,685	9,051,922	91.33%
2007	8,489,827	7,316,939	86.18%	29,394	7,346,332	86.53%
2006	6,374,975	5,798,725	90.96%	21,064	5,819,789	91.29%
2005	5,377,887	4,916,518	91.42%	14,382	4,930,900	91.69%

NOTES:

1) The amounts presented include City property taxes and Redevelopment Agency tax increment for all fiscal years except in fiscal year 2013/2014 and forward

2) Delinquent tax collections are recorded in the current levy year and the County does not give the detail as to the levy year for delinquent tax collections. Delinquent tax collections do not include interest and penalties.

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

Fiscal Year	GOVERNMENTAL ACTIVITIES						Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Redevelopment Bonds ^b	Special Assessment Bonds	Loans Payable	Capital Lease				
2014	6,845,000	-	-	-	112,689	6,957,689	0.83%	\$ 243	
2013	7,275,000	-	-	-	219,790	7,494,790	0.93%	\$ 264	
2012	7,685,000	-	-	-	343,981	8,028,981	1.02%	\$ 286	
2011	8,080,000	34,280,000	-	-	483,399	42,843,399	5.49%	\$ 1,543	
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
- b) As of February 1, 2012 all redevelopment agencies in California ceased to exist per AB X1 26. The Ridgecrest Redevelopment Agencies's obligations were transferred to the Successor Agency.

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

Fiscal Year	GOVERNMENTAL ACTIVITIES			Total	Percentage of Taxable Assessed Property Values ^a	Per Capita ^b
	General Obligation Bonds	Redevelopment Bonds ^c	Special Assessment Bonds			
2014	6,845,000	-	-	6,845,000	0.48%	\$ 239
2013	7,275,000	-	-	7,275,000	0.50%	\$ 257
2012	7,685,000	-	-	7,685,000	0.52%	\$ 274
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

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
- c) As of February 1, 2012 all redevelopment agencies in California ceased to exist per AB X1 26. The Ridgecrest Redevelopment Agencies's obligations were transferred to the Successor Agency.

City of Ridgecrest
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Debt Outstanding <u>6/30/2014</u>	% <u>Applicable</u> ¹	City's Share of <u>Debt as of 6/30/14</u>
Kern Community College District Safety, Repair & Improvement District	\$ 151,861,262	1.774%	\$ 2,694,019
Sierra Sands Joint Unified School District	22,445,031	74.850%	16,800,106
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 19,494,124
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Kern County Certificates of Participation	116,475,000	1.589%	1,850,788
Kern County Pension Obligations	334,575,506	1.589%	5,316,405
Kern County Board of Education Certificates of Participation	41,050,000	1.589%	652,285
Kern County Community College District Certificates of Participation	59,870,000	1.604%	960,315
Kern County Community College District Benefit Obligations	82,245,000	1.604%	1,319,210
Sierra Sands Joint Unified School District General Fund Obligations	19,940,000	74.850%	14,925,090
City of Ridgecrest Certificates of Participation	6,845,000	100.000%	6,845,000
City of Ridgecrest Capital Lease Obligation	112,689	100.000%	112,689
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 31,981,781
 OVERLAPPING TAX INCREMENT DEBT	 30,060,000	 100.000%	 \$ 30,060,000
TOTAL DIRECT DEBT			\$ 6,957,689
TOTAL OVERLAPPING DEBT			\$ 74,578,216
 COMBINED TOTAL DEBT			 \$ 81,535,905 ²

NOTES:

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

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

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

Legal Debt Margin Calculation	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>
Assessed value	\$ 1,437,006,502	\$ 1,458,515,387	\$ 1,488,428,876	\$ 1,452,356,482	\$ 1,493,279,239
Debt limit (15% of assessed value)	215,550,975	218,777,308	223,264,331	217,853,472	223,991,886
Debt applicable to limit:					
General obligation bonds	6,845,000	7,275,000	7,685,000	42,360,000	15,750,000
Less: Amount set aside for repayment of general obligation debt	<u>751,356</u>	<u>751,356</u>	<u>751,356</u>	<u>4,247,727</u>	<u>1,807,736</u>
Total net debt applicable to limit	<u>6,093,644</u>	<u>6,523,644</u>	<u>6,933,644</u>	<u>38,112,273</u>	<u>13,942,264</u>
Legal Debt Margin	209,457,331	212,253,664	216,330,687	179,741,199	210,049,622
Total debt applicable to the limit as a percentage of debt limit	<u>2.83%</u>	<u>2.98%</u>	<u>3.11%</u>	<u>17.49%</u>	<u>6.22%</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 subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

The percentage of total debt to debt limit has been re-calculated for all the fiscal years. The percentage in prior CAFR was erroneously calculated based on the legal debt margin

City of Ridgecrest
Schedule 13
Legal Debt Margin Information
Last Ten Fiscal Years (Continued)

Legal Debt Margin Calculation	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>
Assessed value	\$ 1,439,679,862	\$ 1,372,187,740	\$ 1,196,521,832	\$ 1,039,258,766	\$ 950,834,838
Debt limit (15% of assessed value)	215,951,979	205,828,161	179,478,275	155,888,815	142,625,226
Debt applicable to limit:					
General obligation bonds	16,735,000	17,795,000	18,805,000	19,775,000	19,760,000
Less: Amount set aside for repayment of general obligation debt	<u>1,808,337</u>	<u>1,814,042</u>	<u>2,640,512</u>	<u>2,265,223</u>	<u>1,865,888</u>
Total net debt applicable to limit	<u>14,926,663</u>	<u>15,980,958</u>	<u>16,164,488</u>	<u>17,509,777</u>	<u>17,894,112</u>
Legal Debt Margin	201,025,316	189,847,203	163,313,787	138,379,038	124,731,113
Total debt applicable to the limit as a percentage of debt limit	<u>6.91%</u>	<u>7.76%</u>	<u>9.01%</u>	<u>11.23%</u>	<u>12.55%</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 subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

The percentage of total debt to debt limit has been re-calculated for all the fiscal years. The percentage in prior CAFR was erroneously calculated based on the legal debt margin

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

SPECIAL ASSESSMENT BONDS

Fiscal <u>Year</u>	Special Assessment <u>Collections</u>	Current Account <u>Balance</u>	<u>Debt Service</u>		<u>Coverage</u>
			<u>Principal</u>	<u>Interest</u>	
2014	-	24,659	-	-	-
2013	-	24,659	-	-	-
2012	-	24,659	-	-	-
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

**City of Ridgecrest
Schedule 15
Demographic and Economic Statistics
Last Ten 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>
2014	28,638	835,599,564	29,178	35.8	5,316	6.70%
2013	28,348	808,463,982	28,519	33.8	5,358	7.60%
2012	28,089	789,556,510	28,109	36.1	5,378	7.90%
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%

NOTES:

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 2012 school enrollment data was recalculated and corrected from 4732 to 5378

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

n/a = not available

City of Ridgecrest
Schedule 16
Principal Employers
Fiscal Year 2013 and Ten Years Prior

<u>Employer</u>	<u>2013-2014</u>			<u>2004-2005</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	6635	1	39.03%	4093	1	30.54%
Searles Valley Minerals	670	2	3.94%	625	2	4.66%
Ridgecrest Regional Hospital	574	3	3.38%	340	4	2.54%
Sierra Sands Unified School District	597	4	3.51%	620	3	4.63%
Wal-Mart	222	5	1.31%	184	7	1.37%
Jacobs Technology	200	6	1.18%			
Cerro Coso Community College	150	7	0.88%	175	8	1.31%
Albertson's	142	8	0.84%			
City of Ridgecrest	135	9	0.79%			
Alta One Federal Credit Union	133	10	0.78%	161	10	1.20%
Wyle Laboratories				280	5	2.09%
SA-Tech (System Applic. & Tech)				187	6	1.40%
Desert Area Resources & Training				164	9	1.22%
			55.64%			50.96%
	Total City Employment**		17,000			13,400

NOTES:

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

City of Ridgecrest
Schedule 17
Full Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years (As of June 30)

FUNCTION/PROGRAM	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government										
City Council	5	5	5	5	5	5	5	5	5	5
City Manager	1	1	1	3	3	4.5	4	4	3.75	2.5
City Clerk	1	1	1	1	1.25	1	1.5	2.75	1	1
Finance	5.5	5	6	6	6	6	12	9.75	9.75	8.5
Information Technology	2	2	3	3	3.5	3.5				
Human Resources	1.5	1	0	1.5	1.5	1.5	1.5	2.5	1	1
Community Development	5	5	6	8	8	8	8	7	7	5
Planning Commissioners	5	5	5	5	5	5	5	5	5	5
Public Safety										
Police Officers-Sworn	32	31	31	34	35	33	37	38	35	30
Other Full Time Employees	17	14.5	16	16	15.75	16	16.25	16	15.5	26
PACT Volunteers	83	45	50	9	9	9	9	9	10	10
Public Works										
Engineering	3	3	4	4	4	3	4	5	3	4
Maintenance	7	6	7	8	8	9	8	9	9	7
Transit Services	8	8	7	7	7	7	7.5	8	8	8.5
Wastewater/Sewer	5	4	4	6	7	6	5	5	5	5
Culture & Recreation	24	23	39	32.5	22.5	29	31.97	23.44	22.4	23.86

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

FUNCTION/PROGRAM	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Police					
Physical Arrests	1281	2346	2417	2416	2605
Parking Violations	114	293	188	97	237
Traffic Violations	792	1540	937	1150	2054
Community Development					
Building Permits Issued	1020	705	302	423	439
Building Permits Valuation (in millions)	9	5	19	13	18
Building Inspections Performed	1925	1603	4299	2510	2759
Planning Permits Issued	163	137	113	69	77
Public Services					
Street Resurfacing (miles)	1.8	2	2.5	2.5	1
Street Light Replacement ^a	n/a	n/a	n/a	n/a	n/a
Potholes Filled	2,400	3,600	2,783	2,565	540
Waste Water Average Daily Treatment (millions of gallons)	2.33	2.31	2.52	2.621	2.674
Transit Route (Service) Miles	95,869	76,849	64,438	92,925	61,092
Transit Passenger Count	17,724	13,516	17,131	27,223	12,977
Parks & Recreation					
Sports Field Participation	75,113	70,917	85,409	89,293	89,735
Community Center/Gym/Pool Participation	103,218	95,785	90,655	68,325	68,645
Other Participation	72,615	45,312	45,816	35,370	35,370

NOTES:

a) Street light replacement is done by Southern California Edison

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

FUNCTION/PROGRAM	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police					
Physical Arrests	2667	2213	2,448	2,519	2,078
Parking Violations	278	294	161	134	216
Traffic Violations	2034	1439	2,001	2,338	2,844
Community Development					
Building Permits Issued	144	212	585	768	465
Building Permits Valuation (in millions)	12	22	20	35	23
Building Inspections Performed	5086	3861	5,455	5,850	2,557
Planning Permits Issued	161	137	135	197	113
Public Services					
Street Resurfacing (miles)	3	0.5	1.75	1	2.0
Street Light Replacement ^a	n/a	n/a	n/a	n/a	n/a
Potholes Filled	600	3,500	1,500	2,011	2,000
Waste Water Average Daily Treatment (millions of gallons)	2.57	2.65	2.6	2.6	2.5
Transit Route (Service) Miles	86,965	91,178	82,277	91,998	112,052
Transit Passenger Count	27,478	35,595	38,529	33,967	40,374
Parks & Recreation					
Sports Field Participation	91,359	88,078	88,140	87,536	87,564
Community Center/Gym/Pool Participation	73,499	67,421	101,242	99,638	94,933
Other Participation	35,370	35,730	35,730	35,730	36,738

NOTES:

a) Street light replacement is done by Southern California Edison

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

FUNCTION/PROGRAM	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (marked)	17	17	10	13	13	18	16	12	10	13
Motorcycle unit	8	7	3	6	6	2	1	1	1	1
K-9 unit	1	1	1	1	2	1	1	2	1	1
Streets										
Streets (miles)	216	132	131	130	130	130	130	131.5	130.5	130
Streetlights ³	1469	1520	1523	1524	1515	1492	1467	1472	1463	1450
Traffic Signals ¹	10	9	9	9	8	7	7	7	7	7
Culture & Recreation										
Total Park Acreage	46.88	46.88	46.88	46.88	21.88	25.88	25.88	25.88	25.88	25.88
Parks ²	5	5	5	5	5	6	6	6	6	6
Baseball Fields	4	4	4	4	4	4	4	4	4	4
Softball Fields	3	3	3	3	3	3	3	3	3	3
Soccer Fields	4	4	4	4	4	4	4	4	4	4
Football Fields	1	1	1	1	1	1	1	1	1	1
Tennis Courts	6	6	6	6	6	6	6	6	6	6
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Community Centers	2	2	2	2	2	2	2	2	2	2
Waste Water										
Sanitary Sewers (miles)	142	142*	170	170	165	265	265	224	223.5	220
Storm Sewers (miles)	5	5	5	5	5	5	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	3.6	3.6
Transit Services										
Minibuses										
Fixed Route	7	6	0	0	0	0	0	0	0	0
Dial A Ride	2	3	5	5	6	7	7	5	5	5
Bus Shelters	8	5	5	5	5	5	5	5	5	5

NOTE:

* FY 2013 sanitary sewer miles were measured using GIS system while the prior fiscal years were measured using curb miles.

1) There are 17 traffic signals in total but only nine are maintained by the City while the seven others are maintained by CalTrans.

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

3) The numbers presented here are for streetlights located within the city limit. Numbers presented in previous CAFR were lights located on city properties