

City of Ridgecrest

The Place to Be!



Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008



City of Ridgecrest, California

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2008

Prepared by:
Administrative Services Department
100 W. California
Ridgecrest, CA 93555
Tess Sloan, Interim Administrative Service Director/
City- Agency Treasurer
June 30, 2008

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2008

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Introductory Section





CITY OF RIDGECREST

PHONE 760-499-5000

100 WEST CALIFORNIA AVENUE • RIDGECREST, CALIFORNIA 93555-4054

December 18, 2008

**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, 2008. 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. At this juncture, we also note that the City of Ridgecrest's credit rating has been reviewed by Standard and Poor's and the rating has been maintained at A-. For the citizens, the report provides an opportunity to correlate City services and accomplishments with the expenditure of financial resources. For the financial community, this report provides information necessary to evaluate financial practices of the City, assure their soundness in accordance with GAAP, and determine the financial capacity of the City to incur and service debt for long-range capital planning.

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

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

PROFILE OF THE CITY OF RIDGECREST

The City of Ridgecrest, incorporated in 1963, is located in the southern portion of the Indian Wells Valley and in the northeast corner of Kern County, surrounded by four mountain ranges; the Sierra Nevada on the west, the Coso on the north, the Argus Range on the east, and the El Paso Mountains on the south. It is approximately an hour and quarter from the Lancaster/Palmdale area and approximately two hours from both Bakersfield and San Bernardino. A favorable characteristic of the City is its proximity to two major highways, the 395 and the 14. Air travel in and out of the City is provided through the Inyokern Airport.

These attributes make Ridgecrest, a central location for shopping and business for the Eastern Kern County area. Ridgecrest is also easily accessible to the rest of southern California making it an ideal location for industry.

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

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

As the only incorporated community in the Indian Wells Valley, Ridgecrest boasts a thriving economy and a robust population of about 28,038 people. Ridgecrest acts as the shopping and business center for northeastern Kern County.

The City provides a full range of municipal services. These include public safety; recreation and community services; parks; maintenance and improvement of streets and infrastructure; planning and zoning; housing; economic development; transit; and general government. The City also operates and maintains a waste water plant that serves not only the City residents but also provides service to the Naval Base.

The annual budget serves as the foundation for the City's financial planning and control. The City Council is required to adopt an annual budget on or before June 30 of each year for the General Fund, Special Revenue Funds, Enterprise Funds, Capital Projects Fund and Internal Service Funds. The City also adopts a multi-year capital improvement program and a redevelopment agency budget.

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

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook

Globally, we are experiencing the worst economic decline in recent history and is significantly affecting our state and local economy. Transient Occupancy Tax (TOT) and sales tax revenues are more sensitive to the economic swings. These two sources represent 34% of the total General Fund revenue. Fortunately for the City, it is looking forward to the implementation of the position transfers to the NAWS in China Lake due to the base realignment and closure (BRAC) program. Over 1,000 civilian jobs will be transferred to the naval station with an additional 600 jobs coming from non-BRAC programs. In addition, we are anticipating 500 jobs will be coming from federal contractors and another 300 service jobs to support this expansion. These new jobs are expected to generate at least 3,000 new residents moving to the community. These new residents will require new home construction with an estimated of 1,200 new housing units over the next 3 years.

Retail sales will continue to decline as the country continues to suffer economic downturn. It is projected that sales tax revenue will be lower than originally anticipated due to slow car sales and with the closing of the local branch of Mervyns store. However, we are anticipating a slight increase in TOT revenues once the new Hampton Inn opens.

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

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

Year	Permits	Inspections	Valuation
1999	282	1,177	1.9 M
2000	400	1,241	2.6 M
2001	464	1,605	3.95 M
2002	509	2,014	9.9 M
2003	496	2,671	11.3 M
2004	473	2,039	16.3 M
2005	465	2,557	23.0 M
2006	768	5,850	35.0 M
2007	585	5,455	20.0 M
2008	212	3,861	22.0 M

Economic Development

Positive development for the year:

- ❖ The Naval Station China Lake has completed its BRAC Business Plan and begun over 250 million dollar construction improvements - expansion to the Base. The Business Plan also included the movement of 1,000 billets (jobs) to the Ridgecrest area.
- ❖ The Ridgecrest Business Park has seen the completion of the Spring Hill Suites and office building and the start of construction of the Hampton Inn and office development. Two other office developments are currently in the planning and building approval process.
- ❖ A consultant for the development of a lighting and landscape district has been selected for the Ridgecrest Business Park and formation is now waiting funding.
- ❖ Ridgecrest Redevelopment Agency is under negotiation with a developer of a Hotel and Convention Center with an additional office-museum building being planned.

- ❖ 2008-09 will continue to see the development and opening of several new restaurant and retail stores. These will include R.C. Bouncers, El Chilli Pepper and Pizza Factory. An existing Chinese restaurant is in the planning stage of constructing a new building to accommodate their expanding business.
- ❖ Super Wal-Mart is due to complete the planning and building permit process in 2008-09 with construction planned to begin sometime in 2009.
- ❖ A few restaurants opened in FY 2008 such as the new Juice It Up, Maddy's Café, Miso Sushi and Burger King.
- ❖ Rite Aid completed the construction of their new building and opened its doors in January 2008.
- ❖ National Health Services is currently constructing their new medical building with schedule opening in 2009.
- ❖ Ridgecrest Regional Hospital is undergoing \$70M renovation and expansion of their hospital facility. The expansion includes a new outpatient pavilion and a new inpatient tower. The tower will include an eight-bed ICU, a new surgery and recovery area, seven pediatric beds, and 28 general medical/surgical beds.

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

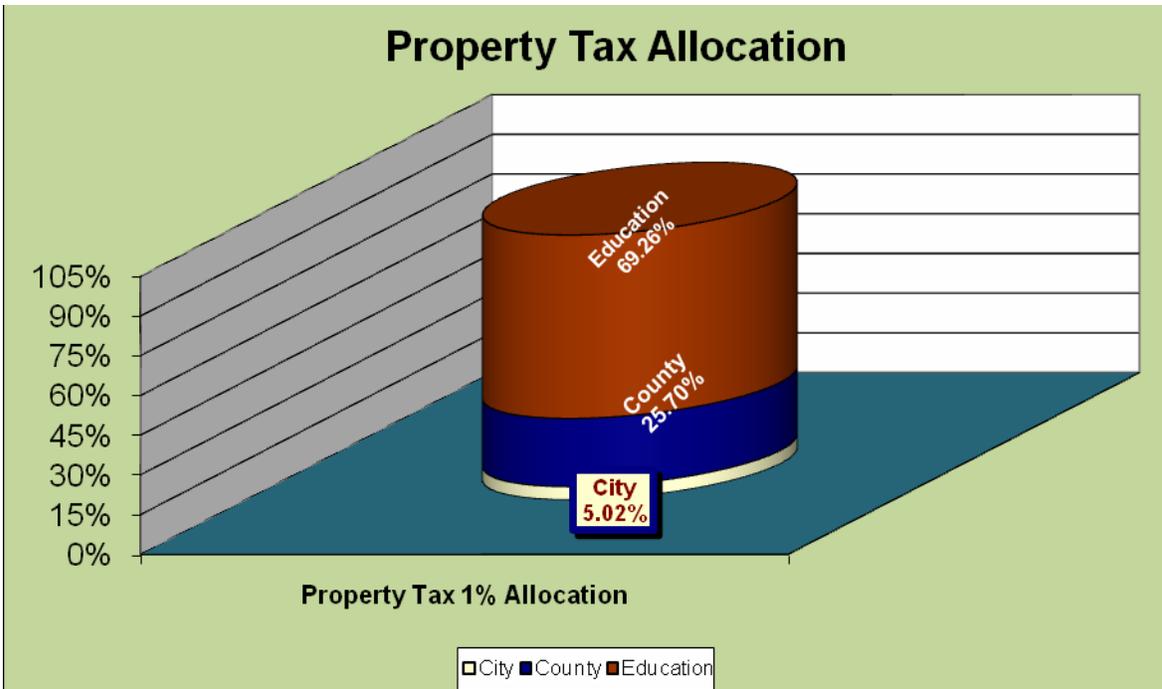
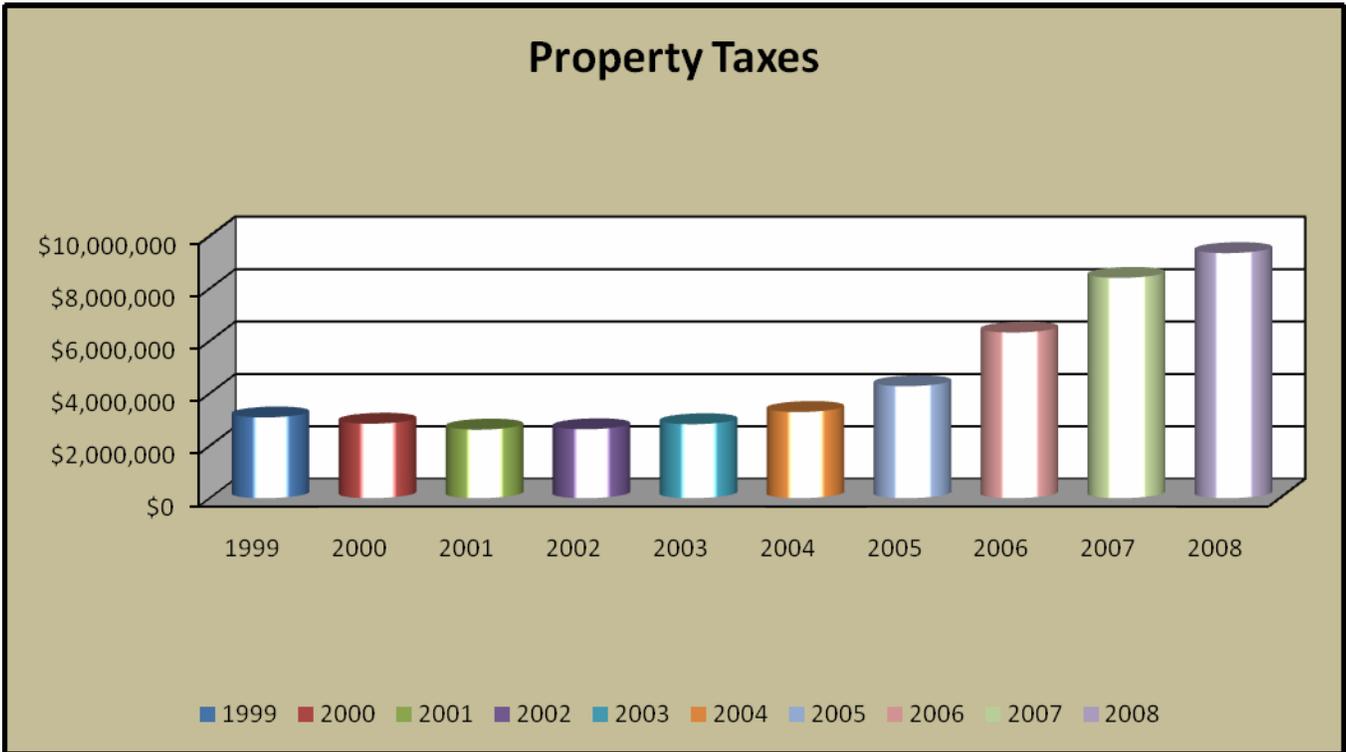
A main concern that could severely impact the City's revenue and possibly cash flow is the State of California's expanding budget crisis. Historically, the State has shifted local revenues to help finance their deficits and is currently in the brink of running out of cash to pay their bills.

Like other cities in the nation, we are facing financial challenges we have not seen before. As with all economic problems, this will be resolved and the local and state economy will bounce back eventually. Meanwhile, the City is projecting significant deficits in the next fiscal year caused by the decline in major source of revenues and increasing expenditures. Even with the positive outlook coming from BRAC, the City is cautiously optimistic and is budgeting for a 20% reduction in costs for the next year. A reduction of that 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 5.02% of the tax rate from the County of Kern – Auditor/Controller's Office.

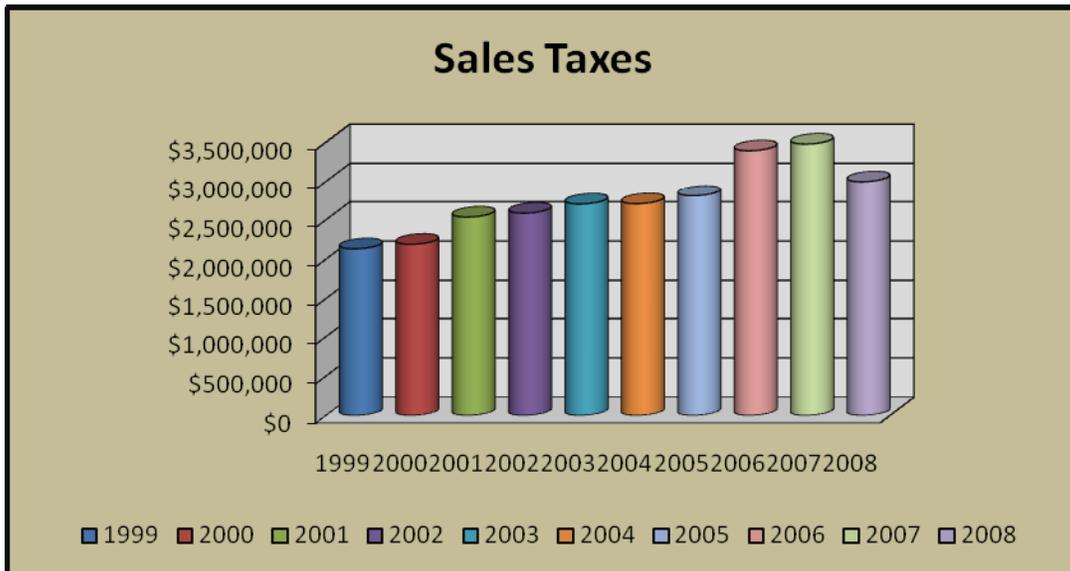
At fiscal years 2000 to 2001, the property tax revenue had negative growth due to dwindling home valuations. On FY 2002, property tax revenue started to move in upward direction, where it peaked up by 16.6% in FY 2004 and another 30% increase in FY 2005 over previous year's. This was a well received indication of rising local property values as well as new development activity. In FY 2006 the State's started to split the payment of motor vehicle license fees (MVLFF) into two components. These components are the statutory rate and the "*property tax in lieu of MVLFF*" to *Property Tax*. The shifting of MVLFF to property tax has added an average of \$1.4M annually to the City's property tax revenue. So in FY 2006, property tax revenue went up by 48% over previous year due to the MVLFF shift and a robust real estate market. This continued to FY 2007 at 33% increase and in FY 2008 at 11% increase. Even though the amount of increase each year seems to be tapering off and with the mortgage crisis in the loom, the City is not anticipating a drastic effect in the local real estate market value due to BRAC.



Sales Tax

The City’s single largest revenue source is sales tax. The total sales tax in Kern County is 7.25% of the sale price of taxable goods and services sold at retail. Ridgecrest receives 1% of taxable sales from the State Board of Equalization. For FY 2008, sales tax declined by 13.8% over prior year. However, in the last ten years, the City’s sales tax revenue is continuously climbing an average of 4.6% annually.

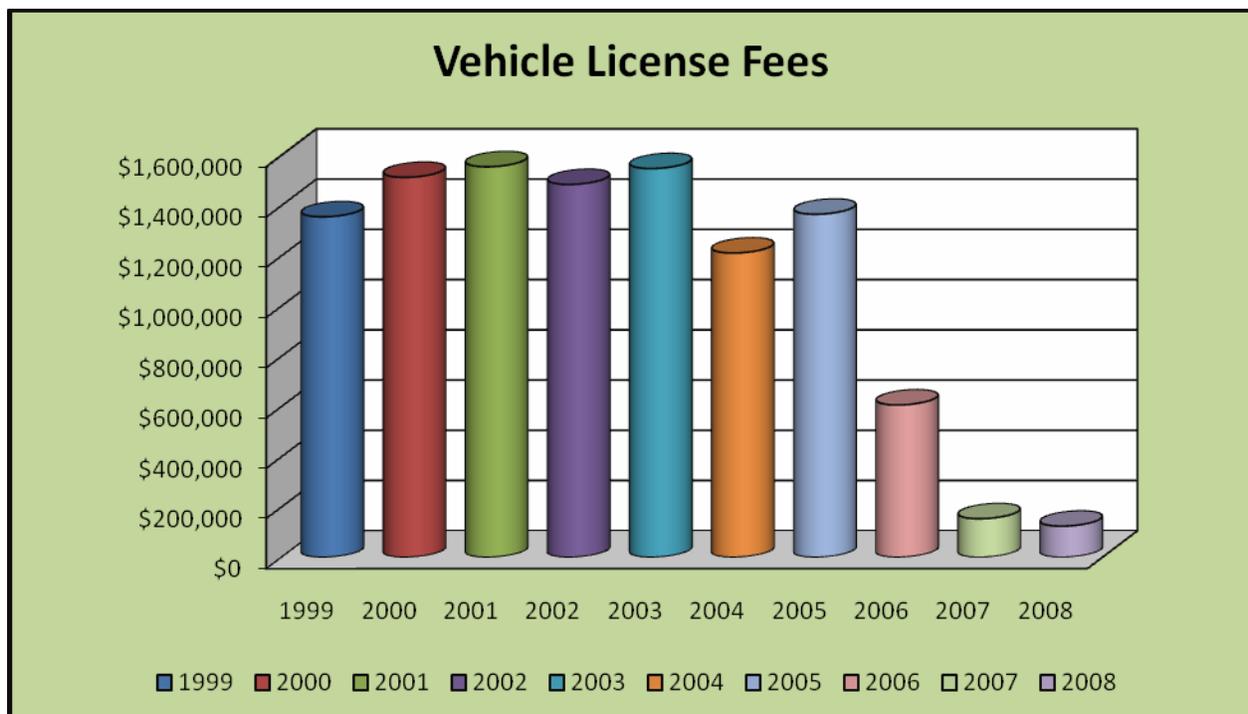
Sales tax leakage to the metropolitan areas of Bakersfield and Lancaster-Palmdale continuously a big concern for the City especially with the closing of Mervyns, being a major shopping outlet for the City. Even with higher tax rates, a significant amount of local retail sales is spent outside of Ridgecrest.



Vehicle License Fees

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

It should be noted that VLF funds now, like sales tax, have been split by the State into two pieces. These two pieces are the statutory rate and the “Property Tax In Lieu of VLF”. In FY 2008 the statutory component (the rate by State law was reduced from 2.0% to 0.65%) brought to the Ridgecrest Treasury \$123,876, a 19% decrease over last year. The chart below indicates the trend of VLF revenue. It was in FY 2006 when the State started the split. The Property Tax In Lieu of VLF component had receipts of \$1,495,025 in FY 2007-08. 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. In the last three fiscal years, the City has been receiving an average of \$150,000 per year on VLF revenue not counting the one time payments.

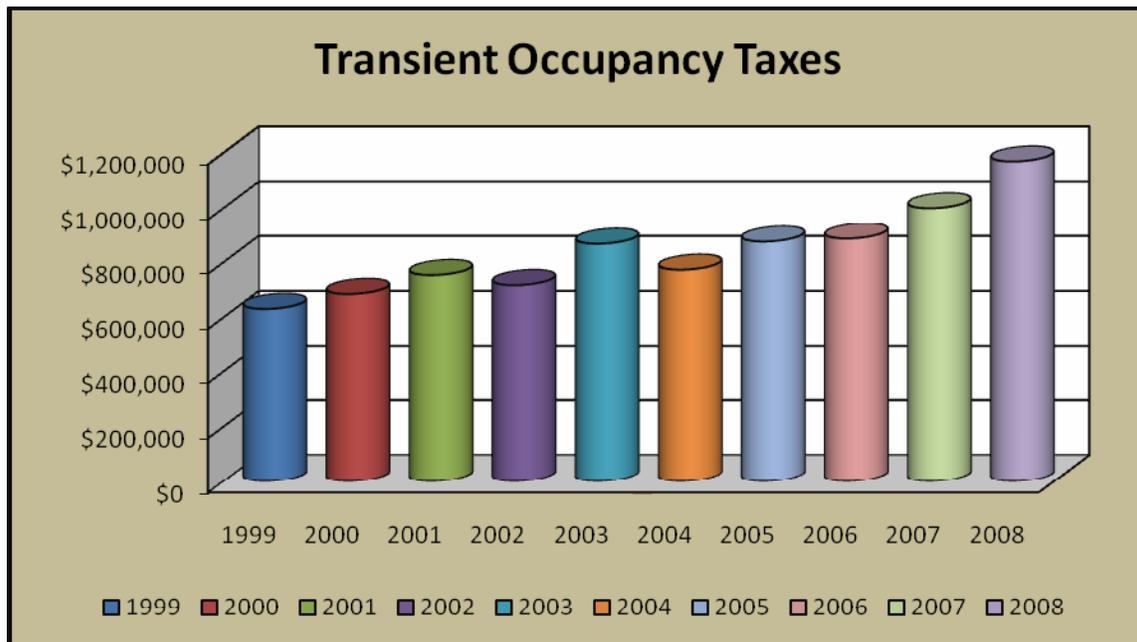


Transient Occupancy Tax

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

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

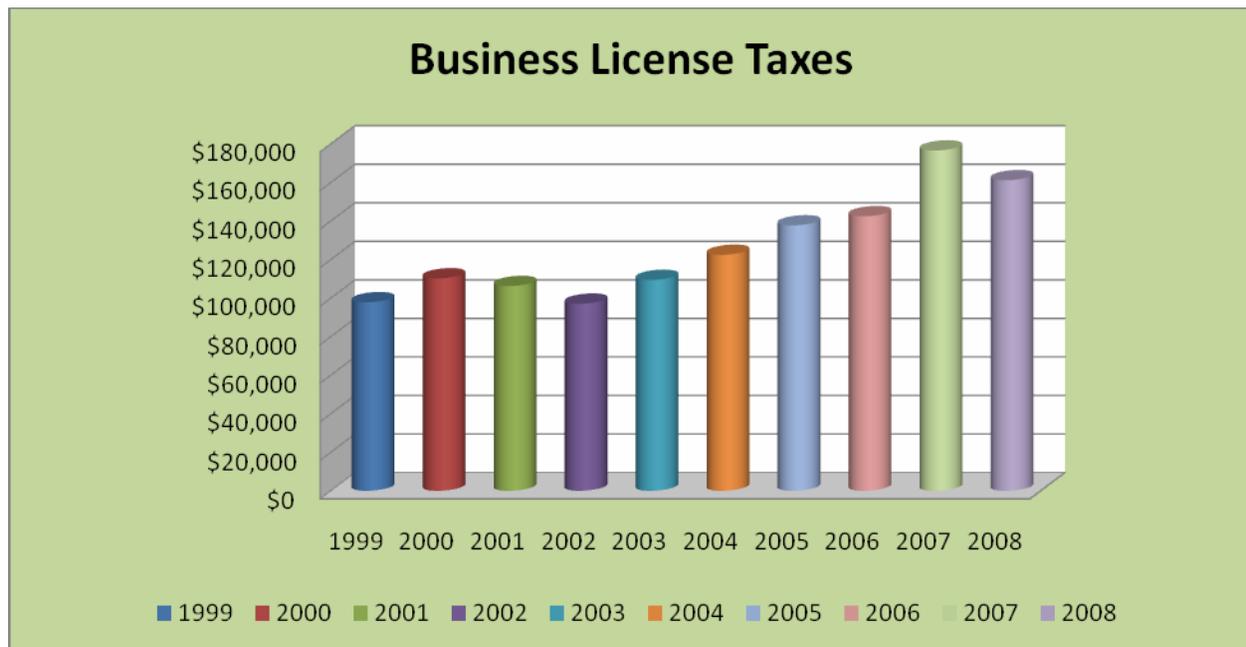
TOT has averaged 7.4% growth rate for the last ten fiscal years. The largest single growth during that period was in the 2002-2003 FY which saw a growth of 21%. However, this last fiscal year TOT revenue increase is equally noteworthy at 17%, breaking the \$1M mark for the first time at \$1.17M. The increase is attributable to the opening of the Marriott's Spring Hill Suites. Hilton Hotels is also about to start construction of their hotel to be located at the business park area as well. The Ridgcrest Redevelopment Agency is under negotiation with a developer of a hotel and convention center. All of these will definitely have a positive impact on the TOT revenue in the years to come.



Business License Taxes

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

In FY 2007 the City conducted a business license audit targeting certain business groups that the City had overlooked in enforcement of this ordinance. This brought in extra revenue of \$37,328 causing spike in revenue in that fiscal year at 24% increase compared to FY 2006. For FY 2008, business license revenue decline by 8.7% over prior year; however, if we don't count the revenue brought by the audit in both fiscal years, FY 2008 would have showed an increase of 7% in revenue over prior year.



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 \$31,698,476 with LAIF at June 30, 2008, included a portion of the pool funds invested in structured notes and asset-backed securities and similar transactions. This compares to \$26,647,757 at June 30, 2007 an approximate increase of 19%. These investments may include the following:

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

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

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

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

RISK MANAGEMENT

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

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

General Liability Insurance

Annual deposits are paid by member cities and are adjusted retroactively to cover costs. Each member city has a specific retention level. The City has a retention level of \$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 \$1,000,000 are prorated among all participating cities on a payroll basis. Losses in excess of \$1,000,000 are covered by excess insurance purchased by the participating cities, as a part of the pool, to a limit of \$10,000,000. This cost is also prorated on a payroll basis.

Workers' Compensation

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

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

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

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

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

The City continued its relationship with PARSAC for its liability coverage for FY 2008. Starting in July 1, 2008, our general liability coverage will also be covered by CSAC-EIA. Liability claims programs are managed by a third-party claims administrator under the direction of the Risk Management Division of the Administration Department.

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

Workers' Compensation & Liability Claims

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

Year	IBNR
2004	783,714
2005	431,816
2006	532,041
2007	482,238
2008	349,969

Unemployment Insurance

The City participates in a direct-cost reimbursement method for unemployment insurance. This program is administered by the State Employment Development Department to provide salary continuance for employees who were terminated involuntarily. For FY 2007-2008 the total cost reimbursed was \$15,162; this was up from the 2006-2007 reimbursed cost of \$4,492.

AWARDS

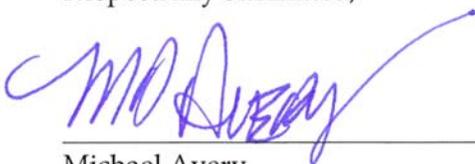
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ridgecrest for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

The preparation and publication of this report would have not been possible without the dedication, professionalism and teamwork of the entire staff of the Finance Division of the Administrative Services Department. We would like to express my heartfelt appreciation to all members of the department who assisted in its preparation. We also thank the City's independent auditors, Caporicci & Larson, for their assistance and expertise; and all City departments for their cooperation during the audit engagement and their participation in preparing this report. We would like to express our appreciation to the Mayor and City Council and the City Organization Committee for their interest and support in planning and conducting the City's financial affairs in a responsible and progressive manner.

Respectfully submitted,



Michael Avery
City Manager/Agency Executive Director



Tess Sloan
Interim Administrative Services Director/
City Treasurer/Agency Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ridgecrest
California

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

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



Chloe S. Cox

President

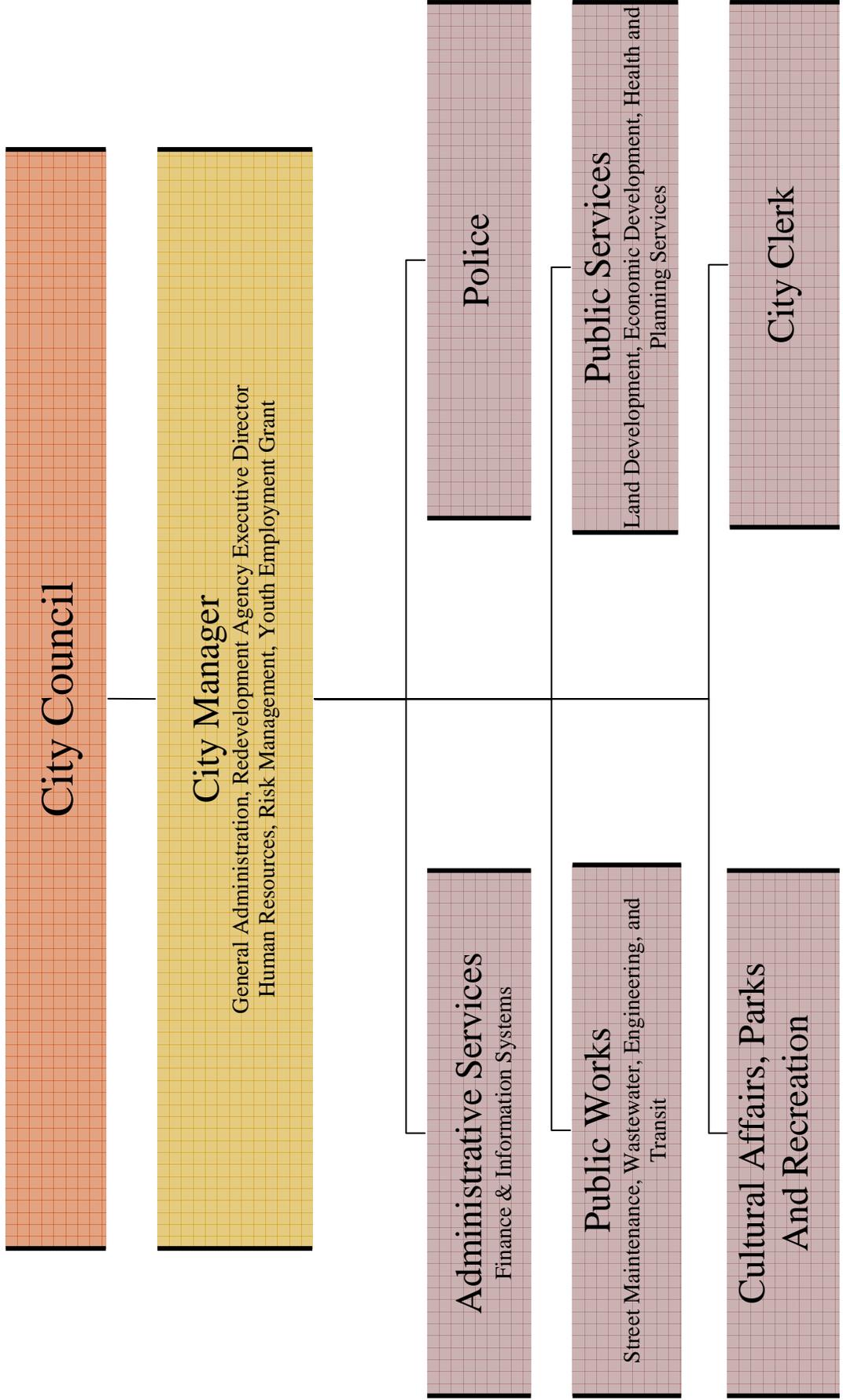
Jeffrey R. Emer

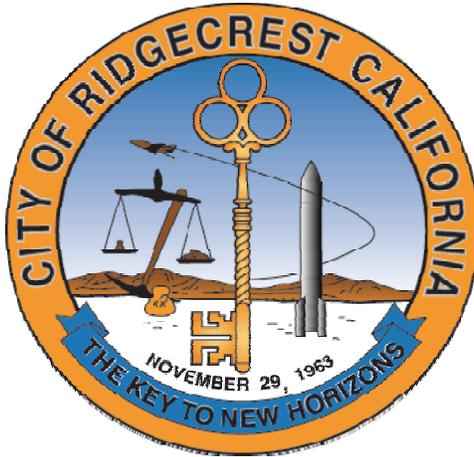
Executive Director

CITY OF RIDGECREST

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2008





City of Ridgecrest

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For the Year Ended June 30, 2008

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

City Staff

Michael Avery, City Manager/RDA Executive Director
Ronald Strand, Chief of Police
Tess Sloan, Interim Administrative Services Director/City-Agency Treasurer
Dennis Speer, Public Works Director
James McRea, Public Services Director
James B. Ponek, Cultural Recreation Arts and Parks Director
Rita L. Gable, City Clerk

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City of Ridgecrest
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Financial Section



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ridgecrest, California (City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Subsequent to the basic financial statements date of June 30, 2008 and the year then ended, the United States has entered into a financial credit crisis. Although the United States Federal Government has taken actions which, at least in part, are intended to relieve and correct this financial credit crisis, investments are subject to significant impairment and losses. To date, the City has not been informed and is not aware of any investment losses. Accordingly, investment losses, if any, have not been reflected in the accompanying basic financial statements.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008, our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

As described in Note 1 to the basic financial statements, the City adopted the Statements of Governmental Accounting Standards Board No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, No. 48, *Sales and Pledges of Receivable and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and No. 50, *Pension Disclosures*.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the Introductory and Statistical Sections.



San Diego, California
December 18, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Ridgcrest (the "City") provides the Management Discussion and Analysis of the City's Comprehensive Annual Financial Report (CAFR) for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements, which follow. Keep in mind that the Financial Highlights, immediately following, are strictly snapshots of information. Net assets, changes in net assets, and fund disclosures are discussed in more detail later in the report.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

- ♦ *Government-Wide Highlights*

Net Assets - Assets of the City exceeded its liabilities at fiscal year ending June 30, 2008 by \$84.4 million this compared to \$82.3 million at fiscal year end June 30, 2007. This is an overall increase of \$2.17 million or 2.6% of prior year net assets. Net assets for governmental activities exceeded liabilities by \$55.7 million and this compares to \$51.8 million at June 30, 2007 an increase of 7.4%. Assets for business-type activities exceeded liabilities by \$28.8 million and this compares to \$30.4 million at June 30, 2007 a decrease of 5.5%.

Changes in Net Assets - The City's net assets increased \$2.17 million in fiscal year 2007-2008; this compared to a \$3.87 million increase in fiscal year 2006-2007. Net assets of governmental activities increased by \$3.84 million compared to a 2006-2007 increase of \$2.47 million. Net assets of business-type activities decreased by \$1.67 million compared to an increase of 2006-2007 of \$1.4 million.

- ♦ *Fund Highlights*

Governmental Funds - At the close of fiscal year 2007-2008 the City's total governmental funds reported a fund balance of \$20.15 million as compared to \$14.27 million in 2006-2007, an increase of \$5.87 million from the prior year.

General Fund - The fund balance of the general fund on June 30, 2008 was \$1.59 million, a decrease of \$0.61 million from the prior year. It is noted that an additional \$64,812 of this amount was designated for capital projects and Public Safety and Community Development activities, a decrease of \$279,602 from the prior year.

Redevelopment Agency - The fund balance of the redevelopment fund on June 30, 2008 was \$6.38 million which compares to \$0.92 million, an increase of \$5.47 million from the prior year.

Capital Improvement Projects Fund - The fund balance of the capital improvement projects fund on June 30, 2008 was \$75,199 as compared to \$(691,355), an increase of \$766,554 from the prior year. The City stepped up its collection of reimbursements from granting agencies for those projects that were completed in FY 2007. Local matching amounts from General Fund, Wastewater Fund, Redevelopment Fund and Traffic Congestion Relief Funds were also made in FY 2008 to close out these projects.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

- ♦ *Governmental Funds*

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The City has twenty one governmental funds, of which four are considered major funds for presentation purposes. Each major fund is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The City's four major funds are: General Fund, Redevelopment Agency Fund, Capital Improvement Projects Fund and Debt Service Fund. Data from the non-major governmental funds (e.g., State Gas Tax Fund, TDA Street Fund, and etc.) are combined into a single, aggregated presentation.

- ♦ *Proprietary Funds*

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

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

- ♦ *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.

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.

City of Ridgecrest's Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current Assets	\$ 24,772,173	\$ 20,509,612	\$ 12,131,929	\$ 13,239,030	\$ 36,904,102	\$ 33,748,642
Capital Assets	52,862,493	55,768,304	17,259,625	17,439,700	70,122,118	73,208,004
Total Assets	<u>77,634,666</u>	<u>76,277,916</u>	<u>29,391,554</u>	<u>30,678,730</u>	<u>107,026,220</u>	<u>106,956,646</u>
Current Liabilities	2,850,670	4,184,005	620,626	236,261	3,471,296	4,420,266
Long-term Liabilities	19,120,702	20,269,106	-	-	19,120,702	20,269,106
Total Liabilities	<u>21,971,372</u>	<u>24,453,111</u>	<u>620,626</u>	<u>236,261</u>	<u>22,591,998</u>	<u>24,689,372</u>
Investments in Capital						
Net of Related Debt	34,321,803	36,151,924	17,259,625	17,439,700	51,581,428	53,591,624
Restricted	18,483,103	12,758,127	-	-	18,483,103	12,758,127
Unrestricted	2,858,389	2,914,754	11,511,303	13,002,769	14,369,692	15,917,523
Total Net Assets	<u>\$ 55,663,295</u>	<u>\$ 51,824,805</u>	<u>\$ 28,770,928</u>	<u>\$ 30,442,469</u>	<u>\$ 84,434,223</u>	<u>\$ 82,267,274</u>

Net Assets

The chart above reflects the City's combined net assets (governmental and business-type activities) which total \$84.4 million at the close of fiscal year ending June 30, 2008.

By far, the largest portion of the City's total net assets (61%) reflects its investment in capital assets (e.g., land, streets, sewers, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

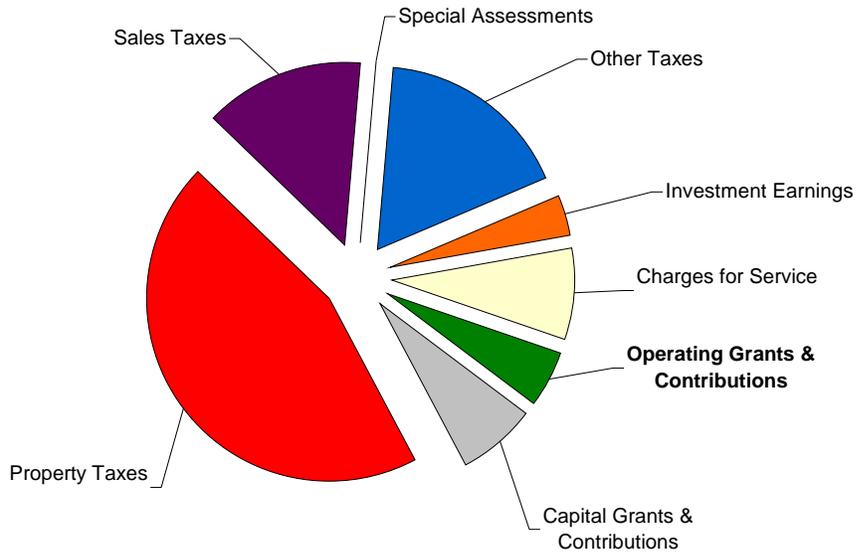
The remaining City net assets (39%) represent resources that are subject to external restrictions (e.g., capital projects, community development, debt services, and special projects) and resources that are unrestricted to meet the City's ongoing obligations to citizens and creditors.

At the end of the fiscal year 2007-08, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's net assets were increased by \$2.2 million during the fiscal year. This increase is the net result of all the revenues and expenses and cannot be attributed to any specific items.

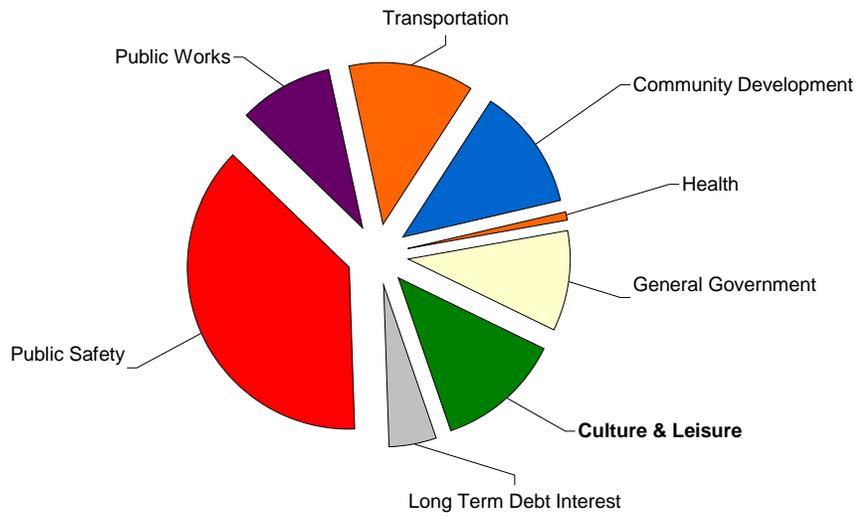
Governmental Activities

Governmental activities increased the City's net assets by \$3.84M, and the business type activities showed a decrease in net assets of \$1.67M. This compares to a prior year increase in governmental activities of \$2.74M and an increase in business type activities of \$1.4M. The charts that follow show the program revenues, general revenues, and expenses by function for all City activities, including the Redevelopment Agency.

Revenues by Source Governmental Activities



Expenses by Function Governmental Activities



**Statement of Changes in Net Assets
For the Year Ended June 30, 2008**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 1,690,660	\$ 1,535,742	\$ 2,019,683	\$ 2,306,802	\$ 3,710,343	\$ 3,842,544
Operating grants and contributions	1,112,823	890,959	94,663	54,811	1,207,486	945,770
Capital grants and contributions	1,474,279	1,277,771	-	-	1,474,279	1,277,771
Total program revenues	4,277,762	3,704,472	2,114,346	2,361,613	6,392,108	6,066,085
General revenues:						
Property taxes	9,573,705	8,621,750	-	-	9,573,705	8,621,750
Sales taxes	2,996,734	3,477,010	-	-	2,996,734	3,477,010
Other taxes	3,689,557	2,797,223	563,141	614,994	4,252,698	3,412,217
Investment earnings	743,954	743,571	596,679	683,951	1,340,633	1,427,522
Gain (loss) on sale of assets	-	-	-	-	-	-
Other revenues	868,501	819,361	10,737	7,828	879,238	827,189
Total general revenues	17,872,451	16,458,915	1,170,557	1,306,773	19,043,008	17,765,688
Total revenues	22,150,213	20,163,387	3,284,903	3,668,386	25,435,116	23,831,773
Expenses:						
General government	1,968,944	1,248,003	-	-	1,968,944	1,248,003
Public safety	7,390,384	6,272,651	-	-	7,390,384	6,272,651
Public works	1,858,022	2,755,773	-	-	1,858,022	2,755,773
Transportation	2,460,727	847,028	-	-	2,460,727	847,028
Community development	2,379,597	2,726,996	-	-	2,379,597	2,726,996
Health	174,055	1,135,383	-	-	174,055	1,135,383
Culture & Leisure	2,425,245	2,062,233	-	-	2,425,245	2,062,233
Interest on long-term debt	973,731	927,572	-	-	973,731	927,572
Transit	-	-	714,560	664,494	714,560	664,494
Waste Water	-	-	2,922,903	1,322,303	2,922,903	1,322,303
Total expenses	19,630,705	17,975,639	3,637,463	1,986,797	23,268,168	19,962,436
Increase (decrease) in net assets before transfers	2,519,508	2,187,747	(352,560)	1,681,589	2,166,948	3,869,336
Transfers	1,318,981	280,735	(1,318,981)	(280,735)	-	-
Change in net assets	3,838,490	2,468,482	(1,671,541)	1,400,854	2,166,948	3,869,336
Net assets, beginning of year (as restated)	51,824,805	49,356,323	30,442,469	29,041,615	82,267,274	78,397,938
Net assets, end of year	\$ 55,663,295	\$ 51,824,805	\$ 28,770,928	\$ 30,442,469	\$ 84,434,221	\$ 82,267,273

- Charges for services are primarily for recreation, building, planning engineering, and waste water services.
- Operating and capital grants and contributions include Federal and State grants and other governments and impact fees.
- Property taxes include the general, voter-approved debt service, and the redevelopment property taxes.
- Other taxes include mainly hotel, business, property transfer, and gas taxes.
- General government expenses include those expenses necessary for the operation of the general operation of the City. These include but are not limited to:
 - City Council
 - City Manager
 - City Clerk
 - Legal Expenses
 - Human Resources
 - Financial Administration (Treasury)
 - Administration which includes non-department City Hall expense, Advertising & Promotion
- Public Safety Expenses include both Police and Fire Protection Services.
- Community Development expenses includes planning, building, housing, code enforcement, and economic development expenditures.
- Culture & Leisure expenditures cover Parks and Recreation services including the operation of the Senior Center, Recreation Services, and the Community Center.
- Public Works include engineering and its administration

Business Type Activities

The City operates two business-type activities. These are the City's Transit System and its Wastewater System. These business-type activities decreased the City's net assets by \$1,671,541 over the prior year. This compares to an increase of \$1,400,854 from Fiscal Year 2006-2007.

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

INTERNAL SERVICE FUNDS

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

Self-Insurance/Risk Management

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

Administration

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

Financial Operations & Financial Reserves

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

Technology

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

Printing and Reproduction

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

Workers' Compensation

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

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, 2008, and includes Major and Non-Major Funds. It reflects the amount for each source of revenue and what percentage of the total revenue that source of revenue represents.

Source of Revenue	FY 05-06 Amount	Percent of Total	FY 06-07 Amount	Percent of Total	FY 07-08 Amount	Percent of Total
Taxes	\$ 12,247,901	65.6%	\$ 14,137,641	70.8%	\$ 16,313,383	74.7%
Intergovernmental	1,917,323	10.3%	1,783,935	8.9%	2,309,609	10.6%
Licenses, Permits & Fees	649,325	3.5%	1,361,033	6.8%	587,531	2.7%
Charges for Services	923,449	4.9%	93,950	0.5%	816,897	3.7%
Fines and Forfeitures	93,498	0.5%	640,658	3.2%	99,751	0.5%
Use of Money & Property	464,460	2.5%	786,753	3.9%	673,407	3.1%
Assessment Revenue	26,427	0.1%	4,520	0.0%	-	0.0%
Other Revenues	2,349,961	12.6%	1,148,125	5.8%	1,033,309	4.7%
Total	\$ 18,672,344	100.0%	\$ 19,956,615	100.0%	\$ 21,833,887	100.0%

As of the end of the current year, the City of Ridgecrest's governmental funds reported combined ending fund balances of \$20.14M - an increase of \$5.87M in comparison with \$14.27M for the prior year's ending fund balance. Approximately 23 % (compared to the prior year's 16%) of this total amount, or \$4.670M (compared to the prior year's \$2.29M), is available for spending at the government's discretion (unreserved fund balance) on operating activities. The increase in the net change in fund balance was due to elimination of the prior year's fund balance deficit in the Capital Improvement Fund of \$766,554 due to step up collection of grant awards; increased Redevelopment property tax revenue collection and the collection of Proposition 1B monies that the City has scheduled to spend on a capital project for the next fiscal year.

Of the \$4.67M of unreserved fund balance, only \$64,812 of this belongs to the General Fund compared to \$1.2M in the prior year. There is also that portion \$1.65M of the unreserved fund balance that was brought by the sale of land surplus by the Redevelopment agency. Lastly, the remaining unreserved fund balance of \$2.95M came from all other governmental funds, with the majority of it coming from the following funds: TDA Streets fund at \$474,301, Traffic Congestion Relief fund at \$572,154, Substandard Streets Improvement Fee at \$493,712, all the funds for impact fees at \$1.26M. All these unreserved and undesignated fund balance can only be used for special purpose for which the revenue was originally collected for.

The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for existing contracts and purchase orders (\$5,756,392), 2) to pay debt service (\$1,331,542), 3), inventory held for resale, or 4) for a variety of other restricted purposes (\$8,389,400).

The general fund is the chief operating fund of the City. As mentioned earlier, at the end of the current fiscal year unreserved fund balance of the general fund was only \$64,812 as compared to \$1.2M in fiscal year 2007. The total fund balance of general fund at the close of the fiscal year was \$1.59M as compared to \$2.2M from prior year, a decrease in fund balance by \$617,273. Key factors include declining revenues from major sources and increased operational costs including workers' compensation expenditures, public safety costs, PERS retirement. In addition, the General Fund continuously covering a major portion of the operational deficit of the Gas Tax Fund as Gas Tax revenues can only afford to cover a small portion of the streets maintenance costs.

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

Unrestricted net assets of the Wastewater fund at the end of the fiscal year amounted to \$11.5M, of that amount \$-1,913 came from the Transit System fund. The enterprise's net asset is down by \$1.67M. This was due to payment of two fiscal years (FY 2007 & FY 2008) worth of franchise fees paid in fiscal year 2008 in the amount of \$1.45M and increasing operational costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the main operating fund of the City. The primary source of its revenues are taxes such sales tax, property tax, franchise fees and transient occupancy tax, and business licenses; intergovernmental sources; charges for services; fine and forfeiture; license and permits. These revenues are used to pay for the traditional services provided by the local government such as public safety, parks and recreation, community development and public works. The originally adopted expenditure budget of the General Fund totaled to \$15.5M with the inclusion of the \$1.35M interfund transfers to other funds. Revenues were budgeted originally at \$12.6M including interfund transfers from other funds of \$1.98M, resulting to projected net use of the net reserves by \$752,995. The amended budget, which includes unspent, but encumbered appropriations carried forward from fiscal year 2007, as well as Council approved adjustments during the year, totaled \$15.8M. The amended revenue budget was \$14.78M resulting in projected use of net reserves by \$539,319. Even though the general fund expenditures came under budget by \$2.88M, the actual use of net reserves came to \$617,273, 14% more than anticipated. The expenditure savings were the result of a citywide effort to cut costs in order to cope with increased expenses, in particular salary and retirement costs, while facing declining ongoing revenues. The total general fund's unrealized revenue for the year is \$2.4M. Specific revenues that contributed to the decline are: sales tax with \$756k in unrealized revenue, license and permits with \$350k in unrealized revenue, TOT with \$129k in unrealized revenue and an error in the projection for the motor vehicle license fee of about \$500k that was later discovered. Declining sales tax revenue is being felt not only within the City, but all across the State and the country due to the historic economic problems the country is facing. Although the City has not been drastically affected by the housing market meltdown, it has also slowed down new permit applications for building new houses and doing home improvements. It is also important to note that starting in fiscal year 2008 the City must now pay the county a portion of the cost of providing fire protection services inside its city limits. The amount for fiscal year 2008 is \$501,270, which will increase each year by 5.5% in the next four year thereafter. This added cost although was included in the budget did not help in alleviating the use of the general fund's net reserves.

As shown in the table below, General Government Departments (Council, Manager, and Finance/Administrative Services) contributed \$1,005,410 of this savings; Police contributed a savings of \$1,046,624 to the overall savings; Community Development contributed \$875,360 of the overall savings; Parks and Recreation contributed \$62,592 and Public Works Engineering contributed \$173,245. Portion of the savings in salary was due to positions intentionally not filled. The savings in materials, supplies and services is due to conservative budgeting. These expenditures are budgeted many months before the start of the fiscal year based on historical data and estimates of future operations.

	For the Fiscal Year Ended June 30, 2008					For the Fiscal Year Ended June 30, 2007				
	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget		Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget	
	Original	Final		Original	Final	Original	Final			
Fund balance, July 1	\$ (669,308)	\$ (475,210)	\$ 2,206,928	\$ 2,682,138	\$ 652,785	\$ 469,846	\$ 2,665,209	\$ 2,195,363		
Resources (inflows):										
Taxes	8,670,911	9,395,911	8,471,161	(924,750)	7,899,498	7,899,498	7,302,776	(596,722)		
Intergovernmental revenue	758,783	770,783	198,971	(571,812)	753,508	763,508	357,632	(405,876)		
Licenses, fees, and permits	22,600	654,850	349,119	(305,731)	655,900	707,424	364,091	(343,333)		
Current service charges	943,300	943,300	816,380	(126,920)	871,246	873,917	586,524	(287,393)		
Fines and forfeitures	93,317	93,317	99,751	6,434	104,317	104,317	93,950	(10,367)		
Use of money and property	151,250	151,250	133,165	(18,085)	188,058	188,058	179,942	(8,116)		
Other revenues	22,218	22,218	27,467	5,249	23,998	23,998	92,130	68,132		
Transfers from other funds	1,981,422	2,745,919	2,236,207	(509,712)	2,440,618	2,440,618	1,390,987	(1,049,631)		
Amount available for appropriation	12,643,801	14,777,548	12,332,220	(2,445,328)	12,937,143	13,001,338	10,368,031	(2,633,307)		
Charges to appropriations (outflows):										
General government	1,955,278	2,011,238	1,005,828	1,005,410	1,861,506	1,856,793	895,299	961,494		
Public safety	7,685,641	7,929,006	6,882,382	1,046,624	6,594,035	6,575,022	6,005,311	569,711		
Public works	581,637	581,637	408,392	173,245	446,233	424,640	292,497	15,873		
Community development	1,680,418	1,680,418	805,058	875,360	1,037,691	757,643	550,631	207,012		
Health	-	-	-	-	17,437	21,527	11,445	10,082		
Culture and leisure	2,263,837	2,257,837	2,195,245	62,592	1,834,380	1,848,647	1,899,677	(51,030)		
Non-departmental:										
Transfers to other funds	1,354,911	1,371,611	1,652,588	(280,977)	2,467,954	2,462,122	1,171,451	1,290,671		
Total charges to appropriations	15,521,722	15,831,747	12,949,493	2,882,254	14,259,236	13,946,394	10,826,311	3,120,083		
Excess of resources over (under) charges to appropriations	(752,995)	(539,319)	(617,273)	436,926	(1,322,093)	(945,056)	(458,280)	486,776		
Fund balance, June 30	\$ (1,422,303)	\$ (1,014,529)	\$ 1,589,655	\$ 3,119,064	\$ (669,308)	\$ (475,210)	\$ 2,206,928	\$ 2,682,139		

Capital Asset and Debt Administration

The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2008, amounts to \$70M (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and highways, sewers, storm drains and related infrastructure. This amount was down by \$3.09M as compared to prior year due to properties disposed and current year's depreciation of \$3.7M. The City sold 13 of its vehicles, included are five mini-buses and two dump trucks. Redevelopment agency also sold three of its real properties which include the Old City Hall building, a land in the business park and a parcel of land for housing development. The total amount of new assets added this year is \$1.275M for government activities and \$272,069 for business activities. The schedule below shows the summary of the City's capital assets by class and by type of activity. The assets are reported at historical cost, net of accumulated depreciation when applicable. These amounts do not represent the market value or replacement cost of the City's assets, which would be substantially more.

	Government Activities	Business-Type Activities	Total
<i>Non-Depreciable Assets:</i>			
Land	\$ 3,619,467	\$ 1,614,217	\$ 5,233,684
Construction in process	1,394,351	-	1,394,351
Total non-depreciable assets, net	<u>5,013,818</u>	<u>1,614,217</u>	<u>6,628,035</u>
<i>Depreciable Assets:</i>			
Buildings and improvements	25,691,572	2,747,841	28,439,413
Machinery and equipment	4,764,418	957,018	5,721,436
Infrastructure	87,848,493	20,741,307	108,589,800
	<u>118,304,483</u>	<u>24,446,166</u>	<u>142,750,649</u>
Less accumulated depreciation	<u>(70,455,808)</u>	<u>(8,800,758)</u>	<u>(79,256,566)</u>
Total depreciable assets, net	<u>47,848,675</u>	<u>15,645,408</u>	<u>63,494,083</u>
Total capital assets	<u>\$ 52,862,493</u>	<u>\$ 17,259,625</u>	<u>\$ 70,122,118</u>

Additional information on the capital assets can be found in Note 4 on pages 61-62 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total long term debt outstanding of \$20.5M, a net decrease of \$1.026M compared from prior year. Two of the bond obligations particularly the tax allocation bonds represent obligations secured solely by specified revenue sources; i.e., the Redevelopment Agency tax increment. The outstanding debt of \$9.19M in certificates of participation (2005 Refunding COP) were issued in fiscal year 2006 to advance refund the 1999 COP in order to capture favorable interest rates to lower the City's borrowing costs. The original amount issued was \$10,275,000 and currently the balance of the defeased bond is \$8.735M.

	Balance			Balance		
	July 1, 2007	Additions	Deletions	June 30, 2008	Due within one year	Due in more than one year
1999 Refunding Tax Allocation Bonds	\$ 6,580,000	\$ -	\$ (195,000)	\$ 6,385,000	\$ 205,000	\$ 6,180,000
2002 Tax Allocation Refunding Bonds	2,470,000	-	(365,000)	2,105,000	380,000	1,725,000
2005 Refunding Certificates of Participation	9,535,000	-	(345,000)	9,190,000	360,000	8,830,000
Capital Lease Obligations	1,031,380	-	(170,690)	860,690	120,775	739,915
Compensated Absences	1,868,933	1,120,473	(1,070,835)	1,918,571	622,753	1,295,818
Total	<u>\$ 21,485,313</u>	<u>\$ 1,120,473</u>	<u>\$ (2,146,525)</u>	<u>\$ 20,459,261</u>	<u>\$ 1,688,528</u>	<u>\$ 18,770,733</u>

There were no major additions to the total debt for the current fiscal year. The net decrease was primarily due to debt service required for the year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its assessed valuation. Additional information on the City of Ridgecrest long-term debt can be found in Note 5 on pages 63-65 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

When the City formulated its budget for fiscal year 2008, it anticipated a moderate but yet conservative growth in revenues in anticipation of the effect of BRAC in the local economy. However when the domino effect of housing/mortgage bubble and the spike in fuel prices started to rattle the national economy towards the second half of the fiscal year, the city started to see the effects on our major revenue sources such as sales tax, TOTs, and property taxes. By the end of the fiscal year, general fund had \$2.4M in unrealized revenues. Even with the cost cutting efforts by the city to offset the effect of lower revenue, the city had to dip into its net reserves 14% more than budgeted - which totals \$617,723.

Fiscal year 2009 revenue budget was developed with the assumption of zero growth based on the actual data of fiscal year 2008 with the exception of some revenue sources such as TOTs due to the construction of Hampton Inn and building permits in anticipation of new home constructions because of BRAC. With this assumptions and increasing cost of the salaries and benefits, general fund is projecting \$2.96M more in expenditures than in revenues. One time transfers from other funds' reserves are anticipated to make up the difference. We are anticipating a freeze hiring of all unfilled budgeted position in fiscal year 2009 and at mid-year possibly do more painful cost cutting strategies to mitigate now a high possibility of bigger budget problems the City could be facing in fiscal year 2010.

Given the budget and cash flow problems the State of California is experiencing in addition to the economic problems the country is facing such as: failure of those large and long standing financial institutions, the nation's largest automakers in the brink of bankruptcy, high unemployment and anticipation of more massive layoffs as big corporations restructure to cut costs, housing foreclosure in historic levels, and stricter rules in obtaining credit for small businesses. However, there is a silver lining in all of these at least in the City's local economy. It is called BRAC. It is anticipated that the transfers of those job positions being realigned by the BRAC program will be completed by 2012. The China Lake Naval Weapons Facility, the largest non-nuclear military research and testing center in the United States occupies just over one third of the city's acreage. This facility is the recipient of about 1,055 billets (job positions) being realigned by the Department of Defense. The naval base had broken ground for the construction of two new buildings at an estimated cost of \$100M. It is also anticipated that another 600 unrelated jobs will be created as an offshoot of the whole undertaking. The City is estimating that about 1200 new homes are needed to meet the demands of this growth. Fortunately our city is not experiencing the foreclosure levels we have seen in big metropolitan areas and the local housing market is stable with only 16 houses in foreclosure as of this writing.

Having said all of these, the next years' budgets - fiscal years 2010 and beyond will surely be the most challenging budgets to develop amid all the economic woes and its uncertainty. To address these budget challenges, the City will have to make significant changes to services provided to its residents while at the same time recognizing the priorities of the community and making sure that basic and vital services are maintained.

REQUESTS FOR INFORMATION

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

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Basic Financial Statements



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Government-Wide Financial Statements



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City of Ridgecrest
Statement of Net Assets
June 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 21,569,493	\$ 11,094,677	\$ 32,664,170
Cash and investments with fiscal agent	1,814,043	-	1,814,043
Accounts receivable	1,966,346	135,632	2,101,978
Interest receivable	137,917	101,620	239,537
Deposits	10,241	-	10,241
Due from Fiduciary Fund	56,595	-	56,595
Internal balances	(856,595)	800,000	(56,595)
Inventories	17,538	-	17,538
Total current assets	24,715,578	12,131,929	36,847,507
Noncurrent assets:			
Capital assets:			
Nondepreciable	5,013,818	1,614,217	6,628,035
Depreciable, net	47,848,674	15,645,408	63,494,082
Total capital assets, net	52,862,492	17,259,625	70,122,117
Total noncurrent assets	52,862,492	17,259,625	70,122,117
Total assets	77,578,070	29,391,554	106,969,624
LIABILITIES			
Current liabilities:			
Accounts payable	496,850	36,275	533,125
Interest payable	145,683	-	145,683
Retention payable	40,034	-	40,034
Salaries payable	194,215	20,539	214,754
Payroll taxes payable	-	-	-
Other payroll deductions payable	156,093	-	156,093
Deposits payable	129,267	-	129,267
Unearned revenue	-	563,812	563,812
Compensated absences - due within one year	622,753	-	622,753
Long-term debt - due within one year	1,065,775	-	1,065,775
Total current liabilities	2,850,670	620,626	3,471,296
Long-term liabilities:			
Claims payable	349,969	-	349,969
Compensated absences - due in more than one year	1,295,818	-	1,295,818
Long-term debt - due in more than one year	17,474,915	-	17,474,915
Total long-term liabilities	19,120,702	-	19,120,702
Total liabilities	21,971,372	620,626	22,591,998
NET ASSETS			
Invested in capital assets, net of related debt	34,321,802	17,259,625	51,581,427
Restricted for:			
Special projects	8,853,997	-	8,853,997
Debt service	9,135,394	-	9,135,394
Capital projects	493,712	-	493,712
Total restricted	18,483,103	-	18,483,103
Unrestricted	2,858,389	11,511,303	14,369,692
Total net assets	\$ 55,663,294	\$ 28,770,928	\$ 84,434,222

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Activities and Changes in Net Assets
For the fiscal year ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 1,968,945	\$ 189,506	\$ 65,200	\$ -	\$ 254,706
Public safety	7,390,384	340,599	100,000	19,386	459,985
Public works	1,858,022	-	-	-	-
Community development	2,379,597	696,801	-	-	696,801
Transportation	2,460,727	850	947,623	1,029,861	1,978,334
Health	174,055	-	-	205,032	205,032
Culture and leisure	2,425,245	462,904	-	220,000	682,904
Interest on long-term debt	973,731	-	-	-	-
Total governmental activities	19,630,706	1,690,660	1,112,823	1,474,279	4,277,762
Business-Type activities:					
TDA transit	714,560	251,131	94,663	-	345,794
Wastewater improvement	2,922,903	1,768,552	-	-	1,768,552
Total business-type activities	3,637,463	2,019,683	94,663	-	2,114,346
Total primary government	\$ 23,268,169	\$ 3,710,343	\$ 1,207,486	\$ 1,474,279	\$ 6,392,108

General revenues:

Taxes:

Property taxes

Sales taxes

Other taxes

Total taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (1,714,239)	\$ -	\$ (1,714,239)
(6,930,399)	-	(6,930,399)
(1,858,022)	-	(1,858,022)
(1,682,796)	-	(1,682,796)
(482,393)	-	(482,393)
30,977	-	30,977
(1,742,341)	-	(1,742,341)
(973,731)	-	(973,731)
<u>(15,352,944)</u>	<u>-</u>	<u>(15,352,944)</u>
-	(368,766)	(368,766)
-	(1,154,351)	(1,154,351)
<u>-</u>	<u>(1,523,117)</u>	<u>(1,523,117)</u>
<u>(15,352,944)</u>	<u>(1,523,117)</u>	<u>(16,876,061)</u>
9,573,705	-	9,573,705
2,996,734	-	2,996,734
3,689,557	563,141	4,252,698
<u>16,259,996</u>	<u>563,141</u>	<u>16,823,137</u>
743,954	596,679	1,340,633
868,501	10,737	879,238
1,318,981	(1,318,981)	-
<u>19,191,432</u>	<u>(148,424)</u>	<u>19,043,008</u>
3,838,489	(1,671,541)	2,166,948
<u>51,824,805</u>	<u>30,442,469</u>	<u>82,267,274</u>
<u>\$ 55,663,294</u>	<u>\$ 28,770,928</u>	<u>\$ 84,434,222</u>

City of Ridgecrest
Comprehensive Annual Financial Report
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Fund Financial Statements

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements



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Governmental Fund Financial Statements



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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.

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

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

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

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

City of Ridgecrest
Balance Sheet
Governmental Funds
June 30, 2008

	Major Funds					
	General Fund	Ridgecrest Redevelopment Agency	Capital		Other Governmental Funds	Total Governmental Funds
			Improvements Capital Projects Fund	City Debt Service Fund		
ASSETS						
Cash and investments	\$ 1,664,348	\$ 13,750,331	\$ 292,444	\$ -	\$ 2,703,306	\$ 18,410,429
Cash and investments with fiscal agent	-	1,058,098	-	755,945	-	1,814,043
Accounts receivable	477,312	1,176,970	-	-	312,064	1,966,346
Interest receivable	8,753	68,601	34	1,040	25,477	103,905
Due from other funds	95,000	-	-	-	115,713	210,713
Deposits	-	-	-	-	10,241	10,241
Advances receivable	56,595	-	-	-	-	56,595
Advances to other funds	-	-	-	8,379,159	-	8,379,159
Total assets	\$ 2,302,008	\$ 16,054,000	\$ 292,478	\$ 9,136,144	\$ 3,166,801	\$ 30,951,431
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 236,103	\$ 18,822	\$ 18,782	\$ 750	\$ 76,758	\$ 351,215
Retentions payable	-	-	40,034	-	-	40,034
Salaries payable	145,211	8,996	396	-	11,041	165,644
Payroll taxes payable	-	-	-	-	-	-
Other payroll deductions payable	156,093	-	-	-	-	156,093
Due to other funds	-	-	95,000	-	115,713	210,713
Deposits payable	63,600	2,500	63,067	-	100	129,267
Deferred revenue	111,346	460,003	-	-	-	571,349
Advances from other funds	-	9,179,159	-	-	-	9,179,159
Total liabilities	712,353	9,669,480	217,279	750	203,612	10,803,474
Fund Balances:						
Reserved for:						
Encumbrances	1,524,843	28,446	75,199	-	-	1,628,488
Capital projects	-	1,296,697	-	-	10,241	1,306,938
Debt service	-	575,307	-	756,235	-	1,331,542
Advances to other funds	-	-	-	8,379,159	-	8,379,159
Total reserved	1,524,843	1,900,450	75,199	9,135,394	10,241	12,646,127
Unreserved, designated for:						
General fund	64,812	-	-	-	-	64,812
Special revenue	-	-	-	-	-	-
RRA land sale proceeds	-	1,652,863	-	-	-	1,652,863
Total unreserved, designated	64,812	1,652,863	-	-	-	1,717,675
Unreserved, undesignated:						
Special revenue	-	2,831,207	-	-	2,952,948	5,784,155
Total unreserved, undesignated	-	2,831,207	-	-	2,952,948	5,784,155
Total fund balances	1,589,655	6,384,520	75,199	9,135,394	2,963,189	20,147,957
Total liabilities and fund balances	\$ 2,302,008	\$ 16,054,000	\$ 292,478	\$ 9,136,144	\$ 3,166,801	\$ 30,951,431

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2008

Total Fund Balances - Total Governmental Funds \$ 20,147,957

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds (net of \$359,477 of internal service fund capital assets).

Non-depreciable	5,013,818
Depreciable, net	<u>47,489,197</u>
	<u>52,503,015</u>

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

Compensated absences - due within one year	(622,753)
Compensated absences - due in more than one year	(1,295,818)
Long-term debt - due within one year	(1,065,775)
Long-term debt - due in more than one year	<u>(17,474,915)</u>
	<u>(20,459,261)</u>

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

(145,683)

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

571,349

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities.

3,045,916

Net Assets of Governmental Activities \$ 55,663,294

City of Ridgecrest
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2008

	Major Funds					
	General Fund	Ridgecrest Redevelopment Agency	Capital		Other Governmental Funds	Total Governmental Funds
			Improvements	City		
			Capital Projects Fund	Debt Service Fund		
REVENUES:						
Taxes	\$ 8,471,161	\$ 7,360,406	\$ -	\$ -	\$ 481,816	\$ 16,313,383
Intergovernmental	198,971	222,725	800,400	-	1,087,513	2,309,609
License and permits	349,119	-	-	-	238,412	587,531
Fines and forfeitures	99,751	-	-	-	-	99,751
Use of property and money	133,165	382,685	4,215	23,759	129,583	673,407
Charges for services	816,380	-	517	-	-	816,897
Other revenues	27,467	786,916	205,032	-	13,894	1,033,309
Total revenues	10,096,014	8,752,732	1,010,164	23,759	1,951,218	21,833,887
EXPENDITURES:						
Current:						
General government	1,414,221	-	-	-	65,172	1,479,393
Public safety	6,882,382	-	-	-	219,734	7,102,116
Public works	-	-	827,213	-	1,030,809	1,858,022
Community development	805,058	1,373,826	-	-	104,384	2,283,268
Health	-	-	149,674	-	7,274	156,948
Culture and leisure	2,195,245	-	86,164	-	-	2,281,409
Debt service:						
Principal	-	560,000	-	515,690	-	1,075,690
Interest	-	522,166	-	455,865	-	978,031
Total expenditures	11,296,906	2,455,992	1,063,051	971,555	1,427,373	17,214,877
REVENUES OVER (UNDER) EXPENDITURES	(1,200,892)	6,296,740	(52,887)	(947,796)	523,845	4,619,010
OTHER FINANCING SOURCES (USES):						
Contribution to Agency Fund	(12,150)	-	-	-	-	(12,150)
Transfers in	2,236,207	3,854,566	819,441	589,926	1,091,008	8,591,148
Transfers out	(1,640,438)	(4,684,453)	-	-	(998,860)	(7,323,751)
Total other financing sources (uses)	583,619	(829,887)	819,441	589,926	92,148	1,255,247
Net change in fund balances	(617,273)	5,466,853	766,554	(357,870)	615,993	5,874,257
FUND BALANCES:						
Beginning of year	2,206,928	917,667	(691,355)	9,493,264	2,347,196	14,273,700
End of year	\$ 1,589,655	\$ 6,384,520	\$ 75,199	\$ 9,135,394	\$ 2,963,189	\$ 20,147,957

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ 5,874,257
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. Capital outlay expenditures were included in the Statement of Revenue, Expenditures, and Changes in Fund Balances through out various departments. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 1,275,393

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 \$47,929 reported in Internal Service Funds). (3,635,383)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) was to decrease net assets. (797,744)

Long-term compensated absences were reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, long-term compensated absences were not reported as expenditures in governmental funds. (49,638)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.

Principal payment on debt service 1,075,690

Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from prior year. 4,301

Revenues in the statement of activities that did not provide current financial resources are not reported as revenues in the funds. 123,229

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. (31,616)

Change in Net Assets of Governmental Activities	\$ 3,838,489
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Proprietary Fund Financial Statements



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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 Assets
Proprietary Funds
June 30, 2008

	Major Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 531,484	\$ 10,563,193	\$ 11,094,677	\$ 3,159,064
Accounts receivable	38,378	97,254	135,632	-
Interest receivable	4,803	96,817	101,620	34,012
Total current assets	574,665	10,757,264	11,331,929	3,193,076
Noncurrent assets:				
Inventories	-	-	-	17,538
Advances to other funds	-	800,000	800,000	-
Capital assets:				
Non-depreciable:				
Land	-	1,614,217	1,614,217	-
Depreciable:				
Buildings and improvements	-	2,747,841	2,747,841	-
Machinery and equipment	527,230	429,789	957,019	424,282
Infrastructure	-	20,741,307	20,741,307	-
Less accumulated depreciation	(402,830)	(8,397,929)	(8,800,759)	(64,805)
Total capital assets:	124,400	17,135,225	17,259,625	359,477
Total noncurrent assets	124,400	17,935,225	18,059,625	377,015
Total assets	699,065	28,692,489	29,391,554	3,570,091
LIABILITIES				
Current liabilities:				
Accounts payable	2,847	33,428	36,275	145,635
Salaries payable	9,919	10,620	20,539	28,571
Unearned revenue	563,812	-	563,812	-
Total current liabilities	576,578	44,048	620,626	174,206
Noncurrent liabilities:				
Claims payable	-	-	-	349,969
Total noncurrent liabilities	-	-	-	349,969
Total liabilities	576,578	44,048	620,626	524,175
NET ASSETS				
Invested in capital assets	124,400	17,135,225	17,259,625	359,477
Unrestricted (deficit)	(1,913)	11,513,216	11,511,303	2,686,439
Total net assets	\$ 122,487	\$ 28,648,441	\$ 28,770,928	\$ 3,045,916

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2008

	Major Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
OPERATING REVENUES:				
Charges for services	\$ 251,131	\$ 1,768,552	\$ 2,019,683	\$ 2,685,977
Other revenue	436	10,301	10,737	483,549
Total operating revenues	251,567	1,778,853	2,030,420	3,169,526
OPERATING EXPENSES:				
Public works	676,382	-	676,382	-
Health	-	2,508,937	2,508,937	-
Administration	-	-	-	3,305,702
Public safety	-	-	-	92,192
Depreciation	38,178	413,966	452,144	47,929
Total operating expenses	714,560	2,922,903	3,637,463	3,445,823
OPERATING INCOME (LOSS)	(462,993)	(1,144,050)	(1,607,043)	(276,297)
NONOPERATING REVENUES (EXPENSES):				
Taxes	563,141	-	563,141	-
Intergovernmental	94,663	-	94,663	-
Use of money and property	4,871	591,808	596,679	193,097
Total nonoperating revenues	662,675	591,808	1,254,483	193,097
INCOME (LOSS) BEFORE TRANSFERS	199,682	(552,242)	(352,560)	(83,200)
TRANSFERS:				
Transfers in	-	-	-	1,262,317
Transfers out	(202,212)	(1,116,769)	(1,318,981)	(1,210,733)
Total transfers	(202,212)	(1,116,769)	(1,318,981)	51,584
Change in net assets	(2,530)	(1,669,011)	(1,671,541)	(31,616)
NET ASSETS:				
Beginning of year	125,017	30,317,452	30,442,469	3,077,532
End of year	\$ 122,487	\$ 28,648,441	\$ 28,770,928	\$ 3,045,916

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2008

	Major Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 677,996	\$ 1,801,698	\$ 2,479,694	\$ 2,685,977
Payments to suppliers for operation	(676,385)	(2,509,985)	(3,186,370)	(3,424,565)
Payments to employees	(849)	(249)	(1,098)	(1,883)
Insurance premiums and settlements	-	-	-	(132,269)
Cash received from (payments to) other	436	10,301	10,737	483,549
Net cash provided (used) by operating activities	1,198	(698,235)	(697,037)	(389,191)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Advances to other funds	-	200,000	200,000	-
Taxes	563,141	-	563,141	-
Intergovernmental	94,663	-	-	-
Transfers in	-	-	-	1,262,317
Transfers out	(202,212)	(1,116,769)	(1,318,981)	(1,210,733)
Net cash provided (used) by noncapital financing activities	455,592	(916,769)	(555,840)	51,584
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(57,758)	(214,311)	(272,069)	(299,851)
Net cash provided (used) by capital and related financing activities	(57,758)	(214,311)	(272,069)	(299,851)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	1,935	665,491	667,426	221,820
Net cash provided (used) by investing activities	1,935	665,491	667,426	221,820
Net increase (decrease) in cash and cash equivalents	400,967	(1,163,824)	(762,857)	(415,638)
CASH AND INVESTMENTS:				
Beginning of year	130,517	11,727,017	11,857,534	3,574,702
End of year	\$ 531,484	\$ 10,563,193	\$ 11,094,677	\$ 3,159,064
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (462,993)	\$ (1,144,050)	\$ (1,607,043)	\$ (276,297)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	38,178	413,966	452,144	47,929
Changes in current assets and liabilities:				
Accounts receivable	40,351	33,146	73,497	-
Due from other funds	-	-	-	-
Inventories	-	-	-	(2,897)
Accounts payable	(3)	(1,048)	(1,051)	(23,774)
Due to other funds	-	-	-	-
Salaries payable	(849)	(249)	(1,098)	(1,883)
Claims payable	-	-	-	(132,269)
Unearned revenue	386,514	-	386,514	-
Total adjustments	464,191	445,815	910,006	(112,894)
Net cash provided (used) by operating activities	\$ 1,198	\$ (698,235)	\$ (697,037)	\$ (389,191)

See accompanying Notes to Basic Financial Statements.

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Fiduciary Fund Financial Statements



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FIDUCIARY FUND FINANCIAL STATEMENTS

Private Purpose Trust Funds

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

Agency Funds

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

City of Ridgecrest
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and investments	\$ 8,230	\$ 1,071,962
Accounts receivable	-	429
Interest receivable	1	4,367
Total assets	8,231	\$ 1,076,758
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	4,197	\$ 10,000
Advance payable	-	56,595
Due to bondholders	-	1,010,163
Total liabilities	4,197	\$ 1,076,758
Net Assets:		
Held in trust for Parks & Recreation and Senior Center	4,034	
Total net assets	\$ 4,034	

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2008

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Other revenues	\$ 4,108
Total additions	<u>4,108</u>
DEDUCTIONS:	
General government	<u>17,136</u>
Total deductions	<u>17,136</u>
CHANGE IN NET ASSETS BEFORE CONTRIBUTIONS	(13,028)
CONTRIBUTIONS:	
Contributions from City of Ridgecrest	<u>12,151</u>
Total contributions	12,151
Change in net assets	(877)
NET ASSETS:	
Beginning of year	<u>4,911</u>
End of year	<u>\$ 4,034</u>

See accompanying Notes to Basic Financial Statements.

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2008

Notes to Basic Financial Statements



City of Ridgecrest
Notes to Basic Financial Statements
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

B. Basis of Accounting and Measurement Focus

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

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

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

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

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements

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

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

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

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

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

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

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

Governmental Fund Financial Statements

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

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

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

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

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

Governmental Funds of the City are outlined below:

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

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

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

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

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements

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

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

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

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

Proprietary Funds of the City are outlined below:

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

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

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements

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

C. Use of Restricted and Unrestricted Net Assets

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

D. Encumbrances

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

E. Cash, Cash Equivalents and Investment

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

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

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Cash, Cash Equivalents and Investment, Continued

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

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

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

F. Restricted Cash and Investments

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

G. Capital Assets

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

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

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

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Capital Assets, Continued

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

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

H. Long-Term Liabilities

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

I. Net Assets

Government-Wide Financial Statements

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

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

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Net Assets, Continued

Fund Financial Statements

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

J. Compensated Absences

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Property Taxes

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

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

L. Use of Estimates

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Implementation of New GASB Pronouncements

The City adopted a new accounting standard in order to conform to the following Governmental Accounting Standards Board (GASB) Statements:

- Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*
- Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*
- Statement No. 50, *Pension Disclosures*

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of other post employment benefits cost over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

GASB Statement No. 48 improves financial reporting by establishing consistent measurement, recognition, and disclosure requirements that apply to both governmental and business-type activities. This Statement also improves the usefulness of financial reporting by requiring that specific relevant disclosures be made to inform financial statement users about the unavailability of future revenues that have been pledged or sold.

GASB Statement No. 50 is intended to improve the transparency and usefulness of financial reporting by pension plans and employers by amending GASB Statements No. 25 and No. 27 to conform to the applicable note disclosure and RSI modifications adopted in the GASB Statements No. 43 and 45.

2. CASH AND INVESTMENTS

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2008:

	Government-Wide Statement of Net Assets		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Assets	
Cash and investments	\$ 21,569,493	\$ 11,094,677	\$ 1,080,192	\$ 33,744,362
Cash and investments with fiscal agent	1,814,043	-	-	1,814,043
Total	\$ 23,383,536	\$ 11,094,677	\$ 1,080,192	\$ 35,558,405

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS, Continued

A. Cash Deposits

The carrying amounts of the City's cash deposits were \$2,045,434 at June 30, 2008. Bank balances before reconciling items were \$2,068,631 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. The City's financial institution pledges identifiable U. S. Government securities to fully collateralize the City's deposits. These securities are owned by the Bank, and held in safekeeping by the bank's Trust Department. The bank's Trust Department submits a report to the State of California Local Agency Administrator on a weekly basis to comply in all respects, with all provisions of the Local Agency Deposit Security Law and Local Agency Deposit Security Regulations of the Government Code of the State of California. This report reflects the details of the Bank's total secured active & inactive local agency deposits and the total market value of the pooled bond collateral. Government Code requires approved depository banks to maintain the market value of the collateral pool in excess of 110% of the local agency balances. The Local Agency Administrator also monitors the eligibility of securities in the banks' collateral pools to ensure compliance to the California Government Code. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150% of the City's total cash deposits. However, the City's bank excludes these types of instruments in their collateral pool. The City may waive collateral requirements for cash deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

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

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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS, Continued

B. Investments, Continued

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

C. External Investment Pool

The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2008, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of June 30, 2008, the City had \$31,697,478 invested in LAIF which had invested 14.72% of the pool investment funds in Structured Notes and Asset-Backed Securities.

D. Risk Disclosures

At June 30, 2008, the City had the following deposits and investments:

Interest Rate Risk

	Fair Value	1 year or less
Cash:		
Demand accounts	\$ 2,045,434	\$ 2,045,434
Petty cash	1,450	1,450
Investments:		
California Local Agency Investment Fund	31,697,478	31,697,478
Investment held by Fiscal Agents	1,814,043	1,814,043
Total	\$ 35,558,405	\$ 35,558,405

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 manages this risk by investing its operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools to ensure liquidity.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures, Continued

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.

	Credit Quality Ratings		Fair Value
	Moody's	Standard & Poor's	
Cash and Investments:			
California Local Agency Investment Fund	Not Rated		\$ 31,697,478
Investments held by Fiscal Agents	Not Rated		1,814,043
Total Cash and Investments			\$ 33,511,521

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.

3. INTERFUND TRANSACTIONS

A. Government-Wide Financial Statements

Internal Balances

At June 30, 2008, the City had the following interfund receivables and payables:

Internal Balances	Internal Balances	
	Business-Type Activities	
Governmental Activities	\$ 800,000	

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

3. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Advances to and from other funds

At June 30, 2008, the City had the following long-term interfund receivables and payables:

		Advances to other funds		
		City Debt Service Fund	Enterprise Fund Wastewater Improvement	Total
Advances from other funds	Ridgecrest Redevelopment Agency	\$ 8,379,159	\$ 800,000	\$ 9,179,159
	Total	\$ 8,379,159	\$ 800,000	\$ 9,179,159

On November 1, 2005, the City and the Agency have entered into a reimbursement agreement, pursuant to which the Agency has agreed to reimburse the City for all Lease payments. The Agency's reimbursement obligation is secured by a pledge of certain tax increment revenues arising in the Agency's Ridgecrest Redevelopment Project. Certain outstanding and future bonds of the Agency have or may have a claim on tax increment revenues that is senior to the Agency's reimbursement obligation under the Reimbursement Agreement. At June 30, 2008, the outstanding balance of the agreement was \$8,379,159.

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

The annual requirements to amortize the note are as follows:

Year Ending	Principal	Interest	Total
June 30,			
2009	\$ 200,000	\$ 40,000	\$ 240,000
2010	200,000	30,000	230,000
2011	200,000	20,000	220,000
2012	200,000	10,000	210,000
Total	\$ 800,000	\$ 100,000	\$ 900,000

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

3. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Transfers

At June 30, 2008, the City had the following transfers:

		Transfers Out						
		Ridgecrest	Non-major	Enterprise Funds				
		General	Redevelopment	Governmental	T.D.A.	Wastewater	Internal	
		Fund	Agency	Funds	Transit	Improvement	Service Funds	Total
Transfers In	General Fund	\$ -	\$ 181,575	\$ 366,217	\$ 159,684	\$ 655,107	\$ 873,624	\$ 2,236,207
	Ridgecrest Redevelopment							
	Agency	-	3,854,566	-	-	-	-	3,854,566
	Capital Projects Fund:							
	Capital Improvements	135,962	159,726	236,565	-	287,188	-	819,441
	City Debt Service Fund	189,290	400,636	-	-	-	-	589,926
	Non-major							
	Governmental Funds	756,150	5,858	329,000	-	-	-	1,091,008
Internal Service Funds	559,036	82,092	67,078	42,528	174,474	337,109	1,262,317	
Total	\$ 1,640,438	\$ 4,684,453	\$ 998,860	\$ 202,212	\$ 1,116,769	\$ 1,210,733	\$ 9,853,465	

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

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

4. CAPITAL ASSETS

A. Government-Wide Financial Statements

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

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<i>Non-Depreciable Assets:</i>				
Land	\$ 3,824,168	\$ -	\$ (204,701)	\$ 3,619,467
Construction in progress	833,690	655,441	(94,780)	1,394,351
Total non-depreciable assets	<u>4,657,858</u>	<u>655,441</u>	<u>(299,481)</u>	<u>5,013,818</u>
<i>Depreciable Assets:</i>				
Buildings and improvements	26,291,588	86,164	(686,180)	25,691,572
Machinery and equipment	4,380,088	548,994	(164,664)	4,764,418
Infrastructure	87,563,847	284,646	-	87,848,493
Total depreciable assets	<u>118,235,523</u>	<u>919,804</u>	<u>(850,844)</u>	<u>118,304,483</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(15,679,354)	(1,031,834)	195,992	(16,515,196)
Machinery and equipment	(3,397,516)	(338,053)	156,589	(3,578,980)
Infrastructure	(48,048,207)	(2,313,425)	-	(50,361,632)
Total accumulated depreciation	<u>(67,125,077)</u>	<u>(3,683,312)</u>	<u>352,581</u>	<u>(70,455,808)</u>
Total depreciable assets, net	<u>51,110,446</u>	<u>(2,763,508)</u>	<u>(498,263)</u>	<u>47,848,675</u>
Total governmental activities	<u>\$ 55,768,304</u>	<u>\$ (2,108,067)</u>	<u>\$ (797,744)</u>	<u>\$ 52,862,493</u>

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2008 are as follows:

General Government	\$ 895,443
Public Safety	116,116
Transportation	2,437,886
Community Development	77,826
Culture and Leisure	108,112
Internal Service Fund	47,929
Total depreciation expense	<u>\$ 3,683,312</u>

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

4. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

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

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<i>Non-Depreciable Assets:</i>				
Land	\$ 1,614,217	\$ -	\$ -	\$ 1,614,217
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>1,614,217</u>	<u>-</u>	<u>-</u>	<u>1,614,217</u>
<i>Depreciable Assets:</i>				
Buildings and improvements	2,602,036	145,805	-	2,747,841
Machinery and equipment	1,014,077	122,395	(179,454)	957,018
Infrastructure	20,737,438	3,869	-	20,741,307
Total depreciable assets	<u>24,353,551</u>	<u>272,069</u>	<u>(179,454)</u>	<u>24,446,166</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(3,863,985)	(248,326)	-	(4,112,311)
Machinery and equipment	(2,073,472)	(69,871)	179,454	(1,963,889)
Infrastructure	(2,590,611)	(133,947)	-	(2,724,558)
Total accumulated depreciation	<u>(8,528,068)</u>	<u>(452,144)</u>	<u>179,454</u>	<u>(8,800,758)</u>
Total depreciable assets, net	<u>15,825,483</u>	<u>(180,075)</u>	<u>-</u>	<u>15,645,408</u>
Total business-type activities	<u>\$ 17,439,700</u>	<u>\$ (180,075)</u>	<u>\$ -</u>	<u>\$ 17,259,625</u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2008 is as follows:

T.D.A. Transit	\$ 38,178
Wastewater Improvement	<u>413,966</u>
Total depreciation expense	<u>\$ 452,144</u>

B. Fund Financial Statements

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

5. LONG-TERM DEBT

The following is a summary of long-term debt for the year ended June 30, 2008:

	Balance			Balance		
	June 30, 2007	Additions	Deletions	June 30, 2008	Due within one year	Due in more than one year
1999 Refunding Tax Allocation Bonds	\$ 6,580,000	\$ -	\$ (195,000)	\$ 6,385,000	\$ 205,000	\$ 6,180,000
2002 Tax Allocation Refunding Bonds	2,470,000	-	(365,000)	2,105,000	380,000	1,725,000
2005 Refunding Certificates of Participation	9,535,000	-	(345,000)	9,190,000	360,000	8,830,000
Capital Lease Obligations	1,031,380	-	(170,690)	860,690	120,775	739,915
Compensated Absences	1,868,933	1,120,473	(1,070,835)	1,918,571	622,753	1,295,818
Total	\$ 22,268,077	\$ 1,120,473	\$ (2,146,525)	\$ 20,459,261	\$ 1,688,528	\$ 18,770,733

1999 Refunding Tax Allocation Bonds

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

The Agency has pledged a portion of future property tax revenue to repay the 1999 Refunding Tax Allocation Bonds. Total principal and interest remaining on the bond is \$10,791,002, payable through 2026.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 205,000	\$ 393,813	\$ 598,813
2010	215,000	382,435	597,435
2011	230,000	370,288	600,288
2012	245,000	356,488	601,488
2013	260,000	341,788	601,788
2014-2018	1,545,000	1,451,502	2,996,502
2019-2023	2,090,000	906,250	2,996,250
2024-2026	1,595,000	203,438	1,798,438
Total	\$ 6,385,000	\$ 4,406,002	\$ 10,791,002

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

5. LONG-TERM DEBT, Continued

2002 Tax Allocation Refunding Bonds

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

The Agency has pledged a portion of future property tax revenue to repay the 2002 Tax Allocation Refunding Bonds. Total principal and interest remaining on the bond is \$2,424,200, payable through 2013.

The annual debt service requirements are as follows:

Year Ending	Principal	Interest	Total
June 30,			
2009	\$ 380,000	\$ 101,300	\$ 481,300
2010	400,000	84,200	484,200
2011	420,000	65,200	485,200
2012	440,000	45,250	485,250
2013	465,000	23,250	488,250
Total	\$ 2,105,000	\$ 319,200	\$ 2,424,200

2005 Refunding Certificates of Participation

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

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

5. LONG-TERM DEBT, Continued

2005 Refunding Certificates of Participation, Continued

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 360,000	\$ 390,286	\$ 750,286
2010	370,000	378,766	748,766
2011	380,000	366,556	746,556
2012	395,000	353,256	748,256
2013	410,000	339,036	749,036
2014-2018	2,345,000	1,395,196	3,740,196
2019-2023	2,880,000	854,516	3,734,516
2024-2026	2,050,000	186,976	2,236,976
Total	\$ 9,190,000	\$ 4,264,588	\$ 13,454,588

At fiscal year end, \$8,735,283 was the balance of the escrow account where bonds proceeds from the sale was deposited. These will cover the debt service payments of the 1999 COP bonds as they mature.

Capital Lease Obligations

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

For Years Ending June 30,	
2009	\$ 165,705
2010	162,829
2011	162,829
2012	162,829
2013	139,064
2014-2016	234,120
Total Minimum lease Payments	<u>1,027,376</u>
Less amount representing interest	<u>(166,686)</u>
Present value of lease payments	\$ 860,690

Compensated Absences

Compensated absences at June 30, 2008, amounted to \$1,918,571. Typically, the Self-Insurance Fund (Internal Service Fund) has been used to liquidate the liability for compensated absences. There is no fixed payment schedule for compensated absences.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

6. RISK MANAGEMENT

Fiscal Year 2008 was the last year the City remained a member of the PARSAC (Public Agency Risk Sharing Authority of California). The PARSAC is comprised of 35 California member cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the PARSAC is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

The City withdrew its membership from PARSAC starting July 1, 2008. Its general liability insurance and workers' compensation insurance are now both covered thru CSAC.

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 \$1,000,000 are prorated among all participating cities on a payroll basis. Losses in excess of \$1,000,000 are covered by excess insurance purchased by the participating cities, as a part of the pool, to a limit of \$10,000,000. This cost is also prorated on a payroll basis.

Workers' Compensation

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

The workers' compensation and general liability claims payable of \$349,969 reported at June 30, 2008 were based on the requirements of Governmental Accounting Standards Board Statement No. 10, which required that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it was probable that a liability had been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the prior year.

Changes in the claims liability amounts were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2006-2007	\$ 532,043	\$ 71,267	\$ 121,072	\$ 482,238
2007-2008	482,238	(13,999)	118,270	349,969

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

6. RISK MANAGEMENT, Continued

The latest financial information of the PARSAC for fiscal year ended June 30, 2008, is as follows:

Total assets	\$ 28,674,500
Total liabilities	<u>\$ 17,730,870</u>
Total equities	<u>\$ 10,943,630</u>
Total revenues	<u>\$ 11,149,493</u>
Total expenses	<u>\$ 12,965,179</u>
Expenses over revenues	<u>\$ 1,815,686</u>

7. PUBLIC EMPLOYEE RETIREMENT SYSTEM

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

Funding Policy - City employees are required by State statute to contribute 8% for miscellaneous employees and 9% for safety employees of their annual covered salary. The City employer makes the contributions required of City employees on their behalf and for their account which amounted to \$531,067 for the year ended June 30, 2008. The City employer is required to contribute for fiscal year 2006-2008 at an actuarially determined rate; the current rate is 13.283% for miscellaneous employees and 19.691% for safety employees of annual covered payroll. The contribution requirements of City employees and the City employer are established and may be amended by PERS.

Annual Pension Cost - For fiscal year ended June 30, 2008, the City's annual pension cost of \$984,937 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases range from 3.25% to 14.45% depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2005 was 16 years for prior and current service unfunded liability.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

7. PUBLIC EMPLOYEE RETIREMENT SYSTEM, Continued

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 517,752	100%	\$ -
6/30/2007	724,412	100%	-
6/30/2008	984,937	100%	-

Funded Status of Plan – Miscellaneous and Safety Employees - As of the actuarial valuation date of June 30, 2007, 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.

8. OTHER POST EMPLOYMENT BENEFITS

Plan Description - The City provides \$100 per month subject to the minimum required employer contribution (plus any administration fees) under the CalPERS Health Plan for eligible retirees and surviving spouses in receipt of a pension benefit from CalPERS. An employee is eligible for this employer contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 60 days of retirement with the City. The surviving spouse of an eligible retiree who elected spouse coverage under the CalPERS Health Plan is eligible for the employer contribution upon the death of the retiree. Employees retiring on or after March 17, 2005 who are members of the Police Employees Association of Ridgecrest ("PEAR") are also eligible for a reimbursement of up to \$100 per month for non-CalPERS health coverage. For calendar year 2008, the required employer contributions under the CalPERS Health plan is \$97. CalPERS adjusts this amount annually based on inflation index.

Funding Policy - The City has entered into an agreement with CalPERS to prefund its other post employment benefits thru California Employer’s Retiree Benefit Trust (CERBT) program. The City is funding at least 100% of the annual required contribution as calculated in the actuarial valuation prepared in accordance with GASB Statement No. 45.

Annual OPEB Cost – For fiscal year ended June 30, 2008, the City’s annual OPEB cost was \$88,916. The City’s annual required contribution (ARC) was \$77,000 and was deposited in to the trust account and the balance of the amount was used to pay for the actual retirees’ benefit cost for the fiscal year. The ARC was determined as part of the July 1, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases range of 3.25%, (c) CalPERS Assumption Model was used in determining the factor for pre-retirement turnover, pre-retirement mortality, post-retirement mortality and retirement age. It is assumed that 50% of the active employees will elect to enroll in the City’s health benefit program upon retirement and 20% of them will elect coverage for their spouse. However, it is not assumed that future PEAR retirees will elect \$100 reimbursement benefit over the CalPERS Health Benefit. The City’s \$100 monthly benefit is not assumed to increase in future years. On the other hand, the CalPERS minimum required employer contribution is assumed to increase by 5% to 5.50% each year.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

8. OTHER POST EMPLOYMENT BENEFITS, Continued

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

	<u>Annual OPEB Cost (ARC)</u>	<u>Annual OPEB Contributions</u>	<u>Percentage Contribution</u>	<u>Net OPEB Asset</u>
2007-2008	\$ 77,000	\$ 88,916	115%	\$ 11,916

A schedule of funding progress for the year ended June 30, 2008 is presented below:

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Overfunded (Unfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Unfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2007	\$ -	\$ 597,958	\$ (597,958)	0.0%	\$ 5,967,000	-10.0%

9. OTHER REQUIRED DISCLOSURES

At June 30, 2008, the City had a deficit balance in its T.D.A. Transit proprietary fund unrestricted net assets in the amount of \$(1,913). The deficit was due to investment in capital assets in excess of all net assets owned by the fund.

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

<u>Fund</u>	<u>Fund Type</u>	<u>Deficit</u>
State Gas Tax	Non-Major Governmental Fund	\$ (82,402)

10. COMMITMENTS AND CONTINGENCIES

A. Litigation

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

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Comprehensive Annual Financial Report
For the year ended June 30, 2008

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City of Ridgecrest
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Required Supplementary Information



City of Ridgecrest
Required Supplementary Information
For the year ended June 30, 2008

1. BUDGETARY INFORMATION

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

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

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

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

Budget Comparison Schedule - General Fund

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 2,206,928	\$ 2,206,928	\$ 2,206,928	\$ -
Resources (inflows):				
Taxes	8,670,911	9,395,911	8,471,161	(924,750)
Intergovernmental revenue	758,783	770,783	198,971	(571,812)
Licenses and permits	22,600	654,850	349,119	(305,731)
Fines and penalties	93,317	93,317	99,751	6,434
Use of money and property	151,250	151,250	133,165	(18,085)
Charges for services	943,300	943,300	816,380	(126,920)
Other revenues	22,218	22,218	27,467	5,249
Transfers in	1,981,422	2,745,919	2,236,607	(509,312)
Amount available for appropriation	12,643,801	14,777,548	12,332,621	(2,444,927)
Charges to appropriations (outflows):				
General government	1,955,278	2,011,238	1,414,621	596,617
Public safety	7,685,641	7,929,006	6,882,382	1,046,624
Public works	-	581,637	-	581,637
Community development	-	1,680,418	805,058	875,360
Health	-	-	-	-
Culture and leisure	2,263,837	2,257,837	2,195,245	62,592
Transfers out	1,354,911	1,371,611	1,652,588	(280,977)
Total charges to appropriations	13,259,667	15,831,747	12,949,894	2,881,853
Excess of resources over (under) charges to appropriations	(615,866)	(1,054,199)	(617,273)	436,926
Fund balance, June 30, 2008	\$ 1,591,062	\$ 1,152,729	\$ 1,589,655	\$ 436,926

City of Ridgecrest
Required Supplementary Information, Continued
For the year ended June 30, 2008

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule - Ridgecrest Redevelopment Agency Fund

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 917,667	\$ 917,667	\$ 917,667	\$ -
Resources (inflows):				
Taxes	4,117,311	4,117,311	7,360,406	3,243,095
Intergovernmental	200,000	200,000	222,725	22,725
Use of money and property	185,800	185,800	382,685	196,885
Other revenues	-	-	786,916	786,916
Transfers in	4,405,462	4,405,462	3,854,566	(550,896)
Amount available for appropriation	8,908,573	8,908,573	12,607,298	3,698,725
Charges to appropriations (outflows):				
Community development	3,267,150	3,317,762	1,373,826	1,943,936
Debt service:				
Principal	-	-	560,000	(560,000)
Interest	-	-	522,166	(522,166)
Transfers out	7,554,435	6,535,293	4,684,453	1,850,840
Total charges to appropriations	10,821,585	9,853,055	7,140,445	2,712,610
Excess of resources over (under) charges to appropriations	(1,913,012)	(944,482)	5,466,853	6,411,335
Fund balance, June 30, 2008	\$ (995,345)	\$ (26,815)	\$ 6,384,520	\$ 6,411,335

2. SCHEDULE OF FUNDING PROGRESS

A. Defined Benefits Pension Plan

As of the actuarial valuation date of June 30, 2007, 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 Post-Employment Benefits Plan

A schedule of funding progress for the year ended June 30, 2008 is presented below:

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Overfunded (Unfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Unfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2007	\$ -	\$ 597,958	\$ (597,958)	0.0%	\$ 5,967,000	-10.0%

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City of Ridgecrest
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Supplemental Information



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City of Ridgecrest
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Non-Major Governmental Funds



City of Ridgecrest
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2008

	Special Revenue Funds				
	State Gas Tax	Park Development	TDA Street Fund	Business Development Center	Business Park
ASSETS					
Cash and investments	\$ -	\$ 15,533	\$ 164,968	\$ 229	\$ 35,593
Cash and investments with fiscal agent	-	-	-	-	-
Accounts receivable	112,677	-	192,102	1,209	-
Interest receivable	-	140	1,518	2	322
Deposits	-	-	-	-	-
Due from other funds	-	-	115,713	-	-
Advances to other funds	-	-	-	-	-
Total assets	\$ 112,677	\$ 15,673	\$ 474,301	\$ 1,440	\$ 35,915
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 70,102	\$ -	\$ -	\$ -	\$ -
Salaries payable	9,264	-	-	-	-
Due to other funds	115,713	-	-	-	-
Deposits payable	-	-	-	100	-
Total liabilities	195,079	-	-	100	-
Fund Balances:					
Reserved:					
Encumbrances	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Utility/Street improvement	-	-	-	-	-
Total reserved	-	-	-	-	-
Unreserved, designated for:					
Traffic signals/loop	-	-	-	-	-
Total unreserved, designated	-	-	-	-	-
Unreserved, undesignated:					
Special revenue	(82,402)	15,673	474,301	1,340	35,915
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total unreserved, undesignated	(82,402)	15,673	474,301	1,340	35,915
Total fund balances (deficit)	(82,402)	15,673	474,301	1,340	35,915
Total liabilities and fund balances	\$ 112,677	\$ 15,673	\$ 474,301	\$ 1,440	\$ 35,915

Special Revenue Funds								
Supplemental Law Enforcement	Grant Operations	Nutrition Grant	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee	Park Development Impact Fee	
\$ 34,020	\$ (3,026)	\$ 3,643	\$ 567,002	\$ 63,288	\$ 84,299	\$ 470,478	\$ 121,505	
-	-	-	-	-	-	-	-	
-	6,076	-	-	-	-	-	-	
1,341	-	33	5,152	572	762	4,252	1,098	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
<u>\$ 35,361</u>	<u>\$ 3,050</u>	<u>\$ 3,676</u>	<u>\$ 572,154</u>	<u>\$ 63,860</u>	<u>\$ 85,061</u>	<u>\$ 474,730</u>	<u>\$ 122,603</u>	
\$ -	\$ 1,212	\$ -	\$ -	\$ -	\$ 316	\$ 1,060	\$ -	
-	1,777	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	2,989	-	-	-	316	1,060	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
35,361	61	3,676	572,154	63,860	84,745	473,670	122,603	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
<u>35,361</u>	<u>61</u>	<u>3,676</u>	<u>572,154</u>	<u>63,860</u>	<u>84,745</u>	<u>473,670</u>	<u>122,603</u>	
<u>35,361</u>	<u>61</u>	<u>3,676</u>	<u>572,154</u>	<u>63,860</u>	<u>84,745</u>	<u>473,670</u>	<u>122,603</u>	
<u>\$ 35,361</u>	<u>\$ 3,050</u>	<u>\$ 3,676</u>	<u>\$ 572,154</u>	<u>\$ 63,860</u>	<u>\$ 85,061</u>	<u>\$ 474,730</u>	<u>\$ 122,603</u>	

(Continued)

City of Ridgecrest
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2008

	Special Revenue Fund			Capital	Total Other Governmental Funds
	Law Enforcement	Storm Drainage	Community	Projects Fund	
	Improvement Fee	Facilities	Part Grant Fund	Sub-Standard Streets Improvements	
ASSETS					
Cash and investments	\$ 135,244	\$ 522,005	\$ 7,600	\$ 480,925	\$ 2,703,306
Cash and investments with fiscal agent	-	-	-	-	-
Accounts receivable	-	-	-	-	312,064
Interest receivable	1,222	4,717	-	4,346	25,477
Deposits	-	-	-	10,241	10,241
Due from other funds	-	-	-	-	115,713
Advances to other funds	-	-	-	-	-
Total assets	\$ 136,466	\$ 526,722	\$ 7,600	\$ 495,512	\$ 3,166,801
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 830	\$ 1,438	\$ -	\$ 1,800	\$ 76,758
Salaries payable	-	-	-	-	11,041
Due to other funds	-	-	-	-	115,713
Deposits payable	-	-	-	-	100
Total liabilities	830	1,438	-	1,800	203,612
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Utility/Street improvement	-	-	-	10,241	10,241
Total reserved	-	-	-	10,241	10,241
Unreserved, designated for:					
Traffic signals/loop	-	-	-	-	-
Total unreserved, designated	-	-	-	-	-
Unreserved, undesignated					
Special revenue	135,636	525,284	7,600	483,471	2,952,948
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total unreserved, undesignated	135,636	525,284	7,600	483,471	2,952,948
Total fund balances (deficit)	135,636	525,284	7,600	493,712	2,963,189
Total liabilities and fund balances	\$ 136,466	\$ 526,722	\$ 7,600	\$ 495,512	\$ 3,166,801

(Concluded)

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2008

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City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2008

	Special Revenue Funds				
	State Gas Tax	Park Development	TDA Street Fund	Business Development Center	Business Park
REVENUES:					
Taxes	\$ -	\$ -	\$ 481,816	\$ -	\$ -
Intergovernmental	465,806	-	-	-	-
Licenses and permits	-	-	-	-	-
Use of property and money	-	756	14,282	690	1,733
Charges for services	-	-	-	-	-
Assessment revenues	-	-	-	-	-
Other revenues	3,450	-	-	-	-
Total revenues	469,256	756	496,098	690	1,733
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	219,734	-	-	-	-
Public works	1,022,383	-	-	-	-
Community development	-	-	-	5,430	-
Health	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	1,242,117	-	-	5,430	-
REVENUE OVER (UNDER) EXPENDITURES	(772,861)	756	496,098	(4,740)	1,733
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital asset	-	-	-	-	-
Transfers in	1,069,723	-	-	5,858	-
Transfers out	(318,944)	-	(344,505)	-	-
Total other financing sources (uses)	750,779	-	(344,505)	5,858	-
Net change in fund balances	(22,082)	756	151,593	1,118	1,733
FUND BALANCES:					
Beginning of year	(60,320)	14,917	322,708	222	34,182
End of year	\$ (82,402)	\$ 15,673	\$ 474,301	\$ 1,340	\$ 35,915

Special Revenue Funds							
Supplemental	Grant	Nutrition	Traffic	Special	Fire Facilities	Traffic	Park
Law	Operations	Grant	Congestion	Projects	Improvements	Impact Fee	Development
Enforcement			Relief				Impact Fee
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100,000	72,247	-	449,460	-	-	-	-
-	-	-	-	-	13,502	101,105	20,276
5,615	33	177	16,111	5,098	3,923	21,468	5,634
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
105,615	72,280	177	465,571	5,098	17,425	122,573	25,910
-	65,172	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	91,354	-	-	-
-	7,274	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	72,446	-	-	91,354	-	-	-
105,615	(166)	177	465,571	(86,256)	17,425	122,573	25,910
-	-	-	-	-	-	-	-
-	227	-	-	-	-	-	-
(114,351)	-	-	(221,060)	-	-	-	-
(114,351)	227	-	(221,060)	-	-	-	-
(8,736)	61	177	244,511	(86,256)	17,425	122,573	25,910
44,097	-	3,499	327,643	150,116	67,320	351,097	96,693
\$ 35,361	\$ 61	\$ 3,676	\$ 572,154	\$ 63,860	\$ 84,745	\$ 473,670	\$ 122,603

(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, 2008

	Special Revenue Fund			Capital	Total Other Governmental Funds
	Law Enforcement	Storm Drainage Facilities	Community	Projects Fund	
	Improvement Fee		Part Grant Fund	Sub-Standard Streets Improvements	
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 481,816
Intergovernmental	-	-	-	-	1,087,513
Licenses and permits	23,270	80,259	-	-	238,412
Use of property and money	6,255	24,321	-	23,487	129,583
Charges for services	-	-	-	-	-
Assessment revenues	-	-	-	-	-
Other revenues	-	-	-	10,444	13,894
Total revenues	29,525	104,580	-	33,931	1,951,218
EXPENDITURES:					
Current:					
General government	-	-	-	-	65,172
Public safety	-	-	-	-	219,734
Public works	-	-	-	8,426	1,030,809
Community development	-	-	7,600	-	104,384
Health	-	-	-	-	7,274
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	-	7,600	8,426	1,427,373
REVENUE OVER (UNDER) EXPENDITURES	29,525	104,580	(7,600)	25,505	523,845
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital asset	-	-	-	-	-
Transfers in	-	-	15,200	-	1,091,008
Transfers out	-	-	-	-	(998,860)
Total other financing sources (uses)	-	-	15,200	-	92,148
Net change in fund balances	29,525	104,580	7,600	25,505	615,993
FUND BALANCES:					
Beginning of year	106,111	420,704	-	468,207	2,347,196
End of year	\$ 135,636	\$ 525,284	\$ 7,600	493,712	\$ 2,963,189

(Concluded)

City of Ridgecrest

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

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ (691,355)	\$ (691,355)	\$ (691,355)	\$ -
Resources (inflows):				
Taxes	225,083	10,000	-	(10,000)
Intergovernmental	2,563,156	1,004,211	800,400	(203,811)
Use of money and property	10,000	10,000	4,215	(5,785)
Charges for services	-	517	517	-
Other revenue	-	334,872	205,032	(129,840)
Transfer in	1,910,707	1,094,633	819,441	(275,192)
Amount available for appropriation	4,708,946	2,454,233	1,829,605	(624,628)
Charges to appropriations (outflows):				
Public works	2,972,986	1,813,809	827,213	986,596
Health	-	-	149,674	(149,674)
Culture and leisure	75,000	87,646	86,164	1,482
Transfers out	-	449,226	-	449,226
Total charges to appropriations	3,047,986	2,350,681	1,063,051	1,287,630
Excess of resources over (under) charges to appropriations	1,660,960	103,552	766,554	663,002
Fund balance, June 30, 2008	\$ 969,605	\$ (587,803)	\$ 75,199	\$ 663,002

City of Ridgecrest

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

State Gas Tax - Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ (60,320)	\$ (60,320)	\$ (60,320)	\$ -
Resources (inflows):				
Intergovernmental	453,000	453,000	465,806	12,806
Use of money and property	110	110	-	(110)
Other revenue	-	-	3,450	3,450
Transfer in	152,250	(6,750)	1,069,723	1,076,473
Amount available for appropriation	605,360	446,360	1,538,979	1,092,619
Charges to appropriations (outflows):				
General government	169,087	169,087	-	169,087
Public safety	-	-	219,734	(219,734)
Public works	-	-	1,022,383	(1,022,383)
Transportation	1,173,660	1,233,030	-	1,233,030
Transfers out	403,977	403,977	318,944	85,033
Total charges to appropriations	1,746,724	1,806,094	1,561,061	245,033
Excess of resources over (under) charges to appropriations	(1,141,364)	(1,359,734)	(22,082)	1,337,652
Fund balance, June 30, 2008	\$ (1,201,684)	\$ (1,420,054)	\$ (82,402)	\$ 1,337,652

City of Ridgecrest

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

Park Development Fee - Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 14,917	\$ 14,917	\$ 14,917	\$ -
Resources (inflows):				
Use of money and property	150	150	756	606
Amount available for appropriation	150	150	756	606
Fund balance, June 30, 2008	\$ 15,067	\$ 15,067	\$ 15,673	\$ 606

City of Ridgecrest

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

TDA Street Fund - Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	<u>\$ 322,708</u>	<u>\$ 322,708</u>	<u>\$ 322,708</u>	<u>\$ -</u>
Resources (inflows):				
Taxes	200,000	1,007,689	481,816	(525,873)
Use of money and property	<u>-</u>	<u>-</u>	<u>14,282</u>	<u>14,282</u>
Amount available for appropriation	<u>200,000</u>	<u>1,007,689</u>	<u>496,098</u>	<u>(511,591)</u>
Charges to appropriations (outflows):				
Fleet maintenance	-	300,000	-	300,000
Transfers out	<u>189,805</u>	<u>327,310</u>	<u>344,505</u>	<u>(17,195)</u>
Total charges to appropriations	<u>189,805</u>	<u>627,310</u>	<u>344,505</u>	<u>282,805</u>
Excess of resources over (under) charges to appropriations	<u>10,195</u>	<u>380,379</u>	<u>151,593</u>	<u>(228,786)</u>
Fund balance, June 30, 2008	<u><u>\$ 332,903</u></u>	<u><u>\$ 703,087</u></u>	<u><u>\$ 474,301</u></u>	<u><u>\$ (228,786)</u></u>

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Business Development Center - Special Revenue Fund For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 222	\$ 222	\$ 222	\$ -
Resources (inflows):				
Use of money and property	18,500	18,500	690	(17,810)
Transfer in	-	-	5,858	5,858
Amount available for appropriation	18,500	18,500	6,548	(11,952)
Charges to appropriations (outflows):				
Community development	26,948	26,948	5,430	21,518
Total charges to appropriations	26,948	26,948	5,430	21,518
Excess of resources over (under) charges to appropriations	(8,448)	(8,448)	1,118	9,566
Fund balance, June 30, 2008	\$ (8,226)	\$ (8,226)	\$ 1,340	\$ 9,566

City of Ridgecrest

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

Business Park - Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 34,182	\$ 34,182	\$ 34,182	\$ -
Resources (inflows):				
Use of money and property	-	-	1,733	1,733
Amount available for appropriation	-	-	1,733	1,733
Fund balance, June 30, 2008	\$ 34,182	\$ 34,182	\$ 35,915	\$ 1,733

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Supplemental Law Enforcement - Special Revenue Fund For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 44,097	\$ 44,097	\$ 44,097	\$ -
Resources (inflows):				
Intergovernmental	100,000	100,000	100,000	-
Use of money and property	3,500	3,500	5,615	2,115
Amount available for appropriation	103,500	103,500	105,615	2,115
Charges to appropriations (outflows):				
Public safety	995	995	-	995
Transfers out	105,305	105,305	114,351	(9,046)
Total charges to appropriations	106,300	106,300	114,351	(8,051)
Excess of resources over (under) charges to appropriations	(2,800)	(2,800)	(8,736)	(5,936)
Fund balance, June 30, 2008	\$ 41,297	\$ 41,297	\$ 35,361	\$ (5,936)

City of Ridgecrest

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

Grant Operations - Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	109,645	117,145	72,247	(44,898)
Use of property and money			33	33
Other revenue	300	300	-	(300)
Transfer in	-	470	227	(243)
Amount available for appropriation	109,945	117,915	72,507	(45,408)
Charges to appropriations (outflows):				
General government	62,080	62,080	65,172	3,092
Health	7,208	7,237	7,274	37
ISF-Admin Services	42,058	42,058	-	-
Total charges to appropriations	111,346	111,375	72,446	38,929
Excess of resources over (under) charges to appropriations	(1,401)	6,540	61	(6,479)
Fund balance, June 30, 2008	\$ (1,401)	\$ 6,540	\$ 61	\$ (6,479)

City of Ridgecrest

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

Nutrition Grant Fund - Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 3,499	\$ 3,499	\$ 3,499	\$ -
Resources (inflows):				
Use of money and property	90	90	177	87
Amount available for appropriation	90	90	177	87
Fund balance, June 30, 2008	\$ 3,589	\$ 3,589	\$ 3,676	\$ 87

City of Ridgecrest

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

Traffic Congestion Relief - Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 327,643	\$ 327,643	\$ 327,643	\$ -
Resources (inflows):				
Intergovernmental	111,650	111,650	449,460	337,810
Use of money and property	15,000	15,000	16,111	1,111
Amount available for appropriation	126,650	126,650	465,571	338,921
Charges to appropriations (outflows):				
Transfers out	111,650	228,658	221,060	7,598
Total charges to appropriations	111,650	228,658	221,060	7,598
Excess of resources over (under) charges to appropriations	15,000	(102,008)	244,511	346,519
Fund balance, June 30, 2008	\$ 342,643	\$ 225,635	\$ 572,154	\$ 346,519

City of Ridgecrest

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

Special Project - Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 150,116	\$ 150,116	\$ 150,116	\$ -
Resources (inflows):				
Use of money and property	1,500	1,500	5,098	3,598
Charges for services	-	-	-	-
Transfers in	639,540	400,000	-	(400,000)
Amount available for appropriation	641,040	401,500	5,098	(396,402)
Charges to appropriations (outflows):				
General government	25,000	-	-	-
Community development	489,208	321,141	91,354	229,787
Health	7,500	7,500	-	7,500
Total charges to appropriations	521,708	328,641	91,354	237,287
Excess of resources over (under) charges to appropriations	(521,708)	(328,641)	(86,256)	237,287
Fund balance, June 30, 2008	\$ (371,592)	\$ (178,525)	\$ 63,860	\$ (396,402)

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Fire Facilities Improvement - Special Revenue Fund For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 67,320	\$ 67,320	\$ 67,320	\$ -
Resources (inflows):				
Licenses and permits	-	-	13,502	13,502
Use of money and property	-	-	3,923	3,923
Amount available for appropriation	-	-	17,425	17,425
Fund balance, June 30, 2008	\$ 67,320	\$ 67,320	\$ 84,745	\$ 17,425

City of Ridgecrest

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

Traffic Impact Fee - Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 351,097	\$ 351,097	\$ 351,097	\$ -
Resources (inflows):				
Licenses and permits	-	-	101,105	101,105
Use of money and property	-	-	21,468	-
Amount available for appropriation	-	-	122,573	122,573
Fund balance, June 30, 2008	\$ 351,097	\$ 351,097	\$ 473,670	\$ 122,573

City of Ridgecrest

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

Park Development Impact Fee- Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 96,693	\$ 96,693	\$ 96,693	\$ -
Resources (inflows):				
Licenses and permits	-	-	20,276	20,276
Use of money and property	-	-	5,634	-
Amount available for appropriation	-	-	25,910	25,910
Fund balance, June 30, 2008	\$ 96,693	\$ 96,693	\$ 122,603	\$ 25,910

City of Ridgecrest

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

Law Enforcement - Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 106,111	\$ 106,111	\$ 106,111	\$ -
Resources (inflows):				
Licenses and permits	-	-	23,270	23,270
Use of money and property	-	-	6,255	6,255
Amount available for appropriation	-	-	29,525	29,525
Fund balance, June 30, 2008	\$ 106,111	\$ 106,111	\$ 135,636	\$ 29,525

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Storm Drainage Facilities - Special Revenue Fund For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 420,704	\$ 420,704	\$ 420,704	\$ -
Resources (inflows):				
Licenses and permits	-	-	80,259	80,259
Use of money and property	-	-	24,321	24,321
Amount available for appropriation	-	-	104,580	104,580
Fund balance, June 30, 2008	\$ 420,704	\$ 420,704	\$ 525,284	\$ 104,580

City of Ridgecrest

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

For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2007	\$ 468,207	\$ 468,207	\$ 468,207	\$ -
Resources (inflows):				
Use of money and property	11,500	11,500	23,487	11,987
Other revenue	100,000	100,000	10,444	(89,556)
Amount available for appropriation	111,500	111,500	33,931	(77,569)
Charges to appropriations (outflows):				
Public works	4,568	25,000	8,426	16,574
Total charges to appropriations	4,568	25,000	8,426	16,574
Excess of resources over (under) charges to appropriations	106,932	86,500	25,505	(60,995)
Fund balance, June 30, 2008	\$ 575,139	\$ 554,707	\$ 493,712	\$ (60,995)

*City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2008*

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INTERNAL SERVICE FUND FINANCIAL STATEMENTS

Internal Service Funds of the City are outlined below:

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

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

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

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

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

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

City of Ridgecrest
Balance Sheets
All Internal Service Funds
June 30, 2008

	Administration	Human Resource Risk Management	Information System	Printing and Reproduction
ASSETS				
Current assets:				
Cash and investments	\$ 12,671	\$ 2,495,348	\$ 434,987	\$ 55,207
Interest receivable	-	29,166	3,930	499
Total current assets	<u>12,671</u>	<u>2,524,514</u>	<u>438,917</u>	<u>55,706</u>
Noncurrent assets:				
Inventories	-	-	-	1,590
Capital assets:				
Depreciable:				
Machinery and equipment	-	-	95,814	63,429
Less accumulated depreciation	-	-	<u>(23,267)</u>	<u>(21,646)</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>72,547</u>	<u>43,373</u>
Total assets	<u>12,671</u>	<u>2,524,514</u>	<u>511,464</u>	<u>99,079</u>
LIABILITIES				
Liabilities:				
Accounts payable	5,460	6,482	59,551	1,393
Salaries payable	4,588	5,722	6,473	-
Claims payable	-	349,969	-	-
Total liabilities	<u>10,048</u>	<u>362,173</u>	<u>66,024</u>	<u>1,393</u>
NET ASSETS				
Invested in capital assets	-	-	72,547	41,783
Unrestricted	<u>2,623</u>	<u>2,162,341</u>	<u>372,893</u>	<u>55,903</u>
Total net assets	<u>\$ 2,623</u>	<u>\$ 2,162,341</u>	<u>\$ 445,440</u>	<u>\$ 97,686</u>

Financial Services	Sel Insurance Workers Comp	Fleet Maintenance	Total
\$ 114,640	\$ -	\$ 46,211	\$ 3,159,064
-	-	417	34,012
<u>114,640</u>	<u>-</u>	<u>46,628</u>	<u>3,193,076</u>
-	-	15,948	17,538
10,416	-	254,623	424,282
<u>(4,166)</u>	<u>-</u>	<u>(15,726)</u>	<u>(64,805)</u>
<u>6,250</u>	<u>-</u>	<u>254,845</u>	<u>377,015</u>
<u>120,890</u>	<u>-</u>	<u>301,473</u>	<u>3,570,091</u>
33,948	-	38,801	145,635
8,478	-	3,310	28,571
<u>-</u>	<u>-</u>	<u>-</u>	<u>349,969</u>
<u>42,426</u>	<u>-</u>	<u>42,111</u>	<u>524,175</u>
6,250	-	238,897	359,477
<u>72,214</u>	<u>-</u>	<u>20,465</u>	<u>2,686,439</u>
<u>\$ 78,464</u>	<u>\$ -</u>	<u>\$ 259,362</u>	<u>\$ 3,045,916</u>

City of Ridgecrest
Statements of Revenues, Expenses and Changes in Retained Earnings
All Internal Service Funds
For the year ended June 30, 2008

	<u>Administration</u>	<u>Human Resource Risk Management</u>	<u>Information System</u>	<u>Printing and Reproduction</u>
OPERATING REVENUES:				
Charges for services	\$ 480,052	\$ 269,359	\$ 820,762	\$ 67,246
Other revenue		471,676	9,115	-
Total operating revenues	<u>480,052</u>	<u>741,035</u>	<u>829,877</u>	<u>67,246</u>
OPERATING EXPENSES:				
Administration	546,112	894,069	650,024	64,510
Public safety	-	-	-	-
Depreciation	-	-	17,434	12,686
Total operating expenses	<u>546,112</u>	<u>894,069</u>	<u>667,458</u>	<u>77,196</u>
OPERATING INCOME (LOSS)	<u>(66,060)</u>	<u>(153,034)</u>	<u>162,419</u>	<u>(9,950)</u>
NONOPERATING REVENUES (EXPENSES):				
Use of money and property	5,775	150,497	15,121	8,262
Total nonoperating revenues	<u>5,775</u>	<u>150,497</u>	<u>15,121</u>	<u>8,262</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(60,285)</u>	<u>(2,537)</u>	<u>177,540</u>	<u>(1,688)</u>
TRANSFERS:				
Transfers in	-	925,208	-	-
Transfers out	-	(1,070,733)	-	(140,000)
Total transfers in (out)	<u>-</u>	<u>(145,525)</u>	<u>-</u>	<u>(140,000)</u>
Change in net assets	<u>(60,285)</u>	<u>(148,062)</u>	<u>177,540</u>	<u>(141,688)</u>
NET ASSETS:				
Beginning of year	<u>62,908</u>	<u>2,310,403</u>	<u>267,900</u>	<u>239,374</u>
End of year	<u>\$ 2,623</u>	<u>\$ 2,162,341</u>	<u>\$ 445,440</u>	<u>\$ 97,686</u>

Financial Services	Self Insurance Workers Comp	Fleet Maintenance	Totals
\$ 486,859	\$ -	\$ 561,699	\$ 2,685,977
2,758	-	-	483,549
489,617	-	561,699	3,169,526
609,380	53,079	488,528	3,305,702
-	92,192	-	92,192
2,083	-	15,726	47,929
611,463	145,271	504,254	3,445,823
(121,846)	(145,271)	57,445	(276,297)
12,984	2	456	193,097
12,984	2	456	193,097
(108,862)	(145,269)	57,901	(83,200)
-	155,609	181,500	1,262,317
-	-	-	(1,210,733)
-	155,609	181,500	51,584
(108,862)	10,340	239,401	(31,616)
187,326	(10,340)	19,961	3,077,532
\$ 78,464	\$ -	\$ 259,362	\$ 3,045,916

City of Ridgecrest
Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2008

	Administration	Human Resource Risk Management	Information System	Printing and Reproduction
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 480,052	\$ 269,359	\$ 820,762	\$ 67,246
Payments to suppliers	(562,018)	(893,777)	(677,800)	(65,675)
Payments to employees	(671)	521	818	-
Insurance premiums and settlements	-	(132,269)	-	-
Cash received from (payments to) other	-	471,676	9,115	-
Net cash provided (used) by operating activities	(82,637)	(284,490)	152,895	1,571
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	925,208	-	-
Transfers out	-	(1,070,733)	-	(140,000)
Net cash provided (used) by noncapital financing activities	-	(145,525)	-	(140,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	-	(45,227)	-
Net cash provided (used) by capital and related financing activities	-	-	(45,227)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	7,037	172,464	15,646	10,382
Net cash provided (used) by investing activities	7,037	172,464	15,646	10,382
Net increase (decrease) in cash and cash equivalents	(75,600)	(257,551)	123,314	(128,047)
CASH AND INVESTMENTS:				
Beginning of year	88,271	2,752,899	311,673	183,254
End of year	<u>\$ 12,671</u>	<u>\$ 2,495,348</u>	<u>\$ 434,987</u>	<u>\$ 55,207</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (66,060)	\$ (153,034)	\$ 162,419	\$ (9,950)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	17,434	12,686
Changes in current assets and liabilities:				
Inventories	-	-	-	(1,590)
Accounts payable	(15,906)	292	(27,776)	425
Salaries payable	(671)	521	818	-
Claims payable	-	(132,269)	-	-
Deferred revenue	-	-	-	-
Total adjustments	(16,577)	(131,456)	(9,524)	11,521
Net cash provided (used) by operating activities	\$ (82,637)	\$ (284,490)	\$ 152,895	\$ 1,571

Financial Services	Self Insurance Workers Comp	Fleet Maintenance	Totals
\$ 486,859	\$ -	\$ 561,699	\$ 2,685,977
(593,793)	(155,611)	(475,891)	(3,424,565)
(2,726)	-	175	(1,883)
-	-	-	(132,269)
2,758	-	-	483,549
<u>(106,902)</u>	<u>(155,611)</u>	<u>85,983</u>	<u>(389,191)</u>
-	155,609	181,500	1,262,317
-	-	-	<u>(1,210,733)</u>
-	155,609	181,500	51,584
(1)	-	(254,623)	(299,851)
(1)	-	(254,623)	(299,851)
15,780	2	509	221,820
15,780	2	509	221,820
(91,123)	-	13,369	(415,638)
205,763	-	32,842	3,574,702
<u>\$ 114,640</u>	<u>\$ -</u>	<u>\$ 46,211</u>	<u>\$ 3,159,064</u>
\$ (121,846)	\$ (145,271)	\$ 57,445	\$ (276,297)
2,083	-	15,726	47,929
-	-	(1,307)	(2,897)
15,587	(10,340)	13,944	(23,774)
(2,726)	-	175	(1,883)
-	-	-	(132,269)
-	-	-	-
14,944	(10,340)	28,538	(112,894)
<u>\$ (106,902)</u>	<u>\$ (155,611)</u>	<u>\$ 85,983</u>	<u>\$ (389,191)</u>

*City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2008*

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2008

Fiduciary Funds



City of Ridgecrest
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust Funds		
	Parks and Recreation Donation	Senior Donation	Total
ASSETS			
Cash and investments	\$ 8,137	\$ 93	\$ 8,230
Accounts receivable	-	-	-
Interest receivable	-	1	1
Total assets	8,137	94	8,231
LIABILITIES			
Accounts payable	4,197	-	4,197
Interfund payable	-	-	-
Due to bondholders - special assessment district	-	-	-
Total liabilities	4,197	-	4,197
NET ASSETS			
Reserved for:			
Unrestricted	3,940	94	4,034
Total net assets	\$ 3,940	\$ 94	\$ 4,034

City of Ridgecrest
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Trust Funds
For the year ended June 30, 2008

	Private Purpose Trust Funds		
	Park & Recreation Donation	Senior Donation	Total
ADDITIONS:			
Use of property and money	\$ -	\$ -	\$ -
Other revenue	4,104	4	4,108
Total additions	4,104	4	4,108
DEDUCTIONS:			
General government	17,136	-	17,136
Total deductions	17,136	-	17,136
CHANGE IN NET ASSETS BEFORE TRANSFERS	(13,032)	4	(13,028)
TRANSFERS:			
Transfers in	12,151	-	12,151
Transfers out	-	-	-
Total transfers	12,151	-	12,151
Change in net assets	(881)	4	(877)
NET ASSETS:			
Beginning of year	4,821	90	4,911
End of year	\$ 3,940	\$ 94	\$ 4,034

City of Ridgecrest
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
<u>ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 1,047,181	\$ 24,781	\$ -	\$ 1,071,962
Accounts receivable	687	-	(258)	429
Interest receivable	7,025	-	(2,658)	4,367
Sewer assessment receivable	-	-	-	-
Total assets	\$ 1,054,893	\$ 24,781	\$ (2,916)	\$ 1,076,758
Liabilities:				
Accounts payable	\$ -	\$ 10,000	\$ -	\$ 10,000
Due to City of Ridgecrest	56,599	-	(4)	56,595
Due to bondholders - special assessment district	998,294	11,869	-	1,010,163
Total liabilities	\$ 1,054,893	\$ 21,869	\$ (4)	\$ 1,076,758

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2008

Statistical Section



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2008

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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

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

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

	FISCAL YEARS					
	2008	2007	2006	2005	2004	2003
Governmental activities						
Invested in capital assets, net of related debt	\$ 34,321,803	\$ 36,151,924	\$ 36,723,055	\$ 38,924,688	\$ 41,091,665	\$ 39,690,604
Restricted	18,483,103	12,758,127	9,423,134	6,582,149	302,406	272,879
Unrestricted	2,858,389	2,914,754	3,210,134	1,657,163	5,095,753	4,902,632
Total governmental activities net assets	<u>55,663,295</u>	<u>51,824,805</u>	<u>49,356,323</u>	<u>47,164,000</u>	<u>46,489,824</u>	<u>44,866,115</u>
Business type activities						
Invested in capital assets, net of related debt	17,259,625	17,439,700	16,761,833	16,045,165	18,098,541	18,722,370
Restricted	-	-	-	-	-	-
Unrestricted	11,511,303	13,002,769	12,279,782	12,271,560	9,759,630	8,294,789
Total business type activities net assets	<u>28,770,928</u>	<u>30,442,469</u>	<u>29,041,615</u>	<u>28,316,725</u>	<u>27,858,171</u>	<u>27,017,159</u>
Primary government						
Invested in capital assets, net of related debt	51,581,428	53,591,624	53,484,888	54,969,853	59,190,206	58,412,974
Restricted	18,483,103	12,758,127	9,423,134	6,582,149	302,406	272,879
Unrestricted	14,369,692	15,917,523	15,489,916	13,928,723	14,855,383	13,197,421
Total primary government net assets	<u>\$ 84,434,223</u>	<u>\$ 82,267,274</u>	<u>\$ 78,397,938</u>	<u>\$ 75,480,725</u>	<u>\$ 74,347,995</u>	<u>\$ 71,883,274</u>

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

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

	FISCAL YEARS					
	2008	2007	2006	2005	2004	2003
Expenses						
Governmental activities:						
General government	\$ 1,968,944	\$ 1,248,003	\$ 1,788,039	\$ 3,633,285	\$ 2,610,200	\$ 3,976,140
Public safety	7,390,384	6,272,651	5,977,850	4,600,609	4,247,413	4,063,910
Public works	1,858,022	2,755,773	1,144,047	5,102	503,305	3,194,051
Transportation	2,460,727	847,028	1,491,230	3,202,007	2,983,211	1,942,939
Community development	2,379,597	2,726,996	3,010,805	1,362,832	1,384,567	3,204,303
Health	174,055	1,135,383	897,909	45,893	36,697	349,276
Culture and leisure	2,425,245	2,062,233	1,661,169	1,473,004	2,109,798	1,831,619
Interest and fiscal agent fees	973,731	927,572	2,176,002	1,265,420	1,300,781	1,583,289
Total governmental activities expenses	19,630,705	17,975,640	18,147,051	15,588,152	15,175,972	20,145,527
Business type activities:						
TDA Transit	714,560	664,494	657,291	519,590	505,599	550,332
Wastewater	2,922,903	1,322,303	1,877,549	1,006,344	958,436	666,729
Total business type activities expenses	3,637,463	1,986,797	2,534,840	1,525,934	1,464,035	1,217,061
Total primary government expenses	\$ 23,268,168	\$ 19,962,437	\$ 20,681,891	\$ 17,114,086	\$ 16,640,007	\$ 21,362,588
Program Revenues						
Governmental activities:						
Charges for services:						
General government	189,506	216,526	53,026	176,129	129,467	19,405
Public safety	340,599	265,239	210,805	216,577	134,767	175,466
Public works	-	-	-	-	-	-
Transportation	850	-	-	-	-	-
Community development	696,801	636,286	1,013,269	530,726	410,822	295,445
Health	-	25	-	49	-	-
Culture and leisure	462,904	417,666	404,028	419,679	355,708	365,924
Operating grants and contributions	1,112,823	890,959	763,657	684,679	1,007,704	1,288,713
Capital grants and contributions	1,474,279	1,277,771	432,633	387,562	1,088,752	1,892,119
Total governmental activities program revenues	4,277,762	3,704,472	2,877,418	2,415,414	3,127,220	4,037,072
Business type activities:						
Charges for services:						
TDA Transit	251,131	159,721	93,024	133,380	110,120	97,929
Wastewater	1,768,552	2,147,081	2,105,194	1,978,225	1,833,614	1,879,401
Operating grants and contributions	94,663	54,811	-	34,763	27,289	-
Capital grants and contributions	-	-	-	-	-	-
Total business type activities program revenues	2,114,346	2,361,613	2,198,218	2,146,368	1,971,023	1,977,330
Total primary government program revenues	\$ 6,392,108	\$ 6,066,085	\$ 5,075,636	\$ 4,561,782	\$ 5,098,243	\$ 6,014,402
Net (Expense)/Revenue						
Governmental activities	(15,352,943)	(14,271,168)	(15,269,633)	(13,172,738)	(12,048,752)	(16,108,455)
Business type activities	(1,523,117)	374,816	(336,622)	620,434	506,988	760,269
Total primary government net expense	\$ (16,876,060)	\$ (13,896,352)	\$ (15,606,255)	\$ (12,552,304)	\$ (11,541,764)	\$ (15,348,186)

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

	FISCAL YEARS					
	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	9,573,705	8,621,750	6,520,691	4,452,522	3,445,492	2,969,614
Sales taxes	2,996,734	3,477,010	3,392,280	2,807,751	2,705,467	2,592,363
Special assessments	-	-	-	1,738	349	5,400
Other taxes	3,689,557	2,797,223	3,007,834	3,019,446	2,709,319	3,101,059
Investment earnings	743,954	743,571	454,613	203,827	129,142	158,205
Miscellaneous	868,501	819,361	2,171,014	1,831,295	997,998	572,527
Gain (loss) on disposal of capital assets	-	-	809,326	-	-	-
Transfers	1,318,981	280,735	401,031	1,051,811	431,912	732,478
Total governmental activities	19,191,432	16,739,650	16,756,789	13,368,390	10,419,679	10,131,646
Business type activities:						
Other taxes	563,141	614,994	718,734	586,019	579,761	683,228
Investment earnings	596,679	683,951	502,255	255,984	186,175	274,756
Miscellaneous	10,737	7,828	13,388	-	-	-
Capital Contribution	-	-	257,375	-	-	-
Transfers	(1,318,981)	(280,735)	(401,031)	(1,051,811)	(431,912)	(732,478)
Total business type activities	(148,424)	1,026,038	1,090,721	(209,808)	334,024	225,506
Total primary government	\$ 19,043,008	\$ 17,765,688	\$ 17,847,510	\$ 13,158,582	\$ 10,753,703	\$ 10,357,152
Change in Net Assets						
Governmental activities	3,838,489	2,468,482	1,487,156	195,652	(1,629,073)	(5,976,809)
Business type activities	(1,671,541)	1,400,854	754,099	410,626	841,012	985,775
Total primary government	\$ 2,166,948	\$ 3,869,336	\$ 2,241,255	\$ 606,278	\$ (788,061)	\$ (4,991,034)

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

City of Ridgecrest

Schedule 3

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years (modified accrual basis of accounting)

Sources of Tax Revenues	Business Licenses	Franchise Fees	Property Tax	Sales Tax	Transient Occupancy	Gas Tax	TOTAL
2007-2008	\$ 161,156	\$ 2,105,350	\$ 9,346,406	\$ 2,996,734	\$ 1,168,986	\$ 465,806	\$ 16,244,438
2006-2007	176,583	539,355	8,402,014	3,477,010	999,839	451,270	14,046,071
2005-2006	142,476	1,206,115	6,316,085	3,392,279	886,816	452,071	12,395,842
2004-2005	137,732	559,011	4,270,191	2,807,752	875,808	449,735	9,100,230
2003-2004	122,445	581,400	3,285,315	2,705,466	773,190	444,549	7,912,365
2002-2003	109,429	599,744	2,818,186	2,701,643	867,758	434,408	7,531,168
2001-2002	97,073	589,946	2,625,261	2,584,662	717,101	437,283	7,051,326
2000-2001	106,241	503,071	2,611,814	2,535,239	753,729	495,038	7,005,132
1999-2000	110,236	504,545	2,838,700	2,189,445	685,179	505,833	6,833,938
1998-1999	97,842	499,361	3,077,246	2,131,365	631,108	507,866	6,944,788

City of Ridgecrest

Schedule 4

Fund Balances of Governmental Funds

Last Ten Fiscal Years (modified accrual basis of accounting)

	FISCAL YEARS				
	2008	2007	2006	2005	2004
General fund					
Reserved	\$ 1,524,843	\$ 619,360	\$ 305,836	\$ -	\$ 536,280
Unreserved	64,812	1,587,568	2,359,373	2,344,973	1,796,246
Total general fund	<u>1,589,655</u>	<u>2,206,928</u>	<u>2,665,209</u>	<u>2,344,973</u>	<u>2,332,526</u>
All other governmental funds					
Reserved	13,952,491	11,361,910	13,184,361	-	2,647,904
Unreserved, reported in:					
Special revenue funds	2,949,922	1,298,263	1,298,702	122,365	99,787
Debt service fund	-	765,071	(7,412,765)	4,003,925	648,107
Capital projects funds	1,652,863	(1,358,472)	679,826	672,438	(267,567)
Total all other governmental fund	<u>\$ 18,555,276</u>	<u>\$ 12,066,772</u>	<u>\$ 7,750,124</u>	<u>\$ 4,798,728</u>	<u>\$ 3,128,231</u>

City of Ridgecrest

Schedule 4

Fund Balances of Governmental Funds, Continued

Last Ten Fiscal Years (modified accrual basis of accounting)

	FISCAL YEARS				
	2003	2002	2001	2000	1999
General fund					
Reserved	\$ 318,132	\$ 361,404	\$ 351,712	\$ 41,138	\$ 176,877
Unreserved	2,169,848	2,591,372	4,402,533	3,139,736	1,935,666
Total general fund	<u>2,487,980</u>	<u>2,952,776</u>	<u>4,754,245</u>	<u>3,180,874</u>	<u>2,112,543</u>
All other governmental funds					
Reserved	3,407,708	5,145,508	4,047,515	2,230,324	2,925,229
Unreserved, reported in:					
Special revenue funds	(276,527)	(544,120)	110,111	1,215,180	1,030,963
Debt service fund	301,748	-	(998)	-	-
Capital projects funds	(571,372)	(157,619)	439,935	1,493,609	1,476,729
Total all other governmental fund	<u>\$ 2,861,557</u>	<u>\$ 4,443,769</u>	<u>\$ 4,596,563</u>	<u>\$ 4,939,113</u>	<u>\$ 5,432,921</u>

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

	FISCAL YEARS				
	2008	2007	2006	2005	2004
Revenues					
Taxes	\$ 16,313,383	\$ 14,137,641	\$ 12,247,901	\$ 8,725,616	\$ 7,657,442
Intergovernmental	2,309,609	1,783,935	1,917,323	2,626,347	3,253,013
Licenses, permits and fees	587,531	1,361,033	649,325	447,594	245,025
Fines and forfeitures	99,751	93,950	93,498	97,364	104,260
Use of money and property	673,407	640,658	464,460	274,229	202,816
Charges for services	816,897	786,753	923,449	773,345	623,191
Assessment revenues	-	4,520	26,427	1,738	349
Other revenue	1,033,309	1,148,125	12,874,961	901,769	318,051
Total revenues	<u>21,833,887</u>	<u>19,956,615</u>	<u>29,197,344</u>	<u>13,848,002</u>	<u>12,404,147</u>
Expenditures					
General Government	1,479,393	1,236,437	1,657,522	2,208,144	2,245,850
Public safety	6,972,804	5,921,981	5,752,857	4,287,023	3,862,446
Public works	897,772	1,217,673	594,434	286,716	549,946
Transportation	-	-	-	698,515	562,118
Community development	2,283,268	1,822,720	1,441,906	1,255,675	1,115,528
Health	156,948	1,105,735	873,806	27,683	8,669
Culture and leisure	2,095,579	1,899,677	1,815,338	1,311,110	1,263,589
Capital outlay	1,275,392	2,108,419	1,388,073	281,614	1,109,864
Debt service:					
Principal	1,075,690	1,069,235	10,361,445	844,167	792,923
Interest	978,031	1,053,156	2,108,534	1,270,947	1,312,023
Total expenditures	<u>17,214,877</u>	<u>17,435,033</u>	<u>25,993,915</u>	<u>12,471,594</u>	<u>12,822,956</u>
Excess of revenues over (under) expenditures	<u>4,619,010</u>	<u>2,521,582</u>	<u>3,203,429</u>	<u>1,376,408</u>	<u>(418,809)</u>
Other financing sources (uses)					
Proceeds from capital lease	-	527,626	-	-	170,735
Transfers in	8,591,148	4,969,572	6,728,624	5,914,392	4,367,282
Transfers out	(7,335,901)	(4,160,413)	(6,861,722)	(5,607,856)	(4,007,988)
Total other financing sources (uses)	<u>1,255,247</u>	<u>1,336,785</u>	<u>(133,098)</u>	<u>306,536</u>	<u>530,029</u>
Net change in fund balances	<u>\$ 5,874,257</u>	<u>\$ 3,858,367</u>	<u>\$ 3,070,331</u>	<u>\$ 1,682,944</u>	<u>\$ 111,220</u>
Debt service as a percentage of non-capital expenditures	12.9%	13.8%	50.7%	17.4%	18.0%

City of Ridgecrest

Schedule 5

Changes in Fund Balances of Governmental Funds, Continued

Last Ten Fiscal Years (modified accrual basis of accounting)

	FISCAL YEARS				
	2003	2002	2001	2000	1999
Revenues					
Taxes	\$ 7,300,623	\$ 7,135,067	\$ 7,383,128	\$ 7,093,627	\$ 7,216,702
Intergovernmental	4,477,119	4,187,715	3,863,857	2,955,037	3,090,302
Licenses, permits and fees	248,319	245,583	115,473	97,023	127,426
Fines and forfeitures	100,396	79,580	82,494	122,971	129,052
Use of money and property	263,345	382,629	630,207	526,666	455,707
Charges for services	497,612	465,605	451,993	433,436	538,875
Assessment revenues	1,573	2,736	1,321	1,474	-
Other revenue	531,145	584,799	1,203,099	598,699	252,016
Total revenues	13,420,132	13,083,714	13,731,572	11,828,933	11,810,080
Expenditures					
General Government	3,124,345	2,589,481	1,603,392	1,358,885	1,696,081
Public safety	3,933,757	4,046,744	3,875,717	3,514,006	3,627,787
Public works	777,075	-	-	-	-
Transportation	1,842,018	2,469,333	1,583,683	835,795	1,978,137
Community development	3,169,935	1,485,757	1,782,139	1,916,794	1,118,139
Health	336,488	473,511	406,118	124,330	50,373
Culture and leisure	1,742,237	1,518,235	1,497,989	957,661	1,077,273
Capital outlay	-	-	-	-	-
Debt service:					
Principal	671,202	4,855,800	622,523	18,874,430	1,419,114
Interest	1,358,421	1,486,697	1,367,140	1,681,814	1,260,661
Total expenditures	16,955,478	18,925,558	12,738,701	29,263,715	12,227,565
Excess of revenues over (under) expenditures	(3,535,346)	(5,841,844)	992,871	(17,434,782)	(417,485)
Other financing sources (uses)					
Proceeds from capital lease	1,038,183	4,389,981	-	17,939,675	-
Transfers in	5,421,253	5,810,163	3,803,827	3,240,437	4,030,692
Transfers out	(4,971,098)	(6,312,563)	(3,565,877)	(3,200,666)	(3,803,624)
Total other financing sources (uses)	1,488,338	3,887,581	237,950	17,979,446	227,068
Net change in fund balances	\$ (2,047,008)	\$ (1,954,263)	\$ 1,230,821	\$ 544,664	\$ (190,417)
Debt service as a percentage of non-capital expenditures	12.0%	33.5%	15.6%	70.2%	21.9%

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

CATEGORY	2008	2007	2006	2005	2004
Residential	\$ 1,058,498,321	\$ 911,494,904	\$ 788,678,966	\$ 713,926,081	\$ 633,401,029
Commercial	179,110,827	174,032,874	157,444,654	143,927,504	129,256,590
Industrial	17,971,395	11,837,503	10,882,183	10,860,581	10,413,965
Government	128,221	146,152	136,999	132,341	156,446
Institutional	15,142,018	14,742,327	12,205,814	12,553,443	13,614,469
Miscellaneous	234,383	157,037	154,247	151,512	151,691
Recreational	4,698,128	4,642,201	4,721,225	4,484,762	3,619,797
Vacant Land	65,109,045	49,323,706	36,481,201	34,935,069	31,321,458
SBE Non-Unitary	842,761	842,761	842,761	842,761	800
Unsecured	29,790,351	29,827,806	27,176,839	28,626,497	27,232,504
Exempt	(4,178,993)	-	(984,427)	(988,262)	(1,108,762)
Unknown	662,290	544,550	533,877	394,287	394,763
TOTALS	1,372,187,740	1,197,591,821	1,039,258,766	950,834,838	849,563,512
Total Direct Rate	0.67270%	0.62767%	0.57120%	0.51486%	0.45724%

NOTES:

Exempt values are not included in Total

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

Source: HdL Coren & Cone

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

CATEGORY	2003	2002	2001	2000	1999
Residential	\$ 580,667,757	\$ 569,181,954	\$ 572,575,284	\$ 583,914,379	\$ 608,205,243
Commercial	123,503,418	123,985,900	127,824,529	128,198,124	136,917,592
Industrial	10,113,348	9,989,713	10,913,461	10,663,392	10,705,169
Government	152,488	149,549	146,666	828,749	126,121
Institutional	10,817,736	10,693,526	10,521,662	9,989,152	9,930,170
Miscellaneous	146,374	143,793	141,263	138,782	136,526
Recreational	3,507,733	3,490,803	3,438,048	3,392,651	3,500,764
Vacant Land	31,213,075	32,984,147	33,043,434	44,044,015	41,779,730
SBE Non-Unitary	800	800	300	300	300
Unsecured	28,203,161	30,858,937	26,111,600	26,344,769	25,018,424
Exempt	(2,289,514)	(2,530,752)	(2,135,314)	(745,195)	(4,508,260)
Unknown	380,610	370,097	383,603	474,281	465,886
TOTALS	78,870,650	781,849,219	785,099,850	807,988,594	836,785,925
Total Direct Rate	0.41538%	0.42577%	0.42901%	0.47986%	0.49842%

City of Ridgecrest

Schedule 7

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(RATE PER \$100 OF TAXABLE VALUE)

10 Year Detail of Rates producing Revenue for City of Ridgecrest and Ridgecrest Redevelopment Agency					
City General Fund Direct Rates				RDA Incremental Rate	Total Direct Rate
Year	City Share of 1% Levy per Prop. 13	Debt Rate(s)	Total City Rates		
2007-2008	0.05068%	0.00000%	0.05068%	1.00000%	0.67270%
2006-2007	0.05068%	0.00000%	0.05068%	1.00000%	0.62767%
2005-2006	0.05191%	0.00000%	0.05191%	1.00000%	0.57120%
2004-2005	0.05191%	0.00000%	0.05191%	1.00000%	0.51486%
2003-2004	0.05191%	0.00000%	0.05191%	1.00000%	0.45724%
2002-2003	0.05191%	0.00000%	0.05191%	1.00000%	0.41538%
2001-2002	0.05191%	0.00000%	0.05191%	1.00000%	0.42577%
2000-2001	0.05191%	0.00000%	0.05191%	1.00000%	0.42901%
1999-2000	0.05191%	0.00000%	0.05191%	1.00000%	0.47986%
1998-1999	0.05191%	0.00000%	0.05191%	1.00000%	0.49842%

10 Year Detail of all Taxpayer Rates for Largest General Fund Tax Rate Area 010-019										
Agency	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
City of Ridgecrest	0.05020	0.05068	0.05191	0.05191	0.05191	0.05191	0.05191	0.05191	0.05191	0.05191
Child Development Fund	0.00000	0.00000	0.00509	0.00509	0.00509	0.00509	0.00509	0.00509	0.00509	0.00509
County Advertising	0.00070	0.00070	0.00069	0.00069	0.00069	0.00069	0.00069	0.00069	0.00069	0.00069
East Kern Res Con	0.00070	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066
Education	0.01897	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917
Education Revenue										
Augmentation Fund	0.12984	0.12989	0.12504	0.12504	0.12504	0.12504	0.12504	0.12504	0.12504	0.12504
Fire	0.10583	0.10577	0.10577	0.10577	0.10577	0.10577	0.10577	0.10577	0.10577	0.10577
Kern Community College	0.06789	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770
Kern County	0.14277	0.14263	0.14117	0.14117	0.14117	0.14117	0.14117	0.14117	0.14117	0.14117
Kern County Water Agency	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719
Sierra Unified School	0.47591	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560
TOTAL PROP. 13 RATE	1.00000									
KCCD SFID #1	0.00599	0.00000	0.00963	0.00918	0.01180	0.00000	0.00000	0.00000	0.00000	0.00000
KCCD SRID 03A RFD	0.00192	0.00368	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
KCCD SRID 2003B	0.00013	0.00160	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Sierra Sands 06A	0.04231	0.04209	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total Voter Approved Rate	0.05035	0.04737	0.00963	0.00918	0.01180	0.00000	0.00000	0.00000	0.00000	0.00000
TOTAL TAX RATE	1.05035	1.04737	1.00963	1.00918	1.01180	1.00000	1.00000	1.00000	1.00000	1.00000

NOTES:

taxable value.

above do not sum across rows.

- RDA rate is based on the largest RDA tax rate area and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute.

RDA direct and overlapping rates are applied only to the incremental property values.

which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Source: HdL Coren & Cone

City of Ridgecrest
Schedule 8
Top Ten Principal Property Taxpayers
Fiscal Year 2008 and Nine Years Prior

Taxpayer	2008			1999		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
New Albertsons, Inc	1	\$ 9,059,741	0.66%	6	\$ 4,818,793	0.58%
Home Depot Development Maryland Inc	2	8,290,916	0.60%			
Carriage Inns	3	8,085,126	0.59%	1	7,929,446	0.95%
Drummond Medical Group	4	7,193,367	0.52%	5	6,303,070	0.75%
Inland Westn MDS Portfolio LLC	5	6,625,920	0.48%			
Ridgecrest Heritage House	6	6,579,276	0.48%			
Wal Mart Real Estate Business Trust	7	6,393,235	0.47%	2	5,883,920	0.70%
SB North China Lake Road LLC	8	5,306,039	0.39%			
Ridgecrest Paradise LLC	9	5,304,000	0.39%			
Ridgecrest Capital Limited Partnership	10	4,909,567	0.36%			
Berkshire Business First Trust				3	5,315,858	0.64%
Ridgecrest Associates				4	5,257,234	0.63%
Mervyns				7	3,951,415	0.47%
Ridgecrest Heritage Inn				8	3,937,755	0.47%
China Lake Properties Limited				9	3,627,512	0.43%
Beverly Enterprises California Inc.				10	3,599,322	0.43%
Top Ten Totals		\$ 67,747,187	4.94%		\$ 50,624,325	6.05%
CITY TOTALS		\$ 1,372,187,740			\$ 836,785,925	

Source: HdL Coren & Cone

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections
		Amount	Percentage of Levy	
2008	\$ 9,082,220	\$ 9,069,060	99.86%	\$ 13,159
2007	7,413,971	7,406,500	99.90%	7,471
2006	5,822,621	5,817,552	99.91%	5,070
2005	4,958,439	4,953,104	99.89%	5,335
2004	3,915,945	3,908,652	99.81%	7,293
2003	3,446,694	3,441,268	99.84%	5,426
2002	3,311,476	3,307,514	99.88%	3,962
2001	3,325,516	3,318,986	99.80%	6,531
2000	3,481,425	3,476,202	99.85%	5,223
1999	3,805,992	3,668,289	96.38%	137,704

NOTES:

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

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

Source: Kern County Auditor-Controller
www.co.kern.ca.us/auditor/confirmations

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

Fiscal Year	GOVERNMENTAL ACTIVITIES					Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Redevelopment Bonds	Special Assessment Bonds	Loans Payable	Capital Lease			
2008	\$ 9,190,000	\$ 8,490,000	\$ 115,000	\$ 800,000	\$ 860,688	\$ 19,455,688	2.62%	\$ 694
2007	9,535,000	9,050,000	220,000	1,000,000	1,031,380	20,836,380	2.89%	746
2006	9,870,000	9,590,000	315,000	1,200,000	1,225,614	22,200,614	4.49%	837
2005	-	19,355,000	405,000	1,400,000	1,167,060	22,327,060	4.74%	843
2004	-	20,070,000	485,000	1,600,000	1,135,552	23,290,552	5.35%	901

NOTES:

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

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

Fiscal Year	GOVERNMENTAL ACTIVITIES			Total	Percentage of Taxable Assessed Property Values a	Per Capita b
	General Obligation Bonds	Redevelopment Bonds	Special Assessment Bonds			
2008	\$ 9,190,000	\$ 8,490,000	\$ 115,000	\$ 17,795,000	1.30%	\$ 635
2007	9,535,000	9,050,000	220,000	18,805,000	1.57%	673
2006	9,870,000	9,590,000	315,000	19,775,000	1.90%	746
2005	-	19,355,000	405,000	19,760,000	2.08%	746
2004	-	20,070,000	485,000	20,555,000	2.42%	795

NOTES:

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

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

City of Ridgecrest
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

	Debt Outstanding 6/30/2008	% Applicable ¹	City's Share of Debt as of 6/30/08
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Kern Community College District Safety, Repair & Improvement District	\$ 118,671,213	0.702%	\$ 833,072
Kern Community College District Assessment District	5,560,000	0.758%	42,145
Sierra Sands Joint Unified School District	19,467,898	54.620%	10,633,366
City of Ridgecrest 1915 Act Bonds	115,000	100.000%	115,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 11,623,583
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Kern County Certificates of Participation	50,040,000	0.644%	322,258
Kern County Pension Obligations	480,101,067	0.644%	3,091,851
Kern County Board of Education Certificates of Participation	55,955,000	0.644%	360,350
Kern County Community College District Certificates of Participation	86,675,000	0.627%	543,452
Sierra Sands Joint Unified School District General Fund Obligations	4,415,000	54.620%	2,411,473
City of Ridgecrest Certificates of Participation	9,190,000	100.000%	9,190,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT	686,376,067		\$ 15,919,384
COMBINED TOTAL DEBT			<u>27,542,967 ²</u>

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

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

2007-08 Assessed Valuation	\$ 1,367,579,091
Redevelopment Incremental Valuation	887,523,736
Adjusted Assessed Valuation	480,055,355

Ratios to 2007-08 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 0.85%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$9,190,000) 1.91%

Combined Total Debt 5.74%

NOTES:

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

Source: California Municipal Statistics, Inc.

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

Legal Debt Margin Calculation	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Assessed value	\$ 1,372,187,740	\$ 1,197,591,821	\$ 1,039,258,766	\$ 950,834,838	\$ 849,563,512
Debt limit (15% of assessed value)	205,828,161	179,638,773	155,888,815	142,625,226	127,434,527
Debt applicable to limit:					
General obligation bonds	17,795,000	18,805,000	19,775,000	19,760,000	20,555,000
Less: Amount set aside for repayment of general obligation debt	1,814,042	2,640,512	2,265,223	1,865,888	1,859,194
Total net debt applicable to limit	15,980,958	16,164,488	17,509,777	17,894,112	18,695,806
Legal Debt Margin	189,847,203	163,474,285	138,379,038	124,731,113	108,738,721
Total debt applicable to the limit as a percentage of debt limit	8.42%	9.89%	12.65%	14.35%	17.19%

NOTES:

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

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

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

REDEVELOPMENT BONDS

Fiscal Year	Net Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
2008	\$ 8,698,122	\$ 560,000	\$ 522,165	8.04
2007	7,036,646	540,000	547,150	6.47
2006	5,451,361	9,765,000	1,570,069	0.48
2005	4,588,460	715,000	1,164,698	2.44
2004	3,547,966	690,000	1,237,983	1.84

SPECIAL ASSESSMENT BONDS

Fiscal Year	Special Assessment Collections	Current Account Balance	Debt Service		Coverage
			Principal	Interest	
2008	\$ 116,927	\$ 125,700	\$ 105,000	\$ 13,903	2.04
2007	115,531	125,700	95,000	22,179	2.06
2006	113,633	125,700	90,000	29,810	2.00
2005	109,046	125,700	80,000	36,803	2.01
2004	105,976	125,700	75,000	43,158	1.96

NOTES:

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

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

Year	Population	Personal Income	Personal Per Capita Income	Median Age	School Enrollment*	Unemployment Rate
2008	28,038	\$ 743,680,000	\$ 26,524	n/a	5,727	4.60%
2007	27,944	720,647,816	25,789	30.0	5,929	4.20%
2006	26,515	494,133,540	18,636	29.8	5,972	3.40%
2005	26,493	470,595,159	17,763	30.1	5,889	4.60%
2004	25,842	435,308,490	16,845	30.5	5,813	5.60%

NOTES:

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

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

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

Population projections are provided by California Department of Finance projections

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

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

n/a = not available

Source: MuniServices, LLC

School Enrollment - California Department of Education (*includes only the school district and charter school enrollment)

www.cde.ca.gov

City of Ridgecrest
Schedule 16
Principal Employers
Fiscal Year 2008 and Four Years Prior

Employer	2008			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Naval Air Weapons Station China Lake (3381 civilians & 889 military, & 1494 Contractors)	5928	1	38.49%	4093	1	31.24%
Sierra Sands Unified School District	680	2	4.42%	620	3	4.73%
Searles Valley Minerals	650	3	4.22%	625	2	4.77%
Jacobs Technology	457	4	2.97%			
Ridgecrest Regional Hospital	400	5	2.60%	340	4	2.60%
Cerro Coso Community College	371	6	2.41%	175	7	1.34%
Wal-Mart	275	7	1.79%	184	6	1.40%
City of Ridgecrest	175	8	1.14%	134	10	1.02%
Albertsons Inc.	165	9	1.07%			
SA-Tech (System Applic. & Tech)	156	10	1.01%			
Alta One Federal Credit Union				161	8	1.23%
Advanced Information Engineering Services				280	5	2.14%
L-3 Communications, Government Services				150	9	1.15%
			60.11%			51.62%
	Total City Employment		15,400			13,100

NOTES:

Total City employment provided by EDD Labor Force Data
The earliest data available to the City of Ridgecrest was from four years prior.
Source: MuniServices, LLC

City of Ridgecrest

Schedule 17

Full Time Equivalent City Government Employees by Function/Program

Last Five Fiscal Years (As of June 30)

FUNCTION/PROGRAM	2008	2007	2006	2005	2004
General Government					
City Council	5	5	5	5	5
City Manager	4	4	3.75	2.5	2
City Clerk	1.5	2.75	1	1	1
Finance & Technology	12	9.75	9.75	8.5	11
Human Resources	1.5	2.5	1	1	1
Community Development	8	7	7	5	12
Public Safety					
Police Officers-Sworn	37	38	35	30	30.5
Other Full Time Employees	16.25	16	15.5	26	25.46
Public Works					
Engineering	4	5	3	4	2
Maintenance	8	9	9	7	8
Transit Services	7.5	8	8	8.5	8.5
Wastewater/Sewer					
	5	5	5	5	5
Culture & Recreation					
	31.97	23.44	22.4	23.86	23.54
Grant Funded Programs					
Work Investment Act	3.48	3.98	2.98	3.48	3.48

NOTES:

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

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

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

FUNCTION/PROGRAM	2008	2007	2006	2005	2004
Police					
Physical Arrests	2,213	2,448	2,519	2,078	1,935
Parking Violations	294	161	134	216	252
Traffic Violations	1,439	2,001	2,338	2,844	2,887
Community Development					
Building Permits Issued	212	585	768	465	473
Building Permits Valuation (in millions)	22	20	35	23	16
Building Inspections Performed	3861	5,455	5,850	2,557	2,039
Planning Permits Issued	137	135	197	113	86
Public Services					
Street Resurfacing (miles)	0.5	1.75	1	2.0	0.5
Street Light Replacement a	n/a	n/a	n/a	n/a	n/a
Potholes Filled	3,500	1,500	2,011	2,000	1,500
Waste Water Average Daily Treatment (millions of gallons)	2.65	2.6	2.6	2.5	2.4
Transit Route (Service) Miles	91,178	82,277	91,998	112,052	110,947
Transit Passenger Count	35,595	38,529	33,967	40,374	38,775
Parks & Recreation					
Sports Field Participation	88,078	88,140	87,536	87,564	87,518
Community Center/Gym/Pool Participation	67,421	101,242	99,638	94,933	74,996
Other Participation	35,730	35,730	35,730	36,738	37,170

NOTES:

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

a) Street light replacement is done by Southern California Edison

Source: Various City Departments

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

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

NOTE:

The City of Ridgecrest has elected to show only five years of data for this schedule.
Source: Various City Departments