

City of Ridgecrest



Ridgecrest,
California



*Comprehensive Annual Financial
Report For the Fiscal Year Ended
June 30, 2010*

*City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010*

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 For the year ended June 30, 2010**

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Introductory Section





December 16, 2010

**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, 2010. These financial statements are presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

The primary purpose in providing this report is to inform the Mayor and City Council of all financial and administrative activities of the previous fiscal year. In addition, this report is directed to two other groups: the citizens of Ridgecrest and the financial community. For the citizens, the report provides an opportunity to correlate City services and accomplishments with the expenditure of financial resources. For the financial community, this report provides information necessary to evaluate financial practices of the City, assure their soundness in accordance with GAAP, and determine the financial capacity of the City to incur and service debt for long-range capital planning.

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

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

PROFILE OF THE CITY OF RIDGECREST

The City of Ridgecrest, incorporated in 1963, is located in the southern portion of the Indian Wells Valley and in the northeast corner of Kern County, surrounded by four mountain ranges; the Sierra Nevada on the west, the Coso on the north, the Argus Range on the east, and the El Paso Mountains on the south. It is approximately an hour and quarter from the Lancaster/Palmdale area and approximately two hours from

both Bakersfield and San Bernardino. A favorable characteristic of the City is its proximity to two major highways, the 395 and the 14. Air travel in and out of the City is provided through the Inyokern Airport. These attributes make Ridgecrest, a central location for shopping and business for the Eastern Kern County area. Ridgecrest is also easily accessible to the rest of southern California making it an ideal location for industry.

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

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

As the only incorporated community in the Indian Wells Valley, Ridgecrest boasts a thriving economy and a robust population of about 28,726 people. Ridgecrest acts as the shopping and business center for northeastern Kern County.

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

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook

Globally, we are experiencing the worst economic decline in recent history and it is significantly affecting our state and local economy. Transient Occupancy Tax (TOT) and sales tax revenues are more sensitive to the economic swings. These two sources represent 43% of the total General Fund revenue. Fortunately for the City, it is looking forward to the implementation of the position transfers to the NAWS in China Lake due to the base realignment and closure (BRAC) program. Over 1,000 civilian jobs will be transferred to the naval station with an additional 600 jobs coming from non-BRAC programs. In addition, we are anticipating 500 jobs will be coming from federal contractors and another 300 service jobs to support this expansion. These new jobs are expected to generate at least 3,000 new residents moving to the community. These new residents will require new home construction with an estimated of 1,200 new housing units over the next 3 years.

Retail sales will continue to decline as the country continues to suffer economic downturn. It is projected that sales tax revenue will level off and begin to rebound although at a slow pace as consumers remain cautious. However, we are anticipating a slight increase in TOT revenues with the recent opening of new Hampton Inn.

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

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

Year	Permits	Inspections	Valuation
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
2009	141	2,543	12.1 M
2010	182	2,718	16.6 M

Economic Development

Positive developments for the year:

- ❖ The Naval Station China Lake has completed its BRAC Business Plan and begun over 250 million dollar construction improvements along with over ten new projects currently in construction. The Business Plan also included the movement of 1,000 billets (jobs) to the Ridgecrest Area.
- ❖ The Ridgecrest Business Park has seen the completion of the Spring Hill Suites and Office Building, the Hampton Inn and Office Development, Doctor Tareli Medical Building and PackWrap.
- ❖ New developments within the business park are being planned for 2010-2011. A lighting and landscape district will be founded in 2011.
- ❖ Super Wal-Mart is due to begin construction sometime in 2010-2011 of a 225,000 square foot store.
- ❖ The City and Redevelopment Agency are providing both financial assistance and technical support to the City's Ridgecrest Downtown Association in its efforts to market and redevelop the Ridgecrest Downtown area.
- ❖ The Redevelopment Agency is working towards bringing new solar power generation plants and their related jobs to the project area.
- ❖ Ridgecrest Regional Hospital is completing \$70M renovation and expansion of their hospital facility. The expansion includes a new outpatient pavilion and a new inpatient tower. The tower will include an eight-bed ICU, a new surgery and recovery area, seven pediatric beds, and 28 general medical/surgical beds.

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

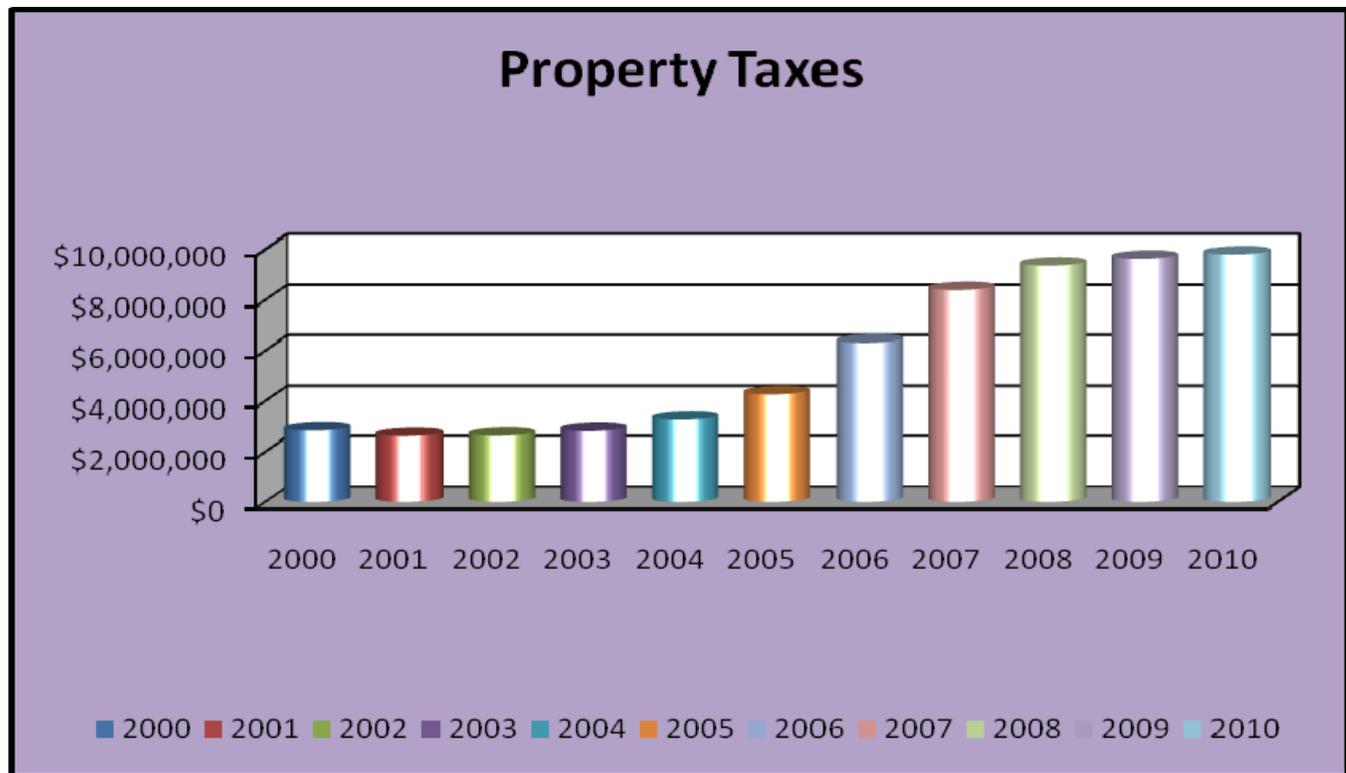
A main concern that could severely impact the City's revenue and possibly cash flow is the State of California's expanding budget crisis. Historically, the State has shifted local revenues to help finance their deficits and is currently in the brink of running out of cash to pay their bills.

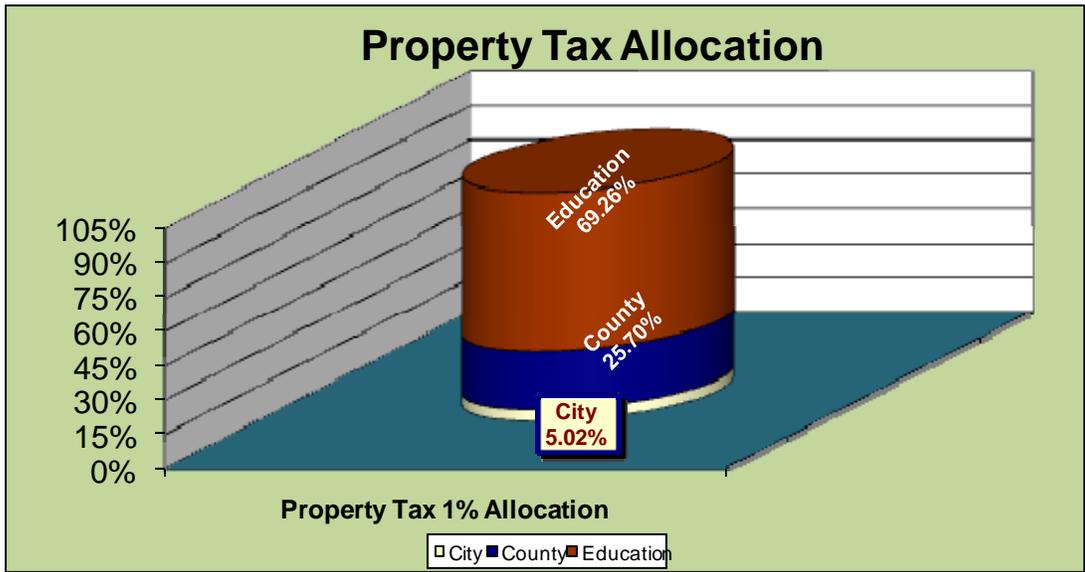
Like other cities in the nation, we are facing financial challenges we have not seen before. As with all economic problems, this will be resolved and the local and state economy will bounce back eventually. Meanwhile, the City is projecting significant deficits in the next fiscal year caused by the decline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

Property Tax

Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (moveable property) located within the City. Property is assessed by the County Assessor at a tax rate of 1.0% of the assessed value. The City receives 5.02% of the tax rate from the County of Kern - Auditor/Controller’s Office.

In fiscal years 2000 to 2001, the property tax revenue had negative growth due to dwindling home valuations. In FY 2002, property tax revenue started to move in upward direction, where it peaked up by 16.6% in FY 2004 and another 30% increase in FY 2005 over the previous year’s receipts. This was a well received indication of rising local property values as well as new development activity. In FY 2006 the State’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. Property tax revenue continues to increase yearly but has been tapering off in recent years. FY 2010 saw a modest increase of 1.8% over the previous year’s receipts. The City is not anticipating a drastic effect in the local real estate market value due to BRAC.

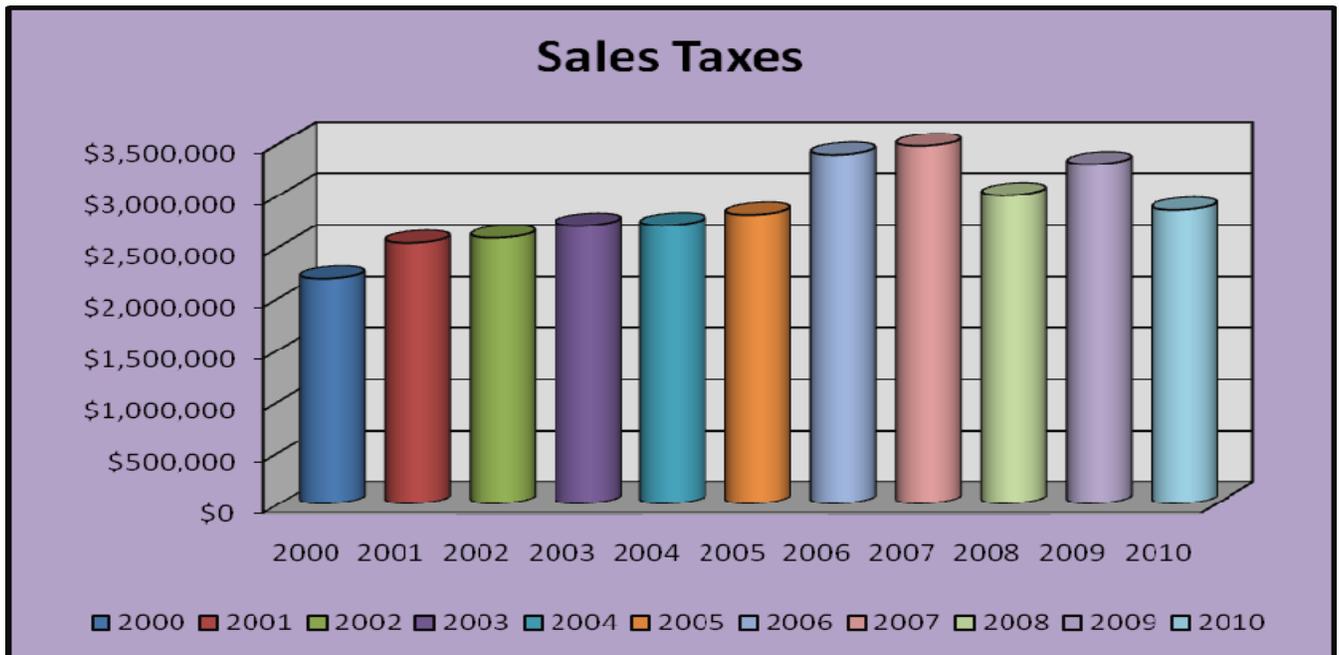




Sales Tax

The City's single largest revenue source is sales tax. The total sales tax in Kern County is 8.25% 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 2010, sales tax decreased by 13% from prior year. In the last ten years, the City's sales tax revenue is continuously climbing an average of 3.19% annually.

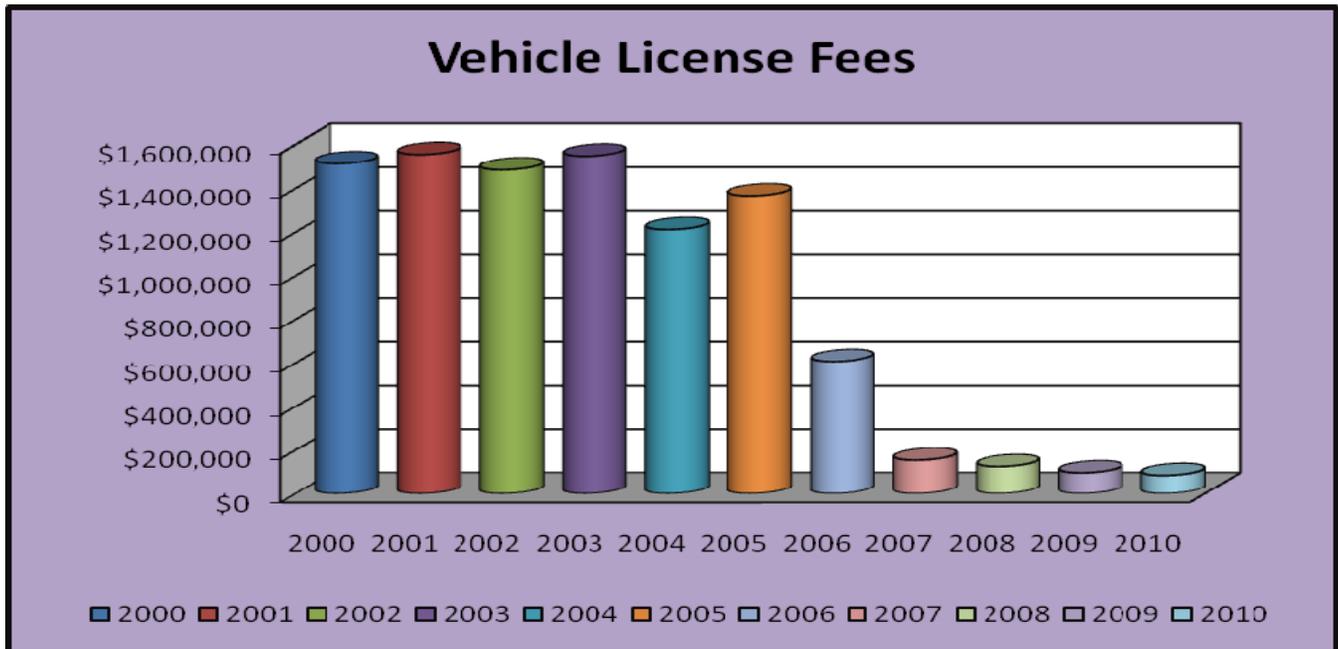
Sales tax leakage to the metropolitan areas of Bakersfield and Lancaster-Palmdale continues to be a big concern for the City especially with the closing of Mervyns, being a major shopping outlet for the City, and Diamond Motors, car dealership. Even with higher tax rates, a significant amount of local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



Vehicle License Fees

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

It should be noted that VLF funds now, like sales tax, have been split by the State into two pieces. These two pieces are the statutory rate and the "Property Tax In Lieu of VLF". In FY 2010 the statutory component (the rate by State law was reduced from 2.0% to 0.65%) brought to the Ridgecrest Treasury \$83,435, a 12% 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 \$1,514,032 in FY 2009-10. This amount is included in the property tax revenue category instead of the VLF revenue category; thereby, the reason for the tremendous decrease in the chart. Also, in FY 2006, the City received a one-time payment of \$466,886 from the State per AB 1457 for the MVLF Backfill Gap Loan. In the last four fiscal years, the City has been receiving an average of \$114,061 per year on VLF revenue not counting the one time payments.



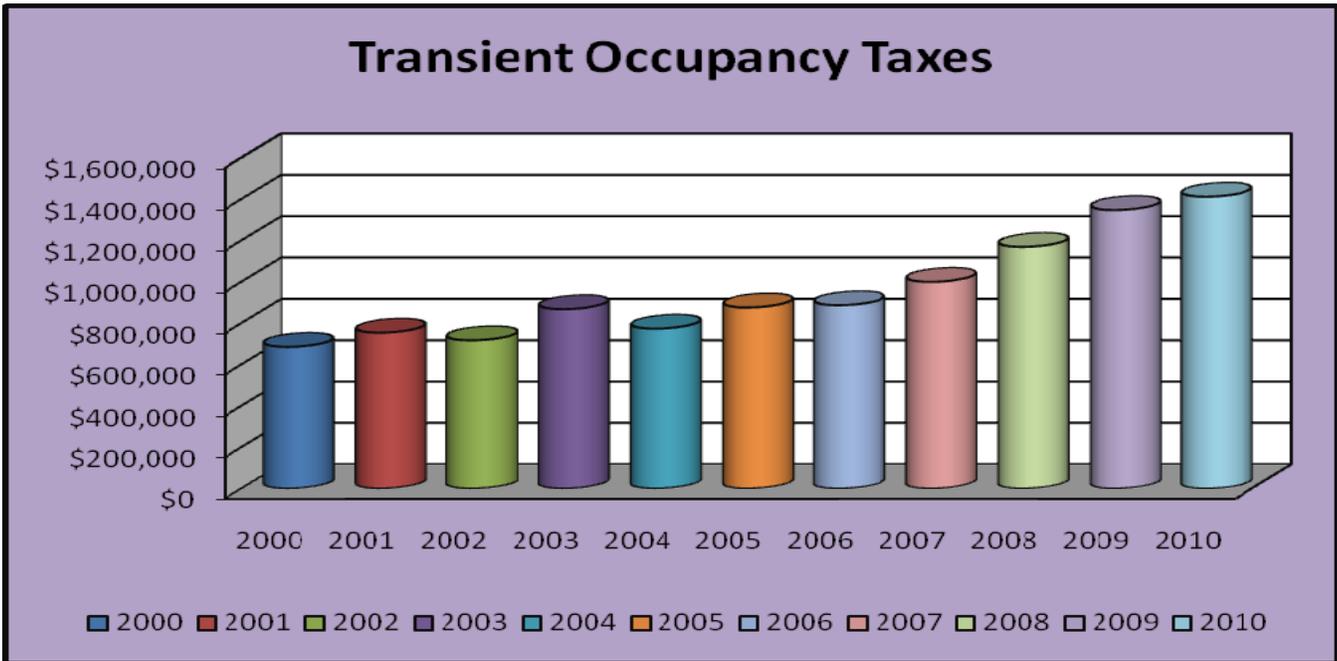
Transient Occupancy Tax

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

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

TOT has averaged 8% growth rate for the last ten fiscal years. The largest single growth during that period was in the 2002-2003 FY which saw a growth of 21%. Last fiscal year TOT revenue continued to increase at 4.8%. Next fiscal year is likely to see a small decrease due to the relocation of the Empire Challenge which filled hotels to occupancy limits with participants in August.

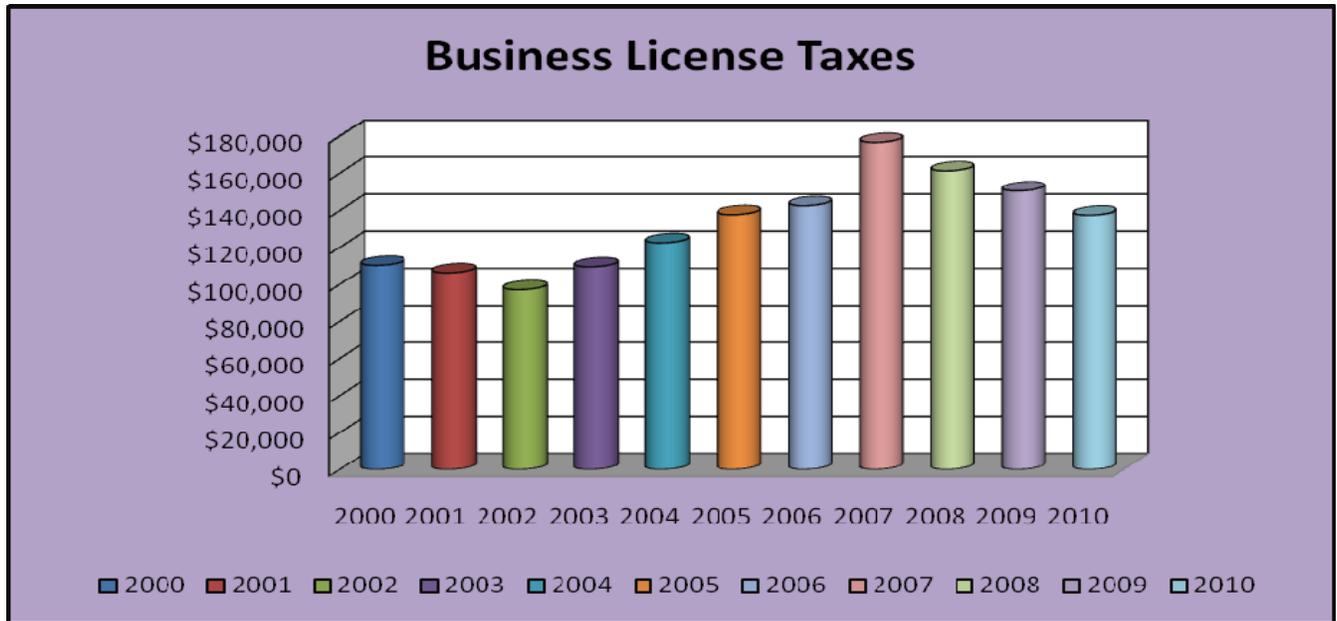
Hilton Hotels has completed construction of their hotel located at the business park area and we should realize a partial offset to the decrease. The Ridgecrest Redevelopment Agency is currently assisting a developer of two additional motels scheduled to be completed in early 2011. All of these will 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 2010, business license revenue declined by 8.6% over prior year; however, in the last ten years, the City’s business license tax revenue is continuously climbing an average of 3.72% annually.



CASH MANAGEMENT POLICIES AND PRACTICES

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

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

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

The City's investments of \$34,548,777 with LAIF at June 30, 2010, included a portion of the pool funds invested in structured notes and asset-backed securities and similar transactions. This compares to \$33,843,499 at June 30, 2009 an approximate increase of 2%. 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, 2010, The City had \$34,548,777 invested in LAIF which had invested 5.42% of the pool investment funds in Medium-Term and Short-Term Structured Notes and Asset-Backed Securities.

RISK MANAGEMENT

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

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

General Liability Insurance

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

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

Workers' Compensation

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

The CSAC-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 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
2006	532,041
2007	482,238
2008	349,969
2009	495,619
2010	663,164

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 2009-2010 the total cost reimbursed was \$26,367; this was up from the 2008-2009 reimbursed cost of \$18,070.

INTERNAL CONTROL STRUCTURE:

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

BUDGETARY CONTROLS:

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

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

The City Council may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer budget amounts within any fund during the budget year as long as it does not increase the total budget within the fund. However, any revisions that alter total expenditures of any fund without coinciding revenue increases must be approved by the City Council.

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ridgecrest for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

LOOKING TO THE FUTURE

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

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

Economic Development/Redevelopment

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

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

ACKNOWLEDGMENTS

The preparation and publication of this report would have not been possible without the dedication, professionalism and teamwork of the entire staff of the Finance Department. We would like to express our heartfelt appreciation to all members of the department who assisted in its preparation. We also thank the City's independent auditors, Caporicci & Larson, for their assistance and expertise; and all City departments for their cooperation during the audit engagement and their participation in preparing this report. We would like to express our appreciation to the Mayor and City Council 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,



Kurt O. Wilson
City Manager/
Agency Executive Director



W. Tyrell Staheli
Finance Director/City Treasurer/
Agency Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ridgecrest
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.



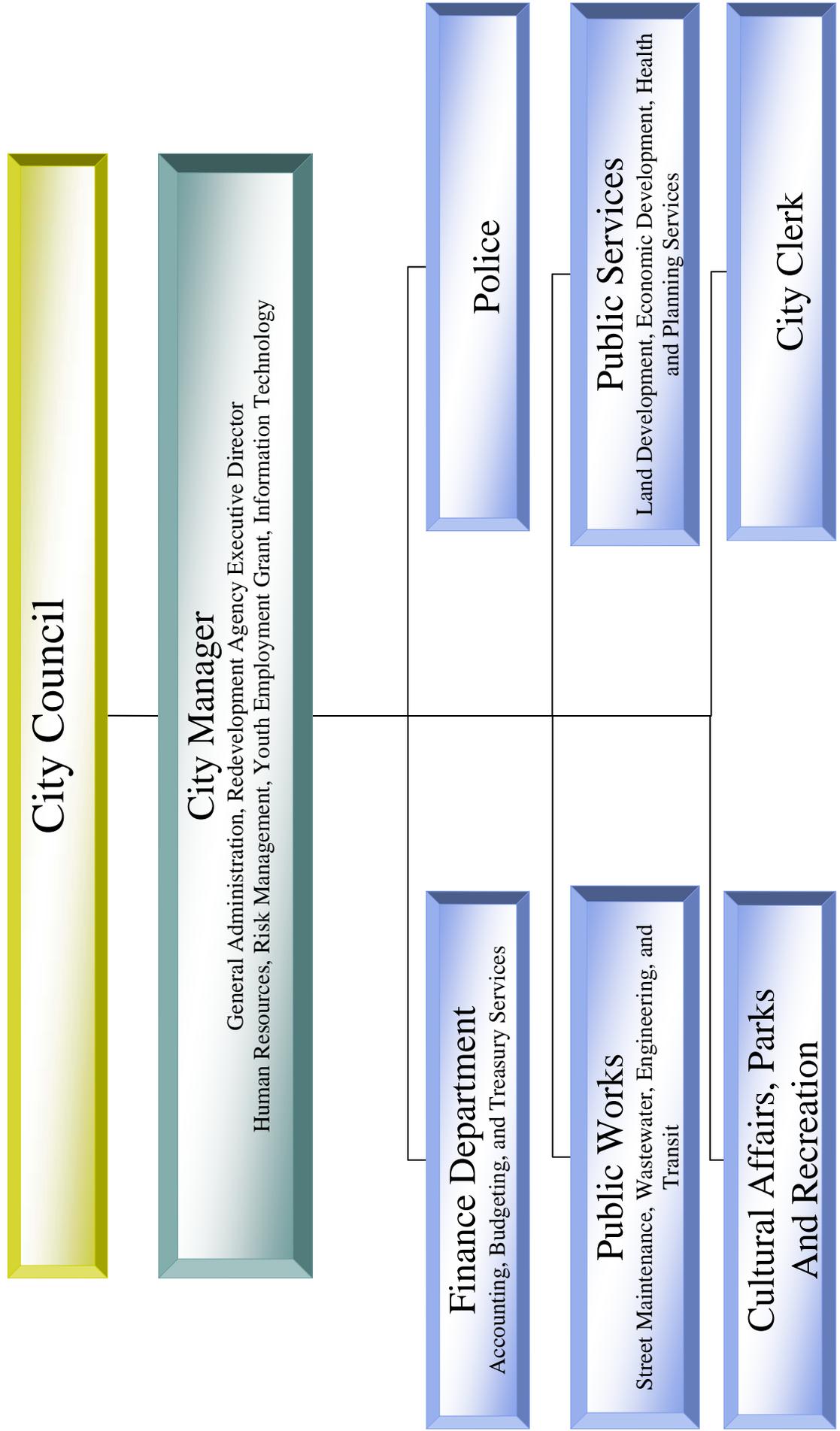
President

Executive Director

CITY OF RIDGECREST

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2010





City of Ridgecrest

Comprehensive Annual Financial Report

For the Year Ended June 30, 2010

Steven P. Morgan, Mayor
Ronald Carter, Mayor Pro-Tempore
Thomas Wiknich, Vice Mayor
Marshall “Chip” Holloway, Council Member
Jerry Taylor, Council Member

City Staff

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

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010, our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
December 22, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

Management of the City of Ridgecrest (the "City") provides the Management Discussion and Analysis of the City's Comprehensive Annual Financial Report (CAFR) for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2010. 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, 2010 by \$84,057,880 this compared to \$85,877,430 at fiscal year end June 30, 2009. This is an overall decrease of \$1,841,827 or 2.1% of prior year net assets. Net assets for governmental activities exceeded liabilities by \$56,426,216 and this compares to \$57,112,990 at June 30, 2009 a decrease of 1.2%. Assets for business-type activities exceeded liabilities by \$27,631,664 and this compares to \$28,786,717 at June 30, 2009, a 4% decrease.

Changes in Net Assets - The City's net assets decreased \$1,819,550 in fiscal year 2009-2010; this compared to a \$1,443,208 increase in fiscal year 2008-2009. Net assets of governmental activities decreased by \$664,497 compared to a 2008-2009 increase of \$1,427,419. Net assets of business-type activities decreased by \$1,155,053 compared to an increase in 2008-2009 of \$15,789.

- ♦ *Fund Highlights*

Governmental Funds - At the close of fiscal year 2009-2010 the City's total governmental funds reported a fund balance of \$25,496,226 as compared to \$25,235,807 in 2008-2009, an increase of \$260,419 from the prior year. The increase in fund balance is largely due to un-appropriated revenue in the Redevelopment Agency.

General Fund - The fund balance of the general fund on June 30, 2010 was \$539,291, a decrease of \$1,029,928 from the prior year due to the decline in tax revenue.

Redevelopment Agency - The fund balance of the combined redevelopment funds on June 30, 2010 was \$13,406,691 which compares to \$11,551,283, an increase of \$1,855,408 from the prior year. The increase in fund balance is due to increasing tax increment revenue while expenditures remain flat.

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 (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 the component unit and because its function as part of the City government, its activities are blended with those of the primary government.

Fund Financial Statements

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance with the government-wide financial statements can be found on pages 19 and 20.

The City has twenty-two governmental funds, of which five 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 five major funds are: General Fund, Housing Set-Aside Special Revenue Fund, Redevelopment Agency Debt Service Fund, Redevelopment Agency Capital Project Fund and City 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. The governmental fund financial statements can be found on pages 28-32. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 88-94.

- ♦ *Proprietary Funds*

The City maintains two types of proprietary funds: enterprise funds and internal service funds.

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

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

The basic proprietary funds financial statements can be found on pages 38-40.

- ♦ *Fiduciary Funds*

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 50-78.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information includes budgetary comparison schedules for the major funds, schedules and disclosure of the modified approach for the city pavement infrastructure, and information regarding the obligation to provide pension benefits to employees. This information can be found on pages 80-83.

City of Ridgecrest's Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Current Assets	\$ 29,274,050	\$ 28,064,117	\$ 12,409,407	\$ 12,463,365	\$ 41,683,457	\$ 40,527,482
Capital Assets	47,915,883	50,151,861	16,522,152	16,979,238	64,438,035	67,131,099
Total Assets	77,189,933	78,215,978	28,931,559	29,442,603	106,121,492	107,658,581
Current Liabilities	3,771,848	2,858,010	1,299,895	655,886	\$ 5,071,743	\$ 3,513,896
Long-term Liabilities	16,991,869	18,267,256	-	-	16,991,869	18,267,256
Total Liabilities	20,763,717	21,125,266	1,299,895	655,886	22,063,612	21,781,152
Investments in Capital						
Net of Related Debt	31,515,820	32,676,918	16,522,152	16,979,238	48,037,972	49,656,156
Restricted	25,130,907	23,615,054	-	-	25,130,907	23,615,054
Unrestricted	(220,511)	798,741	11,109,512	11,807,479	10,889,001	12,606,220
Total Net Assets	\$ 56,426,216	\$ 57,090,713	\$ 27,631,664	\$ 28,786,717	\$ 84,057,880	\$ 85,877,430

Net Assets

The chart above reflects the City's combined net assets (governmental and business-type activities) which total \$84,057,880 at the close of fiscal year ending June 30, 2010.

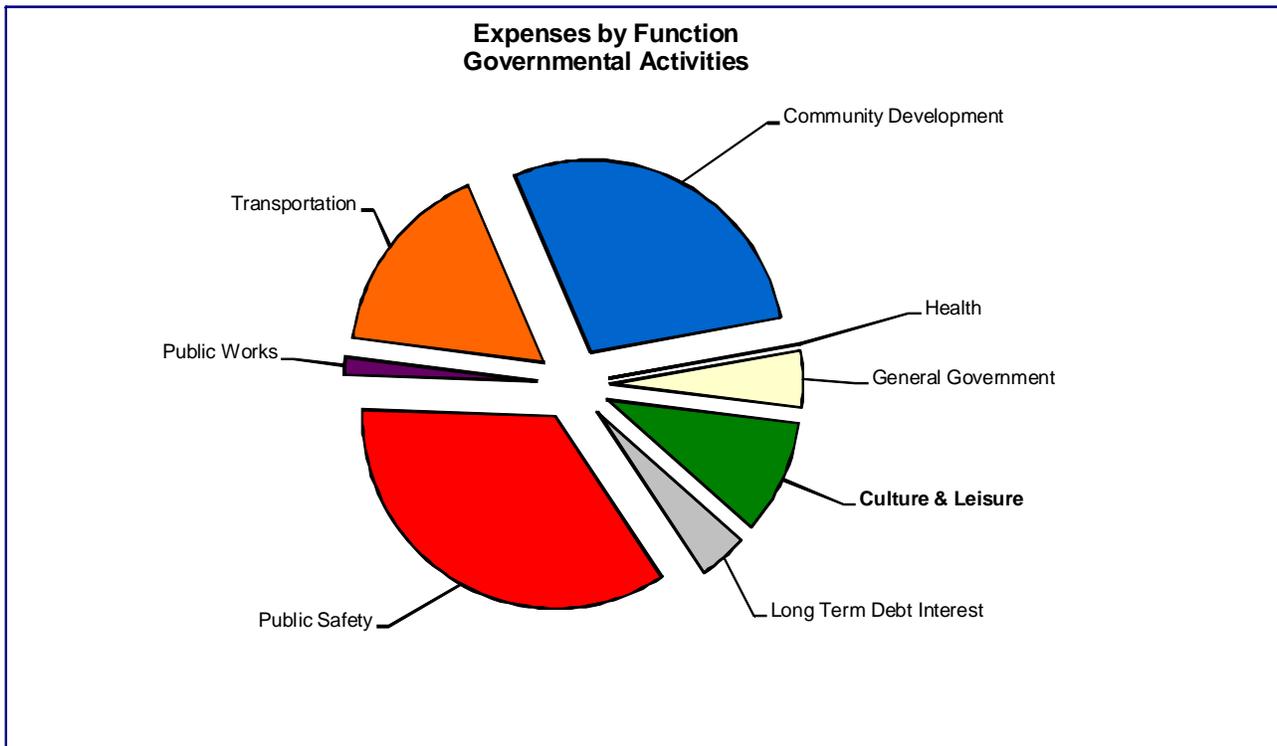
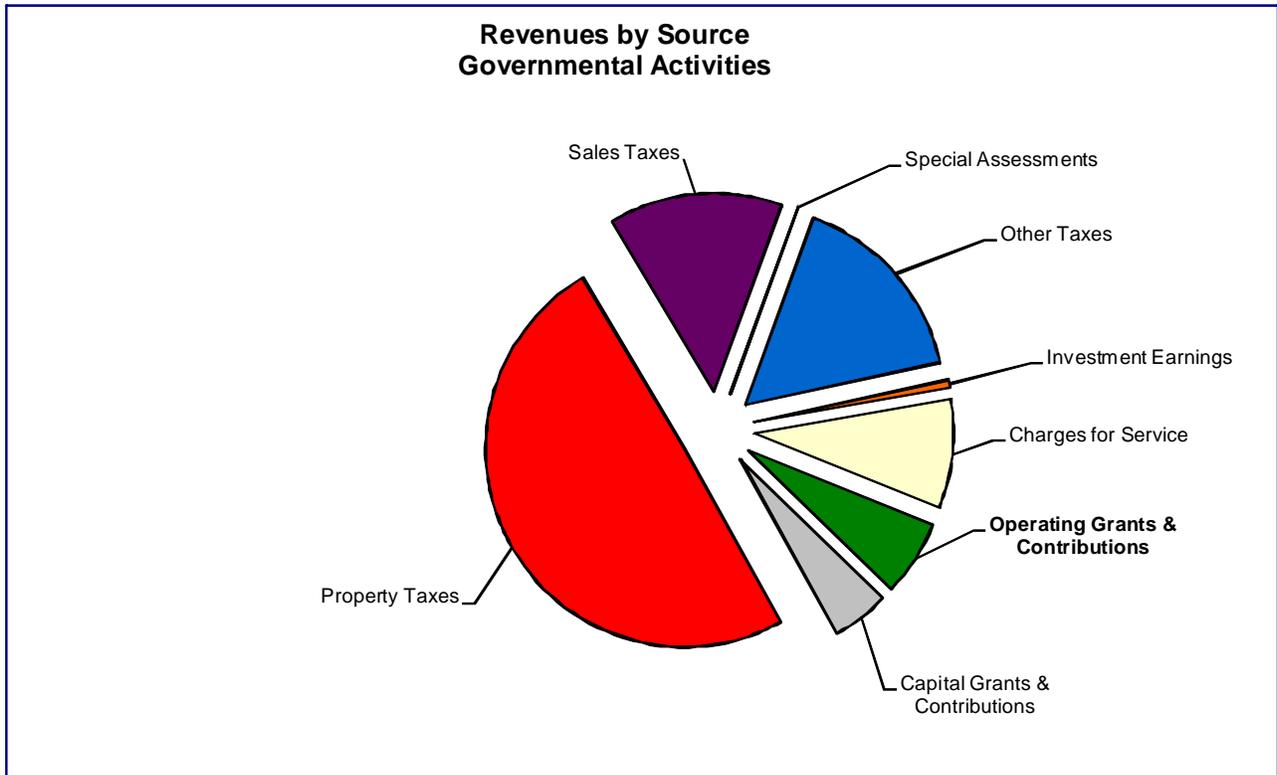
By far, the largest portion of the City's total net assets (57%) reflects its investment in capital assets (e.g., land, streets, sewers, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services 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 (43%) 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 2009-10, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's net assets were decreased by \$1,819,550 during the fiscal year. This decrease is the net result of all the revenues and expenses and cannot be attributed to any specific items.

Governmental Activities

Governmental activities decreased the City's net assets by \$664,497, and the business type activities showed a decrease in net assets of \$1,155,053. This compares to a prior year increase in governmental activities of \$1,427,419 and an increase in business type activities of \$15,789. The charts that follow show the program revenues, general revenues, and expenses by function for all City activities, including the Redevelopment Agency.



**Statement of Changes in Net Assets
For the Year Ended June 30, 2010**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 1,804,917	\$ 1,201,653	\$ 2,096,270	\$ 2,229,425	\$ 3,901,187	\$ 3,431,078
Operating grants and contributions	1,253,997	1,384,420	97,657	-	1,351,654	\$ 1,384,420
Capital grants and contributions	939,616	766,742	-	-	939,616	766,742
Total program revenues	3,998,530	3,352,815	2,193,927	2,229,425	6,192,457	5,582,240
General revenues:						
Property taxes	10,044,411	9,915,676	-	-	10,044,411	9,915,676
Sales taxes	2,856,313	3,297,900	-	-	2,856,313	3,297,900
Other taxes	3,250,486	2,960,971	665,449	776,431	3,915,935	3,737,402
Investment earnings	131,130	99,550	127,570	349,595	258,700	449,145
Other revenues	116,840	1,180,496	8,150	12,227	124,990	1,192,723
Total general revenues	16,399,180	17,454,593	801,169	1,138,253	17,200,349	18,592,846
Total revenues	20,397,710	20,807,408	2,995,096	3,367,678	23,392,806	24,175,086
Expenses:						
General government	822,032	639,444	-	-	822,032	639,444
Public safety	7,577,267	7,706,699	-	-	7,577,267	7,706,699
Public works	319,912	2,056,584	-	-	319,912	2,056,584
Transportation	3,590,557	2,559,837	-	-	3,590,557	2,559,837
Community Development	6,214,074	3,412,566	-	-	6,214,074	3,412,566
Health	23,813	92,882	-	-	23,813	92,882
Culture & Leisure	2,087,149	2,428,923	-	-	2,087,149	2,428,923
Interest on long-term debt	897,803	927,854	-	-	897,803	927,854
Transit	-	-	661,514	789,718	661,514	789,718
Waste Water	-	-	2,167,812	2,117,372	2,167,812	2,117,372
Solid Waste Collection	-	-	850,423	-	850,423	-
Total expenses	21,532,607	19,824,789	3,679,749	2,907,090	25,212,356	22,731,879
Increase (decrease) in net assets before	(1,134,897)	982,619	(684,653)	460,588	(1,819,550)	1,443,208
Transfers	470,400	444,799	(470,400)	(444,799)	-	-
Change in net assets	(664,497)	1,427,419	(1,155,053)	15,789	(1,819,550)	1,443,208
Net assets, beginning of year (as restated)	57,090,713	55,663,293	28,786,717	28,770,928	85,877,430	84,434,221
Net assets, end of year	\$ 56,426,216	\$ 57,090,712	\$ 27,631,664	\$ 28,786,717	\$ 84,057,880	\$ 85,877,429

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

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

Business Type Activities

The City operates three business-type activities. These are the City's Transit System, Solid Waste Collection and its Wastewater System. These business-type activities decreased the City's net assets by \$1,155,053 over the prior year. This compares to an increase of \$15,789 from Fiscal Year 2008-2009.

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

INTERNAL SERVICE FUNDS

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

Human Resources and Risk Management

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

Information Systems

The Information Systems 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.

Admin/Finance Overhead

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

Self Insurance Workers Compensation

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

Building Maintenance

The Building Maintenance Internal Service Fund provides for the maintenance, repair, and replacement of City Hall.

Fleet Maintenance

The Fleet Maintenance Internal Service Fund provides for the maintenance, repair, and replacement of the City's fleet.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

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

Governmental Funds

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

Governmental Funds - The following schedule is a summary of governmental fund revenues for fiscal year ended June 30, 2010, 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 07-08 Amount	Percent of Total	FY 08-09 Amount	Percent of Total	FY 09-10 Amount	Percent of Total
Taxes	\$ 16,313,383	74.7%	\$ 16,223,465	77.8%	\$ 15,530,273	76.0%
Intergovernmental	2,309,609	10.6%	2,111,122	10.1%	2,575,356	12.6%
Licenses, Permits & Fees	587,531	2.7%	490,564	2.4%	986,291	4.8%
Charges for Services	816,897	3.7%	656,543	3.1%	828,784	4.1%
Fines and Forfeitures	99,751	0.5%	110,785	0.5%	131,851	0.6%
Use of Money & Property	673,407	3.1%	422,410	2.0%	255,750	1.3%
Other Revenues	1,033,309	4.7%	850,061	4.1%	127,332	0.6%
Total	\$ 21,833,887	100.0%	\$ 20,864,950	100.0%	\$ 20,435,637	100.0%

As of the end of the current year, the City of Ridgecrest's governmental funds reported combined ending fund balances of \$25,496,226 - an increase of \$260,419 in comparison with \$25,235,807 for the prior year's ending fund balance. Approximately 67.4% (compared to the prior year's 53.1%) of this total amount, or \$14,174,041 (compared to the prior year's \$13,411,912), is available for spending at the government's discretion (unreserved fund balance) on operating activities. The majority of the increase in the net change in fund balance was due to an increase in incremental tax revenue in the Redevelopment Agency.

Of the \$14,174,041 of unreserved fund balance, \$236,708 of this belongs to the General Fund compared to \$903,897 in the prior year. There is also that portion totaling \$11,528,561 of the unreserved fund balance that was brought by both the sale of land surplus and unreserved tax increment by the Redevelopment agency. Lastly, the remaining unreserved fund balance of \$2,408,772 came from all other governmental funds, with the majority of it coming from the following funds: Traffic Congestion Relief fund at \$499,920, Substandard Streets Improvement Fee at \$427,242, all the funds for impact fees at \$2,022,770. 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 (\$1,033,299), 2) to pay debt service (\$1,332,789), 3), committed to capital projects (\$1,306,938), or 4) for advances to other fund (\$7,649,159).

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 \$236,708 as compared to \$903,897 in fiscal year 2009. The total fund balance of general fund at the close of the fiscal year was \$539,291 as compared to \$1,569,219 from prior year, a decrease in fund balance by \$1,029,928. 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 Transit System fund, Wastewater fund, and Solid Waste Collection Fund at the end of the fiscal year amounted to \$11,109,512. Of that amount \$86,036 came from the Transit System fund. The Solid Waste Collection fund was setup in conjunction with the initiation of the recycling program. The Solid Waste Collection fund has negative net assets due to unearned revenue. The Wastewater enterprise's unrestricted net asset is up by \$17,087 to \$11,781,862.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the main operating fund of the City. The primary source of its revenues are taxes such as sales tax, property tax, franchise fees and transient occupancy tax, and business licenses; intergovernmental sources; charges for services; fine and forfeiture; license and permits. These revenues are used to pay for the traditional services provided by the local government such as public safety, parks and recreation, community development and public works. The originally adopted expenditure budget of the General Fund totaled to \$11,424,032 with the inclusion of the \$700,413 interfund transfers to other funds. Revenues were budgeted originally at \$11,390,548 including interfund transfers from other funds of \$2,158,301, resulting to projected net decrease of the net reserves by \$33,484. The amended budget, which includes unspent, but encumbered appropriations carried forward from fiscal year 2009, as well as Council approved adjustments during the year, totaled \$11,977,810. The amended revenue budget was \$11,571,427 resulting in a projected decrease of net reserves by \$406,383. Even though the general fund revenues came in over budget by \$458,489, the actual use of net reserves came to \$1,030,428. The expenditure savings of \$247,930 were the result of a citywide effort to cut costs in order to cope with increased expenses, in particular salary and retirement costs, while facing declining ongoing revenues. Specific items that contributed to the use of reserves are: unrealized transfers in, transfer out to the Gas Tax fund to cover unrealized TDA revenue. Declining sales tax revenue is being felt not only within the City, but all across the State and the country due to the historic economic problems the country is facing. Although the City has not been drastically affected by the housing market meltdown, it has also slowed down new permit applications for building new houses and doing home improvements. It is also important to note that starting in fiscal year 2008 the City pays the county a portion of the cost of providing fire protection services inside its city limits. The amount for fiscal year 2010 is \$557,926, which will increase each year by 5.5% in the next two years hereafter. This added cost although was included in the budget did not help in alleviating the use of the general fund's net reserves.

As shown in the table below, Public Works contributed a savings of \$173,210 to the overall savings; Community Development contributed \$128,683 of the overall savings; General Government contributed \$82,972. Police Services over spent by \$117,220 and Parks and Recreation over spent by \$19,715. Savings came from salary due to positions intentionally not being filled, as well as, in materials, supplies and services due to conservative spending. These expenditures are budgeted many months before the start of the fiscal year based on historical data and estimates of future operations.

	For the Fiscal Year Ended June 30, 2010					For the Fiscal Year Ended June 30, 2009				
	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget		Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget	
	Original	Final				Original	Final			
Fund balance, July 1	\$ 1,062,839	\$ 1,258,047	\$ 1,569,219	\$ 311,172		\$ 1,630,332	\$ 1,810,202	\$ 1,589,655	\$ (220,547)	
Resources (inflows):										
Taxes	7,639,647	7,639,647	7,927,885	288,238		8,120,201	8,120,201	8,086,571	(33,630)	
Intergovernmental revenue	191,700	353,079	303,849	(49,230)		250,600	372,110	221,452	(150,658)	
Licenses, fees, and permits	349,750	349,750	553,054	203,304		414,600	414,600	304,993	(109,607)	
Current service charges	764,750	768,250	724,724	(43,526)		754,400	772,900	655,586	(117,314)	
Fines and forfeitures	119,950	119,950	131,851	11,901		85,800	85,800	110,785	24,985	
Use of money and property	134,300	134,300	146,996	12,696		114,900	117,045	122,316	5,271	
Other revenues	32,150	32,150	67,756	35,606		16,750	23,500	38,607	15,107	
Transfers from other funds	2,158,301	2,174,301	1,258,651	(915,650)		5,157,176	5,157,176	3,037,159	(2,120,017)	
Amount available for appropriation	11,390,548	11,571,427	11,114,766	(456,661)		14,914,427	15,063,332	12,577,469	(2,485,863)	
Charges to appropriations (outflows):										
General government	617,979	634,594	551,622	82,972		965,944	904,244	971,751	(67,507)	
Public safety	6,765,989	6,933,473	7,050,693	(117,220)		7,569,618	7,704,927	7,028,730	676,197	
Public works	530,187	465,247	292,037	173,210		678,367	584,345	-	584,345	
Community development	949,967	1,183,373	1,054,690	128,683		1,137,831	1,188,958	1,087,730	101,228	
Health	-	-	-	-		-	-	-	-	
Culture and leisure	1,859,497	1,879,428	1,899,143	(19,715)		2,374,929	2,470,875	2,184,997	285,878	
Non-departmental:										
Transfers to other funds	700,413	881,695	1,296,509	(414,814)		1,753,482	1,794,251	1,324,697	469,554	
Total charges to appropriations	11,424,032	11,977,810	12,144,694	(166,884)		14,480,171	14,647,600	12,597,905	2,049,695	
Excess of resources over (under) charges to appropriations	(33,484)	(406,383)	(1,029,928)	(623,545)		434,256	415,732	(20,436)	(436,168)	
Fund balance, June 30	\$ 1,029,355	\$ 851,664	\$ 539,291	\$ (312,373)		\$ 2,064,588	\$ 2,225,934	\$ 1,569,219	\$ (656,715)	

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2010, amounts to \$64,403,220 (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 \$2,727,879 as compared to prior year due to properties disposed and current year's depreciation of \$4,213,681. The Redevelopment agency also sold one of its real properties. The total amount of new assets added this year is \$1,481,368 for government activities and \$26,561 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	\$ 3,544,601	\$ 1,614,217	\$ 5,158,818
Construction in process	1,440,410	-	1,440,410
Total non-depreciable assets, net	<u>4,985,011</u>	<u>1,614,217</u>	<u>6,599,228</u>
<i>Depreciable Assets:</i>			
Buildings and improvements	25,742,550	2,747,841	28,490,391
Machinery and equipment	5,272,300	1,171,445	6,443,745
Infrastructure	89,778,991	20,741,307	110,520,298
	<u>120,793,841</u>	<u>24,660,593</u>	<u>145,454,434</u>
Less accumulated depreciation	<u>(77,897,784)</u>	<u>(9,752,658)</u>	<u>(87,650,442)</u>
Total depreciable assets, net	<u>42,896,057</u>	<u>14,907,935</u>	<u>57,803,992</u>
Total capital assets	<u>\$ 47,881,068</u>	<u>\$ 16,522,152</u>	<u>\$ 64,403,220</u>

Additional information on the capital assets can be found in Note 4 on pages 66-68 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total long term debt outstanding of \$18,338,982, a net decrease of \$1,165,103 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 \$8,460,000 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 at fiscal year end the balance of the bond was defeased.

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010	Due within one year	Due in more than one year
1999 Refunding Tax Allocation Bonds	\$ 6,180,000	\$ -	\$ (215,000)	\$ 5,965,000	\$ 230,000	\$ 5,735,000
2002 Tax Allocation Refunding Bonds	1,725,000	-	(400,000)	1,325,000	420,000	905,000
2005 Refunding Certificates of Participation	8,830,000	-	(370,000)	8,460,000	380,000	8,080,000
Capital Lease Obligations	739,943	-	(124,695)	615,248	131,850	483,398
Compensated Absences	2,029,142	873,162	(928,570)	1,973,734	848,427	1,125,307
	<u>19,504,085</u>	<u>873,162</u>	<u>(2,038,265)</u>	<u>18,338,982</u>	<u>2,010,277</u>	<u>16,328,705</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 68-70 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

When the City formulated its budget for fiscal year 2010, it anticipated a zero growth in revenues overall. However despite the domino effect of housing/mortgage bubble and the spike in fuel prices started to rattle the national economy within the first half of the fiscal year, the city started to see small gains in our major revenue sources such as sales tax, franchise fees, and property taxes. By the end of the fiscal year, general fund had \$458,489 in unanticipated revenues. Even with the cost cutting efforts by the city to offset and the unanticipated revenue, the city had to dip into its net reserves a total of \$1,030,428, as opposed to, decreasing that reserve by \$406,383.

Fiscal year 2011 revenue budget was developed with the assumption of zero growth based on the actual data of fiscal year 2010 with the exception of some revenue sources such as TOTs due to the relocation of the Empire Challenge 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 \$1.8M more in expenditures than in revenues. One time transfers from other funds' reserves are anticipated to make up the difference. We have maintained employee furloughs of 208 hours and have frozen hiring of all unfilled positions in fiscal year 2011 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 2012.

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

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

REQUESTS FOR INFORMATION

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

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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, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 26,124,608	\$ 11,147,918	\$ 37,272,526
Cash and investments with fiscal agent	1,807,736	-	1,807,736
Accounts receivable	1,551,326	835,489	2,386,815
Deposits	10,241	26,000	36,241
Due from Fiduciary Fund	157,386	-	157,386
Internal balances	(400,000)	400,000	-
Inventories	22,753	-	22,753
Total current assets	29,274,050	12,409,407	41,683,457
Noncurrent assets:			
Capital assets:			
Nondepreciable	4,985,011	1,614,217	6,599,228
Depreciable, net	42,896,057	14,907,935	57,803,992
Total capital assets, net	47,881,068	16,522,152	64,403,220
Net Other Post Employment Benefits Assets	34,815	-	34,815
Total noncurrent assets	47,915,883	16,522,152	64,438,035
Total assets	77,189,933	28,931,559	106,121,492
LIABILITIES			
Current liabilities:			
Accounts payable	605,668	207,026	812,694
Interest payable	137,787	-	137,787
Salaries payable	204,025	17,851	221,876
Other payroll deductions payable	339,666	-	339,666
Deposits payable	468,152	-	468,152
Unearned revenue	6,273	1,075,018	1,081,291
Compensated absences - due within one year	848,427	-	848,427
Long-term debt - due within one year	1,161,850	-	1,161,850
Total current liabilities	3,771,848	1,299,895	5,071,743
Long-term liabilities:			
Claims payable	663,164	-	663,164
Compensated absences - due in more than one year	1,125,307	-	1,125,307
Long-term debt - due in more than one year	15,203,398	-	15,203,398
Total long-term liabilities	16,991,869	-	16,991,869
Total liabilities	20,763,717	1,299,895	22,063,612
NET ASSETS			
Invested in capital assets, net of related debt	31,515,820	16,522,152	48,037,972
Restricted for:			
Special projects	8,891,562	-	8,891,562
Debt service	11,595,925	-	11,595,925
Capital projects	4,608,605	-	4,608,605
Other purpose	34,815	-	34,815
Total restricted	25,130,907	-	25,130,907
Unrestricted	(220,511)	11,109,512	10,889,001
Total net assets	\$ 56,426,216	\$ 27,631,664	\$ 84,057,880

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, 2010

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 822,032	\$ 173,352	\$ 211,065	\$ -	\$ 384,417
Public safety	7,577,267	391,308	357,661	-	748,969
Public works	319,912	-	-	-	-
Community development	6,214,074	739,191	-	-	739,191
Transportation	3,590,557	70	685,271	939,616	1,624,957
Health	23,813	-	-	-	-
Culture and leisure	2,087,149	500,996	-	-	500,996
Interest on long-term debt	897,803	-	-	-	-
Total governmental activities	21,532,607	1,804,917	1,253,997	939,616	3,998,530
Business-Type activities:					
TDA transit	661,514	254,543	97,657	-	352,200
Wastewater improvement	2,167,812	1,765,195	-	-	1,765,195
Solidwaste Collection	850,423	76,532	-	-	76,532
Total business-type activities	3,679,749	2,096,270	97,657	-	2,193,927
Total primary government	\$ 25,212,356	\$ 3,901,187	\$ 1,351,654	\$ 939,616	\$ 6,192,457

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
\$ (437,615)	\$ -	\$ (437,615)
(6,828,298)	-	(6,828,298)
(319,912)	-	(319,912)
(5,474,883)	-	(5,474,883)
(1,965,600)	-	(1,965,600)
(23,813)	-	(23,813)
(1,586,153)	-	(1,586,153)
(897,803)	-	(897,803)
<u>(17,534,077)</u>	<u>-</u>	<u>(17,534,077)</u>
-	(309,314)	(309,314)
-	(402,617)	(402,617)
-	(773,891)	(773,891)
-	<u>(1,485,822)</u>	<u>(1,485,822)</u>
<u>(17,534,077)</u>	<u>(1,485,822)</u>	<u>(19,019,899)</u>
10,044,411	-	10,044,411
2,856,313	-	2,856,313
3,250,486	665,449	3,915,935
16,151,210	665,449	16,816,659
131,130	127,570	258,700
116,840	8,150	124,990
470,400	(470,400)	-
<u>16,869,580</u>	<u>330,769</u>	<u>17,200,349</u>
(664,497)	(1,155,053)	(1,819,550)
57,090,713	28,786,717	85,877,430
<u>\$ 56,426,216</u>	<u>\$ 27,631,664</u>	<u>\$ 84,057,880</u>

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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.

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

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

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

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

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, 2010

	Major Funds				
	General Fund	Housing Set-Aside Special Revenue Fund	Redevelopment Agency Debt Service Fund	Redevelopment Agency Capital Project Fund	City Debt Service Fund
ASSETS					
Cash and investments	\$ 775,862	\$ 6,028,422	\$ 9,786,064	\$ 4,196,071	\$ -
Cash and investments with fiscal agent	-	-	1,056,380	-	751,356
Accounts receivable	634,165	334,346	404,375	258	-
Due from Fiduciary Fund	157,386	-	-	-	-
Due from other funds	56,699	-	-	-	-
Deposits	-	-	-	-	-
Advances to other funds	-	-	-	-	7,649,159
Total assets	\$ 1,624,112	\$ 6,362,768	\$ 11,246,819	\$ 4,196,329	\$ 8,400,515
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 138,664	\$ 3,503	\$ 2,250	\$ 19,183	\$ -
Salaries payable	154,252	2,907	-	3,524	-
Other payroll deductions payable	339,666	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits payable	402,585	-	-	2,500	-
Deferred revenue	49,654	316,199	-	-	-
Advances from other funds	-	-	8,049,159	-	-
Total liabilities	1,084,821	322,609	8,051,409	25,207	-
Fund Balances:					
Reserved for:					
Encumbrances	302,583	-	-	-	-
Capital projects	-	-	-	1,296,697	-
Debt service	-	581,433	-	-	751,356
Advances to other funds	-	-	-	-	7,649,159
Total reserved	302,583	581,433	-	1,296,697	8,400,515
Unreserved, designated for:					
General fund	136,708	-	-	-	-
RRA land sale proceeds	-	-	-	1,704,455	-
Kern County projects	-	-	-	818,247	-
Total unreserved, designated	136,708	-	-	2,522,702	-
Unreserved, undesignated:					
General fund	100,000	-	-	-	-
Special revenue	-	5,458,726	-	-	-
Debt service	-	-	3,195,410	-	-
Capital projects	-	-	-	351,723	-
Total unreserved, undesignated	100,000	5,458,726	3,195,410	351,723	-
Total fund balances	539,291	6,040,159	3,195,410	4,171,122	8,400,515
Total liabilities and fund balances	\$ 1,624,112	\$ 6,362,768	\$ 11,246,819	\$ 4,196,329	\$ 8,400,515

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 3,382,371	\$ 24,168,790
-	1,807,736
172,089	1,545,233
-	157,386
-	56,699
10,241	10,241
-	7,649,159
<u>\$ 3,564,701</u>	<u>\$ 35,395,244</u>

\$ 280,734	\$ 444,334
14,472	175,155
-	339,666
56,699	56,699
63,067	468,152
-	365,853
-	8,049,159
<u>414,972</u>	<u>9,899,018</u>

730,716	1,033,299
10,241	1,306,938
-	1,332,789
-	7,649,159
<u>740,957</u>	<u>11,322,185</u>

-	136,708
-	1,704,455
-	818,247
<u>-</u>	<u>2,659,410</u>

-	100,000
3,047,873	8,506,599
-	3,195,410
(639,101)	(287,378)
<u>2,408,772</u>	<u>11,514,631</u>

<u>3,149,729</u>	<u>25,496,226</u>
<u>\$ 3,564,701</u>	<u>\$ 35,395,244</u>

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City of Ridgecrest
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2010

Total Fund Balances - Total Governmental Funds \$ 25,496,226

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

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

Amount reported in Government-Wide Statement of Net Assets	47,881,068
Less: amount reported in Internal Service Funds	<u>(354,863)</u>
	<u>47,526,205</u>

Net Other Post Employment Benefits asset resulting from making Other Post Employment Benefits contributions in excess of annual Other Post Employment Benefits cost

34,815

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

Compensated absences - due within one year	(848,427)
Compensated absences - due in more than one year	(1,125,307)
Long-term debt - due within one year	(1,161,850)
Long-term debt - due in more than one year	<u>(15,203,398)</u>
	<u>(18,338,982)</u>

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

(137,787)

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

359,580

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

1,486,159

Net Assets of Governmental Activities \$ 56,426,216

City of Ridgecrest
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

	Major Funds					
	General Fund	Housing Set-Aside Special Revenue Fund	Redevelopment Agency Debt Service Fund	Redevelopment Agency Capital Project Fund	City Debt Service Fund	
REVENUES:						
Taxes	\$ 7,927,885	\$ -	\$ 7,597,446	\$ -	\$ -	
Intergovernmental	303,849	-	237,826	-	-	
License and permits	553,054	-	-	-	-	
Fines and forfeitures	131,851	-	-	-	-	
Use of property and money	146,996	50,912	7,918	19,422	-	
Charges for services	724,724	-	-	-	-	
Other revenues	67,756	5,506	-	-	-	
Total revenues	9,856,115	56,418	7,843,190	19,422	-	
EXPENDITURES:						
Current:						
General government	551,622	-	-	-	-	
Public safety	7,050,693	-	-	-	-	
Public works	292,037	-	-	-	-	
Transportation	-	-	-	-	-	
Community development	1,054,690	247,186	11,500	3,844,480	-	
Health	-	-	-	-	-	
Culture and leisure	1,899,143	-	-	-	-	
Capital outlay	-	-	-	-	-	
Debt service:						
Principal	-	-	615,000	-	494,695	
Interest	-	-	481,635	-	419,150	
Total expenditures	10,848,185	247,186	1,108,135	3,844,480	913,845	
REVENUES OVER (UNDER) EXPENDITURES	(992,070)	(190,768)	6,735,055	(3,825,058)	(913,845)	
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	-	-	-	231,645	-	
Transfers in	1,258,651	1,992,400	579,551	4,209,329	543,343	
Transfers out	(1,296,509)	(663,383)	(6,597,447)	(615,916)	-	
Total other financing sources (uses)	(37,858)	1,329,017	(6,017,896)	3,825,058	543,343	
Net change in fund balances	(1,029,928)	1,138,249	717,159	-	(370,502)	
FUND BALANCES:						
Beginning of year	1,569,219	4,901,910	2,478,251	4,171,122	8,771,017	
End of year	\$ 539,291	\$ 6,040,159	\$ 3,195,410	\$ 4,171,122	\$ 8,400,515	

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 4,942	\$ 15,530,273
2,033,681	2,575,356
433,237	986,291
-	131,851
30,502	255,750
104,060	828,784
54,070	127,332
<u>2,660,492</u>	<u>20,435,637</u>

382,823	934,445
251,967	7,302,660
31,130	323,167
1,174,816	1,174,816
212,386	5,370,242
205	205
-	1,899,143
1,321,645	1,321,645
-	1,109,695
-	900,785
<u>3,374,972</u>	<u>20,336,803</u>

<u>(714,480)</u>	<u>98,834</u>
------------------	---------------

-	231,645
2,044,651	10,627,925
<u>(1,524,730)</u>	<u>(10,697,985)</u>
<u>519,921</u>	<u>161,585</u>

(194,559)	260,419
-----------	---------

<u>3,344,288</u>	<u>25,235,807</u>
<u>\$ 3,149,729</u>	<u>\$ 25,496,226</u>

City of Ridgecrest

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds	\$ 260,419
--	------------

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.

1,423,524

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 \$120,667 reported in Internal Service Funds).

(3,609,367)

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

(22,127)

The net effect of Other Post Employment Benefits contributions in excess of annual Other Post Employment Benefits cost was to increase net assets.

34,815

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

55,408

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

Principal payment on debt service

1,109,695

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.

2,981

Repayment of housing loans were recorded as revenues in the governmental funds when collected. However, none of these transactions have an effect on net assets.

(6,202)

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

(48,779)

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.

135,136

Change in Net Assets of Governmental Activities

\$ (664,497)

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

Proprietary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

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PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

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

City of Ridgecrest
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	T.D.A.	Wastewater	Solid Waste		
	Transit	Improvement	Collection		
ASSETS					
Current assets:					
Cash and investments	\$ 385,358	\$ 10,741,279	\$ 21,281	\$ 11,147,918	\$ 1,955,818
Accounts receivable	35,631	77,170	722,688	835,489	6,093
Due from other funds	-	600,000	-	600,000	17,315
Deposits	26,000	-	-	26,000	-
Inventories	-	-	-	-	22,753
Total current assets	446,989	11,418,449	743,969	12,609,407	2,001,979
Noncurrent assets:					
Advances to other funds	-	400,000	-	400,000	-
Capital assets:					
Non-depreciable:					
Land	-	1,614,217	-	1,614,217	-
Depreciable:					
Buildings and improvements	-	2,747,841	-	2,747,841	-
Machinery and equipment	451,700	2,583,451	-	3,035,151	636,059
Infrastructure	-	18,877,601	-	18,877,601	-
Less accumulated depreciation	(305,283)	(9,447,375)	-	(9,752,658)	(281,196)
Total capital assets:	146,417	16,375,735	-	16,522,152	354,863
Total noncurrent assets	146,417	16,775,735	-	16,922,152	354,863
Total assets	593,406	28,194,184	743,969	29,531,559	2,356,842
LIABILITIES					
Current liabilities:					
Accounts payable	1,783	25,576	179,667	207,026	161,334
Salaries payable	6,840	11,011	-	17,851	28,870
Due to other funds	-	-	600,000	600,000	17,315
Unearned revenue	352,330	-	722,688	1,075,018	-
Total current liabilities	360,953	36,587	1,502,355	1,899,895	207,519
Noncurrent liabilities:					
Claims payable	-	-	-	-	663,164
Total noncurrent liabilities	-	-	-	-	663,164
Total liabilities	360,953	36,587	1,502,355	1,899,895	870,683
NET ASSETS					
Invested in capital assets	146,417	16,375,735	-	16,522,152	354,863
Unrestricted	86,036	11,781,862	(758,386)	11,109,512	1,131,296
Total net assets	\$ 232,453	\$ 28,157,597	\$ (758,386)	\$ 27,631,664	\$ 1,486,159

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, 2010

	Business-type Activities - Enterprise Funds				Governmental
	T.D.A.	Wastewater	Solid Waste	Total	Activities -
	Transit	Improvement	Collection		Internal Service
OPERATING REVENUES:					
Charges for services	\$ 254,543	\$ 1,765,195	\$ 76,532	\$ 2,096,270	\$ 2,924,733
Other revenue	-	8,140	10	8,150	269,049
Total operating revenues	<u>254,543</u>	<u>1,773,335</u>	<u>76,542</u>	<u>2,104,420</u>	<u>3,193,782</u>
OPERATING EXPENSES:					
Transportation	615,623	-	-	615,623	-
Health	-	1,730,056	850,423	2,580,479	-
Administration	-	-	-	-	3,495,493
Depreciation	45,891	437,756	-	483,647	120,667
Total operating expenses	<u>661,514</u>	<u>2,167,812</u>	<u>850,423</u>	<u>3,679,749</u>	<u>3,616,160</u>
OPERATING INCOME (LOSS)	<u>(406,971)</u>	<u>(394,477)</u>	<u>(773,881)</u>	<u>(1,575,329)</u>	<u>(422,378)</u>
NONOPERATING REVENUES (EXPENSES):					
Taxes	467,403	198,046	-	665,449	-
Intergovernmental	97,657	-	-	97,657	-
Use of money and property	1,999	125,571	-	127,570	17,054
Total nonoperating revenues	<u>567,059</u>	<u>323,617</u>	<u>-</u>	<u>890,676</u>	<u>17,054</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>160,088</u>	<u>(70,860)</u>	<u>(773,881)</u>	<u>(684,653)</u>	<u>(405,324)</u>
TRANSFERS:					
Transfers in	-	-	15,495	15,495	965,179
Transfers out	(128,473)	(357,422)	-	(485,895)	(424,719)
Total transfers	<u>(128,473)</u>	<u>(357,422)</u>	<u>15,495</u>	<u>(470,400)</u>	<u>540,460</u>
Change in net assets	31,615	(428,282)	(758,386)	(1,155,053)	135,136
NET ASSETS:					
Beginning of year	200,838	28,585,879	-	28,786,717	1,351,023
End of year	<u>\$ 232,453</u>	<u>\$ 28,157,597</u>	<u>\$ (758,386)</u>	<u>\$ 27,631,664</u>	<u>\$ 1,486,159</u>

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2010

	Business-type Activities - Enterprise Funds			Total	Governmental
	T.D.A.	Wastewater	Solid Waste		Activities -
	Transit	Improvement	Collection		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 27,343	\$ 1,124,578	\$ 76,532	\$ 1,228,453	\$ 2,918,991
Payments to suppliers or employees for goods and services	(660,529)	(1,737,975)	(70,756)	(2,469,260)	(3,338,192)
Insurance premiums and settlements or insurance recovery	-	-	-	-	729
Others	-	8,140	10	8,150	269,049
Net cash provided (used) by operating activities	(633,186)	(605,257)	5,786	(1,232,657)	(149,423)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Advances to other funds	-	200,000	-	200,000	-
Taxes	467,403	198,046	-	665,449	-
Intergovernmental	97,657	-	-	97,657	-
Transfers in	-	-	15,495	15,495	965,179
Transfers out	(128,473)	(357,422)	-	(485,895)	(424,719)
Net cash provided (used) by noncapital financing activities	436,587	40,624	15,495	492,706	540,460
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	-	(26,561)	-	(26,561)	(57,844)
Net cash provided (used) by capital and related financing activities	-	(26,561)	-	(26,561)	(57,844)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	5,108	185,362	-	190,470	28,589
Net cash provided (used) by investing activities	5,108	185,362	-	190,470	28,589
Net increase (decrease) in cash and cash equivalents	(191,491)	(405,832)	21,281	(576,042)	361,782
CASH AND INVESTMENTS:					
Beginning of year	576,849	11,147,111	-	11,723,960	1,594,036
End of year	\$ 385,358	\$ 10,741,279	\$ 21,281	\$ 11,147,918	\$ 1,955,818

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Cash Flows, Continued
Proprietary Funds
For the year ended June 30, 2010

	Business-type Activities - Enterprise Funds			Total	Governmental
	T.D.A.	Wastewater	Solid Waste		Activities -
	Transit	Improvement	Collection		Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET					
CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (406,971)	\$ (394,477)	\$ (773,881)	\$ (1,575,329)	\$ (422,378)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	45,891	437,756	-	483,647	120,667
Changes in current assets and liabilities:					
Accounts receivable	4,321	(40,617)	(722,688)	(758,984)	(5,742)
Due from other funds	-	(600,000)	-	(600,000)	101,809
Deposits	(26,000)	-	-	(26,000)	-
Inventories	-	-	-	-	(6,674)
Accounts payable	(16,523)	(7,572)	179,667	155,572	5,582
Salaries payable	(2,383)	(347)	-	(2,730)	(8,423)
Due to other funds	-	-	600,000	600,000	(101,809)
Claims payable	-	-	-	-	167,545
Unearned revenue	(231,521)	-	722,688	491,167	-
Total adjustments	(226,215)	(210,780)	779,667	342,672	272,955
Net cash provided (used) by operating activities	\$ (633,186)	\$ (605,257)	\$ 5,786	\$ (1,232,657)	\$ (149,423)

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

Fiduciary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

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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, 2010

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and investments	\$ 354	\$ 542,965
Accounts receivable	-	786
Total assets	354	\$ 543,751
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	257	\$ -
Due to General Fund	-	157,386
Due to bondholders	-	386,365
Total liabilities	257	\$ 543,751
Net Assets:		
Held in trust for Parks & Recreation and Senior Center	97	
Total net assets	\$ 97	

City of Ridgecrest
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2010

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Other revenues	\$ 3,462
Total additions	<u>3,462</u>
DEDUCTIONS:	
Culture and leisure	<u>3,462</u>
Total deductions	<u>3,462</u>
Change in net assets	-
NET ASSETS:	
Beginning of year	<u>97</u>
End of year	<u>\$ 97</u>

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

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*City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010*

Notes to Basic Financial Statements



City of Ridgecrest
Notes to Basic Financial Statements
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Ridgecrest, California (City), have been prepared in conformity with accounting principles generally accepted in the United States (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, 2010

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, 2010

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.

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

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

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

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

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

Proprietary Fund Financial Statements

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

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

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

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

Proprietary Funds of the City are outlined below:

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

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

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements, Continued

Internal Service Funds - The City has seven internal service funds. Administration/Finance Overhead Fund is used to account for the cost of the citywide central service function and the cost related to financial services provided to other departments. Human Resources and Risk Management Fund is used to account for the costs of the City's risk management and self-insurance programs and its personnel management costs. Information System Fund is used to account for the cost associated with electronic data processing operations. This includes computer and network equipment maintenance and replacement as well as technical support services. Printing and Reproduction Fund is used to account for the cost related to the centralized copying, printing and reproduction of electronic data in paper form. The Self Insurance Workers Comp Fund is used to account for the actual payments made to the third party administrator for all workers comp claims filed against the City. Building Maintenance Fund accounts for the cost of maintenance of the City's Civic Center Buildings. Lastly, the Fleet Maintenance Fund is used to account for the cost of maintenance of the motor vehicles, heavy and light equipments and equipment replacements.

Fiduciary Fund Financial Statements

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

C. 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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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."

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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Compensated Absences

Government-Wide Financial Statements

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

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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

2. CASH AND INVESTMENTS

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2010:

	Government-Wide Statement of Net Assets		Fiduciary Funds Statement of Net Assets	Total
	Governmental Activities	Business-Type Activities		
Cash and investments	\$ 26,124,608	\$ 11,147,918	\$ 543,319	\$ 37,815,845
Cash and investments with fiscal agent	1,807,736	-	-	1,807,736
Total	\$ 27,932,344	\$ 11,147,918	\$ 543,319	\$ 39,623,581

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

A. Cash Deposits

The carrying amounts of the City's demand deposits were \$3,265,168 at June 30, 2010. Bank balances before reconciling items were \$3,398,671 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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS, Continued

A. Cash Deposits, Continued

excludes these types of instruments in their collateral pool. The City may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

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

B. Investments

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

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

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

C. External Investment Pool

The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2010, 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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS, Continued

C. External Investment Pool, Continued

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

As of June 30, 2010, the City had \$34,548,777 invested in LAIF which had invested 5.42% of the pool investment funds in Medium-Term and Short-Term Structured Notes and Asset-Backed Securities.

D. Risk Disclosures

Interest Rate Risk

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

	<u>Fair Value</u>	<u>1 year or less</u>
Cash:		
Demand accounts	\$ 3,265,168	\$ 3,265,168
Petty cash	1,900	1,900
Investments:		
California Local Agency Investment Fund	34,548,777	34,548,777
Investment held by Fiscal Agents	1,807,736	1,807,736
Total	<u>\$ 39,623,581</u>	<u>\$ 39,623,581</u>

Credit Risk

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

	<u>Credit Quality Ratings</u>		<u>Fair Value</u>
	<u>Moody's</u>	<u>Standard & Poor's</u>	
Cash and Investments:			
California Local Agency Investment Fund	Not Rated		\$ 34,548,777
Investments held by Fiscal Agents	Not Rated		1,807,736
Total Cash and Investments			<u>\$ 36,356,513</u>

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures, Continued

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, 2010, the City had the following interfund receivables and payables:

Internal Balances		Internal Balances
		Business-Type Activities
	Governmental Activities	\$ 400,000

Transfers

At June 30, 2010, the City had the following transfers:

Transfers In		Transfers Out
		Business-Type Activities
	Governmental Activities	\$ 470,400

Interfund transactions are consisted of loans, services provided, reimbursements, or transfers. Loans are reported as "due to/due from" other funds or as "advances", as appropriate, and are subject to elimination upon consolidation. Services provided are recognized as revenues in the fund providing it and expenditure/expenses in the fund receiving it. Reimbursements happen when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental type activities and business type activities are netted as part of the consolidation required to produce the government-wide financial statements.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements

Due from and to other funds

At June 30, 2010, the City had the following short-term interfund receivables and payables to cover cash shortfalls:

		Due from other funds			
		General	Wastewater Improvement Enterprise Fund	Internal Service Funds	Total
Due to Other funds	Nonmajor Governmental Funds	\$ 56,699	\$ -	\$ -	\$ 56,699
	Solid Waste Collection				
	Enterprise Fund	-	600,000	-	600,000
	Internal Service Funds	-	-	17,315	17,315
	Total	<u>\$ 56,699</u>	<u>\$ 600,000</u>	<u>\$ 17,315</u>	<u>\$ 674,014</u>

General Fund had to loan \$56,699 to Grant Operation Fund to pay its expenditures while waiting for the grant to reimburse these expenditures subsequent to June 30, 2010.

Water Enterprise Fund transferred \$600,000 to Solid Waste Collection Enterprise Fund to cover the payment to the City's trash hauler provider. This transfer is expected to be repaid in the next fiscal year.

Information Service Internal Service Fund loaned Administration/Finance Overhead Internal Service Fund to cover cash shortfall and will be subsequently to paid back in FY 2011.

Advances to and from other funds

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

		Advances to other funds		
		City Debt Service Fund	Enterprise Fund Wastewater Improvement	Total
Advances from other funds	Ridgecrest Redevelopment Agency	\$ 7,649,159	\$ 400,000	\$ 8,049,159
	Total	<u>\$ 7,649,159</u>	<u>\$ 400,000</u>	<u>\$ 8,049,159</u>

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Advances to and from other funds, Continued

On November 1, 2005, the City and the Agency have entered into a reimbursement agreement, pursuant to which the Agency has agreed to reimburse the City for all Lease payments. The Agency's reimbursement obligation is secured by a pledge of certain tax increment revenues arising in the Agency's Ridgecrest Redevelopment Project. Certain outstanding and future bonds of the Agency have or may have a claim on tax increment revenues that is senior to the Agency's reimbursement obligation under the Reimbursement Agreement. At June 30, 2010, the outstanding balance of the agreement was \$7,649,159.

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,			
2011	\$ 200,000	\$ 20,000	\$ 220,000
2012	200,000	10,000	210,000
Total	\$ 400,000	\$ 30,000	\$ 430,000

Transfers

At June 30, 2010, the City had the following transfers:

	Transfers Out						
	General Fund	Ridgecrest	Non-major	Enterprise Funds		Internal Service Funds	Total
		Redevelopment Agency	Governmental Funds	T.D.A. Transit	Wastewater Improvement		
General Fund	\$ -	\$ 292,985	\$ 429,355	\$ 101,951	\$ 277,510	\$ 156,850	\$ 1,258,651
Ridgecrest Redevelopment Agency	-	6,781,280	-	-	-	-	6,781,280
City Debt Service Fund	165,079	378,264	-	-	-	-	543,343
Non-major Governmental Funds	716,362	247,095	1,035,200	-	7,719	38,275	2,044,651
Solid Waste Collection Enterprise Fund	10,631	-	4,864	-	-	-	15,495
Internal Service Funds	404,437	177,122	55,311	26,522	72,193	229,594	965,179
Total	\$ 1,296,509	\$ 7,876,746	\$ 1,524,730	\$ 128,473	\$ 357,422	\$ 424,719	\$ 11,608,599

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Transfers, continued

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

Additional details regarding transfer in and out are as following:

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

The \$716,362 transfer from General Fund to non-major governmental fund comprised of transfer to cover City's local match on capital projects, to subsidize expenditures in the Gas Tax Fund, to cover ineligible expenditures incurred for WIA Grant, to cover expenditures of the Youth Advocacy Group and Sister City program, and to subsidize special projects such as general plan review and impact fee study.

The \$10,631 transfer to Solid Waste Collection Enterprise Fund from General fund is to cover start up and administration costs.

The \$6,781,280 transfer from Ridgecrest Redevelopment Agency Funds to other redevelopment funds were for 20% housing set aside transfer from redevelopment debt service fund, to cover expenditures of the redevelopment capital project fund and ERAF payments to County, and to cover housing share of debt service.

The \$378,264 transfer from Redevelopment Agency Debt Service fund to Debt Service fund was for the Agency's reimbursement of the interest of the 2005 Refunding COP as part of the lease reimbursement agreement dated November 1, 2005.

The \$247,095 transfer form Redevelopment Agency was for transfer to Capital Projects Fund for two streets construction, and the redevelopment agency's share of the cost of the general plan review.

The \$177,122, \$55,311, \$26,522, and \$72,193 transfers from Redevelopment Agency, Gas Tax fund, TDA Transit fund, and Wastewater fund, respectively, to Self Insurance Internal Service fund were for their share of cost of insurance coverage provided.

The transfer of \$229,594 from Self Insurance Internal Service Fund to Workers Compensation Fund was to cover the fiscal year's payment for all workers' compensation claims.

The \$7,719 transfer from Wastewater Improvement Fund to Capital Project Fund was to cover the wastewater share of the plan re-design.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Transfers, continued

The \$1,035,200 transfers from non-major governmental fund are consisted of the following: \$326,211 transfer to Capital Projects Fund for the Proposition 1B funding of street construction project; \$142,278 transfer to Gas Tax Fund to cover the cost of maintaining substandard streets; \$154,798 transfer from TDA Street and \$366,459 from the Traffic Congestion Relief Fund to Gas Tax Fund for street maintenance costs; and \$45,454 for Gas Tax subsidy of a street capital project.

The total transfer of \$1,258,651 to General Fund was for the administration overhead.

4. CAPITAL ASSETS

A. Government-Wide Financial Statements

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

	Balance June 30, 2009	Additions	Deletions	Reclassification	Balance June 30, 2010
<i>Non-Depreciable Assets:</i>					
Land	\$ 3,555,311	\$ -	\$ (10,710)	\$ -	\$ 3,544,601
Construction in progress	808,609	1,401,671	(11,135)	(758,735)	1,440,410
Total non-depreciable assets	<u>4,363,920</u>	<u>1,401,671</u>	<u>(21,845)</u>	<u>(758,735)</u>	<u>4,985,011</u>
<i>Depreciable Assets:</i>					
Buildings and improvements	25,742,550	-	-	-	25,742,550
Machinery and equipment	5,198,235	79,697	(5,632)	-	5,272,300
Infrastructure	89,020,256	-	-	758,735	89,778,991
Total depreciable assets	<u>119,961,041</u>	<u>79,697</u>	<u>(5,632)</u>	<u>758,735</u>	<u>120,793,841</u>
<i>Less accumulated depreciation:</i>					
Buildings and improvements	(16,752,566)	(237,369)	-	-	(16,989,935)
Machinery and equipment	(3,937,699)	(346,293)	5,350	-	(4,278,642)
Infrastructure	(53,482,835)	(3,146,372)	-	-	(56,629,207)
Total accumulated depreciation	<u>(74,173,100)</u>	<u>(3,730,034)</u>	<u>5,350</u>	<u>-</u>	<u>(77,897,784)</u>
Total depreciable assets, net	<u>45,787,941</u>	<u>(3,650,337)</u>	<u>(282)</u>	<u>758,735</u>	<u>42,896,057</u>
Total governmental activities	<u>\$ 50,151,861</u>	<u>\$ (2,248,666)</u>	<u>\$ (22,127)</u>	<u>\$ -</u>	<u>\$ 47,881,068</u>

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2010 are as follows:

General Government	\$	137,752
Public Safety		123,170
Transportation		2,418,036
Community Development		781,525
Culture and Leisure		148,884
Internal Service Fund		120,667
Total depreciation expense	\$	3,730,034

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

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<i>Non-Depreciable Assets:</i>				
Land	\$ 1,614,217	\$ -	\$ -	\$ 1,614,217
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	2,747,841	-	-	2,747,841
Machinery and equipment	3,008,590	26,561	-	3,035,151
Infrastructure	18,877,601	-	-	18,877,601
Total depreciable assets	<u>24,634,032</u>	<u>26,561</u>	<u>-</u>	<u>24,660,593</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(4,360,637)	(248,326)	-	(4,608,963)
Machinery and equipment	(2,049,868)	(101,373)	-	(2,151,241)
Infrastructure	(2,858,506)	(133,948)	-	(2,992,454)
Total accumulated depreciation	<u>(9,269,011)</u>	<u>(483,647)</u>	<u>-</u>	<u>(9,752,658)</u>
Total depreciable assets, net	<u>15,365,021</u>	<u>(457,086)</u>	<u>-</u>	<u>14,907,935</u>
Total business-type activities	\$ 16,979,238	\$ (457,086)	\$ -	\$ 16,522,152

Business-type activities depreciation expense for capital assets for the year ended June 30, 2010 is as follows:

T.D.A. Transit	\$	45,891
Wastewater Improvement		437,756
Total depreciation expense	\$	483,647

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. CAPITAL ASSETS, Continued

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.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt for the year ended June 30, 2010:

	Balance			Balance	Due within	Due in more
	June 30, 2009	Additions	Deletions	June 30, 2010	one year	than one year
Long-Term Debt:						
1999 Refunding Tax Allocation Bonds	\$ 6,180,000	\$ -	\$ (215,000)	\$ 5,965,000	\$ 230,000	\$ 5,735,000
2002 Tax Allocation Refunding Bonds	1,725,000	-	(400,000)	1,325,000	420,000	905,000
2005 Refunding Certificates of Participation	8,830,000	-	(370,000)	8,460,000	380,000	8,080,000
Capital Lease Obligations	739,943	-	(124,695)	615,248	131,850	483,398
Total long-term debt	17,474,943	-	(1,109,695)	16,365,248	1,161,850	15,203,398
Compensated Absences	2,029,142	873,162	(928,570)	1,973,734	848,427	1,125,307
Total	\$ 19,504,085	\$ 873,162	\$ (2,038,265)	\$ 18,338,982	\$ 2,010,277	\$ 16,328,705

1999 Refunding Tax Allocation Bonds

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

The Agency has pledged a portion of future property tax revenue to repay the 1999 Refunding Tax Allocation Bonds. Annual debt service payments of the bonds require approximately 8% of the Agency's property tax increments. Total principal and interest remaining on the bond is \$9,594,754 payable through 2026.

The annual debt service requirements are as follows:

Year Ending	Principal	Interest	Total
June 30,			
2011	\$ 230,000	\$ 370,288	\$ 600,288
2012	245,000	356,488	601,488
2013	260,000	341,788	601,788
2014	275,000	326,188	601,188
2015	290,000	309,688	599,688
2016 - 2020	1,740,000	1,253,126	2,993,126
2021 - 2025	2,360,000	636,876	2,996,876
2026	565,000	35,312	600,312
Total	\$ 5,965,000	\$ 3,629,754	\$ 9,594,754

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

5. LONG-TERM OBLIGATIONS, 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. Annual debt service payments of the bonds require approximately 6% of the Agency's property tax increments. Total principal and interest remaining on the bond is \$1,458,700, payable through 2013.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 420,000	\$ 65,200	\$ 485,200
2012	440,000	45,250	485,250
2013	465,000	23,250	488,250
Total	\$ 1,325,000	\$ 133,700	\$ 1,458,700

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, 2010

5. LONG-TERM OBLIGATIONS, Continued

2005 Refunding Certificates of Participation, Continued

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 380,000	\$ 366,556	\$ 746,556
2012	395,000	353,256	748,256
2013	410,000	339,036	749,036
2014	430,000	318,536	748,536
2015	450,000	297,036	747,036
2016 - 2020	2,545,000	1,194,912	3,739,912
2021 - 2125	3,140,000	594,254	3,734,254
2026	710,000	31,950	741,950
Total	\$ 8,460,000	\$ 3,495,536	\$ 11,955,536

At fiscal year end, 1999 COP bonds have been paid off.

Capital Lease Obligations

The City entered into various lease agreements for copiers and equipment during the fiscal years ended June 30, 1996, 2003, 2005 and 2006. The leases have been classified as capital lease obligations. The copiers are for the Finance Department and Police Department. The equipment was acquired for the City Hall and the Senior Center. The gross amount of assets acquired under capital leases is \$1,308,932. The debt requirements due under the terms of all the leases are as follows:

For Years Ending June 30,	
2011	\$ 162,829
2012	162,829
2013	139,881
2014	117,060
2015	117,060
Total Minimum lease Payments	699,659
Less amount representing interest	(84,411)
Present value of lease payments	\$ 615,248

Compensated Absences

Compensated absences at June 30, 2010, amounted to \$1,973,734. 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, 2010

6. RISK MANAGEMENT

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

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

General Liability Insurance

Annual deposits are paid by member cities and are adjusted retroactively to cover costs. Each member city has a specific retention level. The City has a retention level of \$100,000 and pays 100% of all losses incurred under \$100,000. The City does not share or pay for losses of other cities under \$100,000. Losses of \$100,000 to \$5,000,000 are prorated among all participating cities on a payroll basis. Losses in excess of \$5,000,000 are covered by excess insurance purchased by the participating cities, as a part of the pool, to a limit of \$10,000,000. This cost is also prorated on a payroll basis. The City purchased an optional excess coverage which covers up to \$20,000,000 and catastrophic coverage up to \$50,000,000.

Workers' Compensation

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

The workers' compensation and general liability claims payable of \$663,164 reported at June 30, 2010 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
2007-2008	\$ 482,238	\$ (13,999)	\$ (118,270)	\$ 349,969
2008-2009	349,969	240,742	(95,092)	495,619
2009-2010	495,619	397,140	(229,595)	663,164

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

6. RISK MANAGEMENT, Continued

Workers' Compensation, Continued

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

Total assets	\$ 546,764,817
Total liabilities	<u>\$ 428,407,212</u>
Total equities	<u>\$ 118,357,605</u>
Total revenues	<u>\$ 416,173,553</u>
Total expenses	<u>\$ 443,609,321</u>
Expenses over revenues	<u>\$ 27,435,768</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 makes the contributions required of City employees on their behalf and for their account which amounted to \$508,395 for the year ended June 30, 2010. The City employer is required to contribute for fiscal year 2009-2010 at an actuarially determined rate; the current rate is 13.354% for miscellaneous employees and 19.523% for safety employees of annual covered payroll. The contribution requirements of City employees and the City employer are established and may be amended by PERS.

Annual Pension Cost

For fiscal year ended June 30, 2010, the City's annual pension cost of \$1,468,122 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases range from 3.25% to 14.45% depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2007 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, 2010

7. PUBLIC EMPLOYEE RETIREMENT SYSTEM, Continued

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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 875,547	100%	\$ -
6/30/2009	933,974	100%	-
6/30/2010	797,686	100%	-

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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 640,457	100%	\$ -
6/30/2009	675,536	100%	-
6/30/2010	670,436	100%	-

Funded Status of Plan – Miscellaneous and Safety Employees

As of the actuarial valuation date of June 30, 2008, the City's miscellaneous and safety plans was part of a CalPERS Risk Pool for employers with less than 100 active plan members. As part of a cost-sharing multiple-employer defined benefit plan, disclosure of the schedule of funding progress is not required.

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 2010, the required employer contributions under the CalPERS Health plan is \$105. CalPERS adjusts this amount annually based on inflation index.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

8. OTHER POST EMPLOYMENT BENEFITS, Continued

Funding Policy

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

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

Annual OPEB Cost

For fiscal year ended June 30, 2010, the City's annual OPEB cost was \$88,448. The City's annual required contribution (ARC) was \$76,200 and was deposited in to the trust account and the balance of the amount was used to pay for the actual retirees' benefit cost for the fiscal year. The ARC was determined as part of the July 1, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases range of 3.25%, (c) CalPERS Assumption Model was used in determining the factor for pre-retirement turnover, pre-retirement mortality, post-retirement mortality and retirement age. It is assumed that 50% of the active employees will elect to enroll in the City's health benefit program upon retirement and 20% of them will elect coverage for their spouse. However, it is not assumed that future PEAR retirees will elect \$100 reimbursement benefit over the CalPERS Health Benefit. The City's \$100 monthly benefit is not assumed to increase in future years. On the other hand, the CalPERS minimum required employer contribution is assumed to increase by 5% to 5.50% each year. The unfunded actuarial accrued liability is being amortized over an initial 30 years using the level percentage-of-pay method on a closed-basis. The remaining amortization period at July 1, 2009 is assumed to be 28 years.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

8. OTHER POST EMPLOYMENT BENEFITS, Continued

Annual OPEB Cost, Continued

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

	June 30, 2010	June 30, 2009
Annual Required Contribution	\$ 76,200	\$ 77,000
Interest on Net OPEB Obligation/(Assets) @ 7.75%	(1,727)	(923)
Adjustment to ARC (15.4921)	1,438	769
Annual OPEB Cost	75,911	76,846
Contribution Made (ARC Inclusive of Benefit Payments)	(88,448)	(87,208)
(Increase) in Net OPEB Obligation/(Asset)	(12,537)	(10,362)
Net OPEB Obligation/(Asset) - beginning of year	(22,278)	(11,916)
Net OPEB Obligation/(Asset) - end of year	\$ (34,815)	\$ (22,278)

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

	Annual OPEB Cost (ARC)	Actual Contributions	Percentage Contribution	Increase in Net OPEB Asset	Net OPEB Asset
2007-2008	\$ 77,000	\$ 88,916	115%	\$ 11,916	\$ 11,916
2008-2009	77,000	87,208	113%	10,362	22,278
2009-2010	76,200	88,448	116%	12,537	34,815

Most Recent Actuarial Valuation

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

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Liability as Percentage of Covered Payroll	Covered Payroll
7/1/2009	\$ 129,549	\$ 661,750	\$ 532,201	19.6%	\$ 6,063,000	8.8%

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

9. OTHER REQUIRED DISCLOSURES

A. Deficit Fund Balances

At June 30, 2010, the following funds had a fund balances (deficit) or unrestricted net assets (deficit), which will be eliminated through the reduction in future expenditures and/or the use of new funding sources:

Fund	Fund Type	Deficit
Governmental Activities	Government-Wide Financial Statements	\$ (220,511)
Capital Improvements	Capital Project Fund	(145,359)
Solid Waste Collection	Enterprise Fund	(758,386)
Admin/Finance Overhead	Internal Service Fund	(73,433)

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2010, expenditures exceeded appropriations in the following functions of the respective funds:

Fund	Function	Excess Expenditure
General Fund	Public safety	\$ 117,220
	Culture and leisure	19,715
Redevelopment Agency Debt Service Fund	Community development	5,600
Redevelopment Agency Capital Project Fund	Community development	2,798,521
State Gas Tax Special Revenue Fund	Public safety	65,435

10. COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Grants

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

10. COMMITMENTS AND CONTINGENCIES, Continued

C. State Legislation

During year ended June 30, 2010, the State of California enacted legislation to borrow property tax payments from local governments. Property taxes borrowed by the State for fiscal year 2009-2010 were nearly \$2 billion statewide to help the State's budget shortfall. The amount to be borrowed from the City is \$211,388. The deferral of these funds for 3 years would have a significant impact on the City's General Fund operations and the 2009-2011 Budget assumed that these monies would not be available. Legislators and the Governor promised to allow local agencies to sell their eventual repayment from the State to investors to cover the property tax and to pay the full cost of the sale, or securitization. The Governor signed Senate Bill 67 on October 19, 2009 allowing the securitization to move forward.

The State also enacted legislation authorizing a two-year takeaway of Redevelopment Agency funds. The estimated impact on the Redevelopment Agency is \$533,906 in 2010-2011. These amounts were assumed in the 2009-2011 Budget. This takeaway action is being litigated by the California Redevelopment Association and other parties with hope that it will be considered unconstitutional as was last year's State proposed takeaway.

11. PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu of sales tax, and supplemental property tax apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$211,388.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint power authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

12. SUBSEQUENT EVENT

2010 Tax Allocation Refunding Bonds

On July 8, 2010, the City issued the 2010 Tax Allocation Refunding Bonds to provide funds to refund the 1999 Tax Allocation Bonds of the City, to fund a debt service reserve account and to pay the costs of issuing the bond. The advance refunding met the requirement of an in-substance defeasance and the 1999 Tax Allocation Bonds were removed from the City's long-term debt in 2011.

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

*City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010*

Required Supplementary Information



City of Ridgecrest
Required Supplementary Information
For the year ended June 30, 2010

1. BUDGETARY INFORMATION

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

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

The City Council may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer budget amounts within any fund during the budget year as long as it does not increase the total budget within the fund. However, any revisions that alter total expenditures of any fund without coinciding revenue increases must be approved by the City Council.

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

City of Ridgecrest
Required Supplementary Information, Continued
For the year ended June 30, 2010

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule - General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 7,639,647	\$ 7,639,647	\$ 7,927,885	\$ 288,238
Intergovernmental	191,700	353,079	303,849	(49,230)
License and permits	349,750	349,750	553,054	203,304
Fines and forfeitures	119,950	119,950	131,851	11,901
Use of property and money	134,300	134,300	146,996	12,696
Charges for services	764,750	768,250	724,724	(43,526)
Other revenues	32,150	32,150	67,756	35,606
Total revenues	9,232,247	9,397,126	9,856,115	458,989
EXPENDITURES:				
Current:				
General government	617,979	634,594	551,622	82,972
Public safety	6,765,989	6,933,473	7,050,693	(117,220)
Public works	530,187	465,247	292,037	173,210
Community development	949,967	1,183,373	1,054,690	128,683
Culture and leisure	1,859,497	1,879,428	1,899,143	(19,715)
Total expenditures	10,723,619	11,096,115	10,848,185	247,930
REVENUE OVER (UNDER) EXPENDITURES	(1,491,372)	(1,698,989)	(992,070)	706,919
OTHER FINANCING SOURCES (USES):				
Transfers in	2,158,301	2,174,301	1,258,651	(915,650)
Transfers out	(700,413)	(881,695)	(1,296,509)	(414,814)
Total financing sources (uses)	1,457,888	1,292,606	(37,858)	(1,330,464)
Net change in fund balance	\$ (33,484)	\$ (406,383)	(1,029,928)	\$ (623,545)
FUND BALANCE:				
Beginning of year			1,569,219	
End of year			\$ 539,291	

City of Ridgecrest
Required Supplementary Information, Continued
For the year ended June 30, 2010

1. BUDGETARY INFORMATION, Continued

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ 100,000	\$ 100,000	\$ 50,912	\$ (49,088)
Other revenues	-	-	5,506	5,506
Total revenues	100,000	100,000	56,418	(43,582)
EXPENDITURES:				
Current:				
Community development	600,332	600,332	247,186	353,146
Total expenditures	600,332	600,332	247,186	353,146
REVENUE OVER				
(UNDER) EXPENDITURES	(500,332)	(500,332)	(190,768)	309,564
OTHER FINANCING SOURCES (USES):				
Transfers in	1,800,000	1,800,000	1,992,400	192,400
Transfers out	(634,978)	(655,278)	(663,383)	(8,105)
Total financing sources (uses)	1,165,022	1,144,722	1,329,017	184,295
Net change in fund balance	\$ 664,690	\$ 644,390	1,138,249	\$ 493,859
FUND BALANCE:				
Beginning of year			4,901,910	
End of year			\$ 6,040,159	

City of Ridgecrest
Required Supplementary Information, Continued
For the year ended June 30, 2010

2. SCHEDULE OF FUNDING PROGRESS

A. Defined Benefits Pension Plan

As of the actuarial valuation date of June 30, 2008, 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

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2007	\$ -	\$ 597,958	\$ 597,958	0.0%	\$ 5,967,000	10.0%
6/30/2009	129,549	661,750	532,201	19.6%	6,063,000	8.8%

*City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010*

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

Supplemental Information



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

Non-Major Governmental Funds



City of Ridgecrest
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

	Special Revenue Funds					
	State	Park	TDA Street	Business	Supplemental	Grant
	Gas Tax	Development	Fund	Park	Law Enforcement	Operations
ASSETS						
Cash and investments	\$ 296,059	\$ 16,276	\$ -	\$ 37,296	\$ -	\$ -
Accounts receivable	-	28	-	65	25,000	69,572
Deposits	-	-	-	-	-	-
Total assets	\$ 296,059	\$ 16,304	\$ -	\$ 37,361	\$ 25,000	\$ 69,572
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 49,683	\$ -	\$ -	\$ -	\$ -	\$ 2,667
Salaries payable	9,402	-	-	-	-	5,070
Due to other funds	-	-	-	-	-	56,699
Deposits payable	-	-	-	-	-	-
Total liabilities	59,085	-	-	-	-	64,436
Fund Balances:						
Reserved:						
Encumbrances	236,974	-	-	-	-	-
Utility/Street improvement	-	-	-	-	-	-
Total reserved	236,974	-	-	-	-	-
Unreserved, undesignated:						
Special revenue	-	16,304	-	37,361	25,000	5,136
Capital projects	-	-	-	-	-	-
Total unreserved, undesignated	-	16,304	-	37,361	25,000	5,136
Total fund balances (deficit)	236,974	16,304	-	37,361	25,000	5,136
Total liabilities and fund balances	\$ 296,059	\$ 16,304	\$ -	\$ 37,361	\$ 25,000	\$ 69,572

Special Revenue Funds							
Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee	Park Development Impact Fee	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant Fund
\$ 426,889	\$ 13,979	\$ 126,664	\$ 672,007	\$ 185,318	\$ 204,653	\$ 830,590	\$ 137
73,031	24	222	1,178	324	359	1,455	-
-	-	-	-	-	-	-	-
\$ 499,920	\$ 14,003	\$ 126,886	\$ 673,185	\$ 185,642	\$ 205,012	\$ 832,045	\$ 137
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
499,920	14,003	126,886	673,185	185,642	205,012	832,045	137
-	-	-	-	-	-	-	-
499,920	14,003	126,886	673,185	185,642	205,012	832,045	137
499,920	14,003	126,886	673,185	185,642	205,012	832,045	137
\$ 499,920	\$ 14,003	\$ 126,886	\$ 673,185	\$ 185,642	\$ 205,012	\$ 832,045	\$ 137

(Continued)

City of Ridgecrest
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2010

	Capital Projects Fund			Total Other Governmental Funds
	Sub-Standard	Solid Waste	Capital	
	Streets Improvements	Collection	Improvements	
ASSETS				
Cash and investments	\$ 426,495	\$ -	\$ 146,008	\$ 3,382,371
Accounts receivable	747	-	84	172,089
Deposits	10,241	-	-	10,241
Total assets	\$ 437,483	\$ -	\$ 146,092	\$ 3,564,701
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 228,384	\$ 280,734
Salaries payable	-	-	-	14,472
Due to other funds	-	-	-	56,699
Deposits payable	-	-	63,067	63,067
Total liabilities	-	-	291,451	414,972
Fund Balances:				
Reserved for:				
Encumbrances	-	-	493,742	730,716
Utility/Street improvement	10,241	-	-	10,241
Total reserved	10,241	-	493,742	740,957
Unreserved, undesignated				
Special revenue	427,242	-	-	3,047,873
Capital projects	-	-	(639,101)	(639,101)
Total unreserved, undesignated	427,242	-	(639,101)	2,408,772
Total fund balances (deficit)	437,483	-	(145,359)	3,149,729
Total liabilities and fund balances	\$ 437,483	\$ -	\$ 146,092	\$ 3,564,701

(Concluded)

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

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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, 2010

	Special Revenue Funds					
	State	Park	TDA Street	Business	Supplemental	Grant
	Gas Tax	Development	Fund	Park	Law Enforcement	Operations
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	427,938	-	-	-	100,000	311,334
Licenses and permits	-	-	-	-	-	-
Use of property and money	-	164	66	376	583	12
Charges for services	-	-	-	-	-	-
Other revenues	70	-	-	-	-	-
Total revenues	428,008	164	66	376	100,583	311,346
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	382,823
Public safety	251,967	-	-	-	-	-
Public works	-	-	-	-	-	-
Transportation	1,174,816	-	-	-	-	-
Community development	-	-	-	-	-	-
Health	-	-	-	-	-	205
Capital outlay	-	-	-	-	-	-
Total expenditures	1,426,783	-	-	-	-	383,028
REVENUE OVER (UNDER) EXPENDITURES	(998,775)	164	66	376	100,583	(71,682)
OTHER FINANCING SOURCES (USES):						
Transfers in	1,216,726	-	-	-	-	76,490
Transfers out	(313,369)	-	(154,798)	-	(111,082)	-
Total other financing sources (uses)	903,357	-	(154,798)	-	(111,082)	76,490
Net change in fund balances	(95,418)	164	(154,732)	376	(10,499)	4,808
FUND BALANCES:						
Beginning of year	332,392	16,140	154,732	36,985	35,499	328
End of year	\$ 236,974	\$ 16,304	\$ -	\$ 37,361	\$ 25,000	\$ 5,136

Special Revenue Funds

Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee	Park Development Impact Fee	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
672,758	-	-	-	-	-	-	-
-	-	25,714	113,574	42,492	42,220	209,237	-
4,138	694	1,148	6,309	1,662	1,856	7,596	1
-	103,560	-	-	-	-	-	-
-	-	-	-	-	-	-	-
676,896	104,254	26,862	119,883	44,154	44,076	216,833	1
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	212,386	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	212,386	-	-	-	-	-	-
676,896	(108,132)	26,862	119,883	44,154	44,076	216,833	1
-	123,632	-	-	-	-	-	-
(692,670)	(105,669)	-	-	-	-	-	-
(692,670)	17,963	-	-	-	-	-	-
(15,774)	(90,169)	26,862	119,883	44,154	44,076	216,833	1
515,694	104,172	100,024	553,302	141,488	160,936	615,212	136
\$ 499,920	\$ 14,003	\$ 126,886	\$ 673,185	\$ 185,642	\$ 205,012	\$ 832,045	\$ 137

(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, 2010

	Capital Projects Fund			Total Other Governmental Funds
	Sub-Standard	Solid Waste Collection	Capital Improvements	
	Streets Improvements			
REVENUES:				
Taxes	\$ -	\$ -	\$ 4,942	\$ 4,942
Intergovernmental	-	-	521,651	2,033,681
Licenses and permits	-	-	-	433,237
Use of property and money	4,910	-	987	30,502
Charges for services	-	-	500	104,060
Other revenues	54,000	-	-	54,070
Total revenues	58,910	-	528,080	2,660,492
EXPENDITURES:				
Current:				
General government	-	-	-	382,823
Public safety	-	-	-	251,967
Public works	-	-	31,130	31,130
Transportation	-	-	-	1,174,816
Community development	-	-	-	212,386
Health	-	-	-	205
Capital outlay	-	-	1,321,645	1,321,645
Total expenditures	-	-	1,352,775	3,374,972
REVENUE OVER (UNDER) EXPENDITURES	58,910	-	(824,695)	(714,480)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	627,803	2,044,651
Transfers out	(142,278)	(4,864)	-	(1,524,730)
Total other financing sources (uses)	(142,278)	(4,864)	627,803	519,921
Net change in fund balances	(83,368)	(4,864)	(196,892)	(194,559)
FUND BALANCES:				
Beginning of year	520,851	4,864	51,533	3,344,288
End of year	\$ 437,483	\$ -	\$ (145,359)	\$ 3,149,729

(Concluded)

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Redevelopment Agency Debt Service Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 7,300,000	\$ 7,300,000	\$ 7,597,446	\$ 297,446
Intergovernmental	220,000	220,000	237,826	17,826
Use of property and money	15,000	15,000	7,918	(7,082)
Total revenues	7,535,000	7,535,000	7,843,190	308,190
EXPENDITURES:				
Current:				
Community development	5,900	5,900	11,500	(5,600)
Debt service:				
Principal	815,000	815,000	615,000	200,000
Interest	481,635	481,635	481,635	-
Total expenditures	1,302,535	1,302,535	1,108,135	194,400
REVENUE OVER (UNDER) EXPENDITURES	6,232,465	6,232,465	6,735,055	502,590
OTHER FINANCING SOURCES (USES):				
Transfers in	575,000	575,000	579,551	4,551
Transfers out	(3,651,762)	(3,669,216)	(6,597,447)	(2,928,231)
Total financing sources (uses)	(3,076,762)	(3,094,216)	(6,017,896)	(2,923,680)
Net change in fund balance	\$ 3,155,703	\$ 3,138,249	717,159	\$ (2,421,090)
FUND BALANCE:				
Beginning of year			2,478,251	
End of year			\$ 3,195,410	

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Redevelopment Agency Capital Projects Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ 120,000	\$ 120,000	\$ 19,422	\$ (100,578)
Total revenues	120,000	120,000	19,422	(100,578)
EXPENDITURES:				
Current:				
Community development	1,026,927	1,045,959	3,844,480	(2,798,521)
Total expenditures	1,026,927	1,045,959	3,844,480	(2,798,521)
REVENUE OVER (UNDER) EXPENDITURES				
	(906,927)	(925,959)	(3,825,058)	(2,899,099)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	231,645	231,645
Transfers in	1,100,000	1,100,000	4,209,329	3,109,329
Transfers out	(582,626)	(712,635)	(615,916)	96,719
Total other financing sources (uses)	517,374	387,365	3,825,058	3,437,693
Net change in fund balance	\$ (389,553)	\$ (538,594)	-	\$ 538,594
FUND BALANCE:				
Beginning of year			4,171,122	
End of year			\$ 4,171,122	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
City Debt Service Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
Debt service:				
Principal	\$ 494,695	\$ 494,695	\$ 494,695	\$ -
Interest	419,897	419,897	419,150	747
Total expenditures	914,592	914,592	913,845	747
OTHER FINANCING SOURCES (USES):				
Transfers in	914,592	914,592	543,343	(371,249)
Total financing sources (uses)	914,592	914,592	543,343	(371,249)
Net change in fund balance	\$ -	\$ -	(370,502)	\$ (371,996)
FUND BALANCE:				
Beginning of year			8,771,017	
End of year			\$ 8,400,515	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 429,000	\$ 429,000	\$ 427,938	\$ (1,062)
Use of property and money	300	300	-	(300)
Other revenues	-	-	70	70
Total revenues	<u>429,300</u>	<u>429,300</u>	<u>428,008</u>	<u>(1,292)</u>
EXPENDITURES:				
Current:				
Public safety	186,532	186,532	251,967	(65,435)
Transportation	1,204,068	1,301,484	1,174,816	126,668
Total expenditures	<u>1,390,600</u>	<u>1,488,016</u>	<u>1,426,783</u>	<u>61,233</u>
REVENUE OVER (UNDER) EXPENDITURES				
	<u>(961,300)</u>	<u>(1,058,716)</u>	<u>(998,775)</u>	<u>59,941</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,314,891	1,314,891	1,216,726	(98,165)
Transfers out	(259,346)	(310,766)	(313,369)	(2,603)
Total financing sources (uses)	<u>1,055,545</u>	<u>1,004,125</u>	<u>903,357</u>	<u>(100,768)</u>
Net change in fund balance	<u>\$ 94,245</u>	<u>\$ (54,591)</u>	<u>(95,418)</u>	<u>\$ (40,827)</u>
FUND BALANCE:				
Beginning of year			<u>332,392</u>	
End of year			<u>\$ 236,974</u>	

City of Ridgecrest

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

Park Development Fee - Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 164	\$ 164
Total revenues	-	-	164	164
Net change in fund balance	\$ -	\$ -	164	\$ 164
FUND BALANCE:				
Beginning of year			16,140	
End of year			\$ 16,304	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 628,776	\$ 628,776	\$ -	\$ (628,776)
Use of property and money	3,000	3,000	66	(2,934)
Total revenues	631,776	631,776	66	(631,710)
OTHER FINANCING SOURCES (USES):				
Transfers out	(649,510)	(770,718)	(154,798)	615,920
Total financing sources (uses)	(649,510)	(770,718)	(154,798)	615,920
Net change in fund balance	\$ (17,734)	\$ (138,942)	(154,732)	\$ (15,790)
FUND BALANCE:				
Beginning of year			154,732	
End of year			\$ -	

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Business Park - Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 376	\$ 376
Total revenues	<u>-</u>	<u>-</u>	<u>376</u>	<u>376</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	376	<u>\$ 376</u>
FUND BALANCE:				
Beginning of year			<u>36,985</u>	
End of year			<u>\$ 37,361</u>	

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Supplemental Law Enforcement - Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of property and money	2,000	2,000	583	(1,417)
Total revenues	102,000	102,000	100,583	(1,417)
OTHER FINANCING SOURCES (USES):				
Transfers out	(102,000)	(102,000)	(111,082)	(9,082)
Total financing sources (uses)	(102,000)	(102,000)	(111,082)	(9,082)
Net change in fund balance	\$ -	\$ -	(10,499)	\$ (10,499)
FUND BALANCE:				
Beginning of year			35,499	
End of year			\$ 25,000	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 402,170	\$ 402,170	\$ 311,334	\$ (90,836)
Use of property and money	-	-	12	12
Total revenues	402,170	402,170	311,346	(90,824)
EXPENDITURES:				
Current:				
General government	394,756	394,756	382,823	11,933
Health	7,331	7,331	205	7,126
Total expenditures	402,087	402,087	383,028	19,059
REVENUE OVER (UNDER) EXPENDITURES				
	83	83	(71,682)	(71,765)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	76,490	76,490
Total financing sources (uses)	-	-	76,490	76,490
Net change in fund balance	\$ 83	\$ 83	4,808	\$ 4,725
FUND BALANCE:				
Beginning of year			328	
End of year			\$ 5,136	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 265,206	\$ 265,206	\$ 672,758	\$ 407,552
Use of property and money	15,000	15,000	4,138	(10,862)
Total revenues	280,206	280,206	676,896	396,690
OTHER FINANCING SOURCES (USES):				
Transfers out	(535,000)	(968,056)	(692,670)	275,386
Total financing sources (uses)	(535,000)	(968,056)	(692,670)	275,386
Net change in fund balance	\$ (254,794)	\$ (687,850)	(15,774)	\$ 672,076
FUND BALANCE:				
Beginning of year			515,694	
End of year			\$ 499,920	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ 1,000	\$ 1,000	\$ 694	\$ (306)
Charges for services	-	288	103,560	103,272
Total revenues	1,000	1,288	104,254	102,966
EXPENDITURES:				
Current:				
Community development	-	214,688	212,386	2,302
Total expenditures	-	214,688	212,386	2,302
REVENUE OVER (UNDER) EXPENDITURES				
	1,000	(213,400)	(108,132)	105,268
OTHER FINANCING SOURCES (USES):				
Transfers in	-	123,669	123,632	(37)
Transfers out	-	-	(105,669)	(105,669)
Total financing sources (uses)	-	123,669	17,963	(105,706)
Net change in fund balance	\$ 1,000	\$ (89,731)	(90,169)	\$ (438)
FUND BALANCE:				
Beginning of year			104,172	
End of year			\$ 14,003	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 25,714	\$ 25,714
Use of property and money	-	-	1,148	1,148
Total revenues	-	-	26,862	26,862
Net change in fund balance	\$ -	\$ -	26,862	\$ 26,862
FUND BALANCE:				
Beginning of year			100,024	
End of year			\$ 126,886	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 113,574	\$ 113,574
Use of property and money	-	-	6,309	6,309
Total revenues	-	-	119,883	119,883
Net change in fund balance	\$ -	\$ -	119,883	\$ 119,883
FUND BALANCE:				
Beginning of year			553,302	
End of year			\$ 673,185	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ 14,000	\$ 42,492	\$ 28,492
Use of property and money	-	-	1,662	1,662
Total revenues	-	14,000	44,154	30,154
Net change in fund balance	\$ -	\$ 14,000	44,154	\$ 30,154
FUND BALANCE:				
Beginning of year			141,488	
End of year			\$ 185,642	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 42,220	\$ 42,220
Use of property and money	-	-	1,856	1,856
Total revenues	-	-	44,076	44,076
Net change in fund balance	\$ -	\$ -	44,076	\$ 44,076
FUND BALANCE:				
Beginning of year			160,936	
End of year			\$ 205,012	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 209,237	\$ 209,237
Use of property and money	-	-	7,596	7,596
Total revenues	-	-	216,833	216,833
Net change in fund balance	\$ -	\$ -	216,833	\$ 216,833
FUND BALANCE:				
Beginning of year			615,212	
End of year			\$ 832,045	

City of Ridgecrest

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Partnership Grant - Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
Net change in fund balance	\$ -	\$ -	1	\$ 1
FUND BALANCE:				
Beginning of year			136	
End of year			\$ 137	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ 23,000	\$ 23,000	\$ 4,910	\$ (18,090)
Other revenues	-	-	54,000	54,000
Total revenues	23,000	23,000	58,910	35,910
EXPENDITURES:				
Current:				
Transportation	25,000	25,000	-	25,000
Total expenditures	25,000	25,000	-	25,000
REVENUE OVER (UNDER) EXPENDITURES	(2,000)	(2,000)	58,910	60,910
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(142,278)	(142,278)
Total financing sources (uses)	-	-	(142,278)	(142,278)
Net change in fund balance	\$ (2,000)	\$ (2,000)	(83,368)	\$ (81,368)
FUND BALANCE:				
Beginning of year			520,851	
End of year			\$ 437,483	

City of Ridgecrest

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Solid Waste Collection - Capital Projects Fund
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(4,864)	(4,864)
Total financing sources (uses)	-	-	(4,864)	(4,864)
Net change in fund balance	\$ -	\$ -	(4,864)	\$ (4,864)
FUND BALANCE:				
Beginning of year			4,864	
End of year			\$ -	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 4,942	\$ 4,942
Intergovernmental	-	722,271	521,651	(200,620)
Fines and forfeitures	-	-	987	987
Use of property and money	-	-	500	500
Total revenues	-	722,271	528,080	(194,191)
EXPENDITURES:				
Current:				
Public works	-	139,045	31,130	107,915
Capital outlay	-	1,478,216	1,321,645	156,571
Total expenditures	-	1,617,261	1,352,775	264,486
REVENUE OVER (UNDER) EXPENDITURES	-	(894,990)	(824,695)	70,295
OTHER FINANCING SOURCES (USES):				
Transfers in	-	793,634	627,803	(165,831)
Total financing sources (uses)	-	793,634	627,803	(165,831)
Net change in fund balance	\$ -	\$ (101,356)	(196,892)	\$ (95,536)
FUND BALANCE:				
Beginning of year			51,533	
End of year			<u>\$ (145,359)</u>	

INTERNAL SERVICE FUND FINANCIAL STATEMENTS

Internal Service Funds of the City are outlined below:

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

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

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

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

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

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

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

City of Ridgecrest
Statement of Net Assets
All Internal Service Funds
June 30, 2010

	Human Resource Risk Management	Information System	Printing and Reproduction	Admin/Finance Overhead
ASSETS				
Current assets:				
Cash and investments	\$ 1,625,555	\$ 54,913	\$ 97,816	\$ 1,707
Accounts receivable	3,198	-	204	2,341
Due from other funds	-	17,315	-	-
Inventories	-	-	8,752	-
Total current assets	<u>1,628,753</u>	<u>72,228</u>	<u>106,772</u>	<u>4,048</u>
Noncurrent assets:				
Capital assets:				
Depreciable:				
Machinery and equipment	-	128,765	83,986	10,415
Less accumulated depreciation	-	(79,283)	(51,471)	(8,332)
Total noncurrent assets	<u>-</u>	<u>49,482</u>	<u>32,515</u>	<u>2,083</u>
Total assets	<u>1,628,753</u>	<u>121,710</u>	<u>139,287</u>	<u>6,131</u>
LIABILITIES				
Liabilities:				
Accounts payable	5,902	23,240	16,553	49,876
Salaries payable	5,230	5,923	-	12,373
Due to other funds	-	-	-	17,315
Claims payable	663,164	-	-	-
Total liabilities	<u>674,296</u>	<u>29,163</u>	<u>16,553</u>	<u>79,564</u>
NET ASSETS				
Invested in capital assets	-	49,482	32,515	2,083
Unrestricted	954,457	43,065	90,219	(75,516)
Total net assets	<u>\$ 954,457</u>	<u>\$ 92,547</u>	<u>\$ 122,734</u>	<u>\$ (73,433)</u>

Self Insurance Workers Comp	Building Maintenance	Fleet Maintenance	Total
\$ 19,247	\$ 134,745	\$ 21,835	\$ 1,955,818
-	236	114	6,093
-	-	-	17,315
-	-	14,001	22,753
<u>19,247</u>	<u>134,981</u>	<u>35,950</u>	<u>2,001,979</u>
-	-	412,893	636,059
-	-	(142,110)	(281,196)
-	-	270,783	354,863
<u>19,247</u>	<u>134,981</u>	<u>306,733</u>	<u>2,356,842</u>
19,247	22,913	23,603	161,334
-	1,604	3,740	28,870
-	-	-	17,315
-	-	-	663,164
<u>19,247</u>	<u>24,517</u>	<u>27,343</u>	<u>870,683</u>
-	-	270,783	354,863
-	110,464	8,607	1,131,296
<u>\$ -</u>	<u>\$ 110,464</u>	<u>\$ 279,390</u>	<u>\$ 1,486,159</u>

City of Ridgecrest
Statements of Revenues, Expenses and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2010

	Human Resource Risk Management	Information System	Printing and Reproduction	Admin/Finance Overhead
OPERATING REVENUES:				
Charges for services	\$ 261,460	\$ 432,156	\$ 86,335	\$ 1,258,427
Other revenue	262,831	4,865	-	1,353
Total operating revenues	524,291	437,021	86,335	1,259,780
OPERATING EXPENSES:				
Administration	713,930	596,330	45,068	1,187,766
Depreciation	-	29,638	16,797	2,083
Total operating expenses	713,930	625,968	61,865	1,189,849
OPERATING INCOME (LOSS)	(189,639)	(188,947)	24,470	69,931
NONOPERATING REVENUES (EXPENSES):				
Use of money and property	15,017	129	744	213
Total nonoperating revenues	15,017	129	744	213
INCOME (LOSS) BEFORE TRANSFERS	(174,622)	(188,818)	25,214	70,144
TRANSFERS:				
Transfers in	735,585	-	-	-
Transfers out	(405,854)	-	(18,865)	-
Total transfers in (out)	329,731	-	(18,865)	-
Change in net assets	155,109	(188,818)	6,349	70,144
NET ASSETS:				
Beginning of year	799,348	281,365	116,385	(143,577)
End of year	\$ 954,457	\$ 92,547	\$ 122,734	\$ (73,433)

Self Insurance Workers Comp	Building Maintenance	Fleet Maintenance	Totals
\$ -	\$ 331,140	\$ 555,215	\$ 2,924,733
-	-	-	269,049
-	331,140	555,215	3,193,782
229,594	238,744	484,061	3,495,493
-	-	72,149	120,667
229,594	238,744	556,210	3,616,160
(229,594)	92,396	(995)	(422,378)
-	781	170	17,054
-	781	170	17,054
(229,594)	93,177	(825)	(405,324)
229,594	-	-	965,179
-	-	-	(424,719)
229,594	-	-	540,460
-	93,177	(825)	135,136
-	17,287	280,215	1,351,023
\$ -	\$ 110,464	\$ 279,390	\$ 1,486,159

City of Ridgecrest
Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2010

	Human Resource Risk Management	Information System	Printing and Reproduction	Admin/Finance Overhead
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from user department	\$ 258,613	\$ 533,965	\$ 86,131	\$ 1,166,086
Payments to suppliers or employees for goods and services	(548,331)	(602,901)	(68,813)	(1,165,945)
Insurance premiums and settlements and Insurance recovery	729	-	-	-
Others	262,831	4,865	-	1,353
Net cash provided (used) by operating activities	(26,158)	(64,071)	17,318	1,494
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	735,585	-	-	-
Transfers out	(405,854)	-	(18,865)	-
Net cash provided (used) by noncapital financing activities	329,731	-	(18,865)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	(20,137)	-	-
Net cash provided (used) by capital and related financing activities	-	(20,137)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	24,421	1,499	1,266	213
Net cash provided (used) by investing activities	24,421	1,499	1,266	213
Net increase (decrease) in cash and investments	327,994	(82,709)	(281)	1,707
CASH AND INVESTMENTS:				
Beginning of year	1,297,561	137,622	98,097	-
End of year	\$ 1,625,555	\$ 54,913	\$ 97,816	\$ 1,707
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (189,639)	\$ (188,947)	\$ 24,470	\$ 69,931
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	29,638	16,797	2,083
Changes in current assets and liabilities:				
Accounts receivable	(2,847)	-	(204)	(2,341)
Due from other funds	-	101,809	-	-
Inventories	-	-	(6,347)	-
Accounts payable	3,752	(6,221)	(17,398)	25,350
Salaries payable	(4,969)	(350)	-	(3,529)
Due to other funds	-	-	-	(90,000)
Claims payable	167,545	-	-	-
Total adjustments	163,481	124,876	(7,152)	(68,437)
Net cash provided (used) by operating activities	\$ (26,158)	\$ (64,071)	\$ 17,318	\$ 1,494

Self Insurance Workers Comp	Building Maintenance	Fleet Maintenance	Totals
\$ -	\$ 330,904	\$ 543,292	\$ 2,918,991
(226,282)	(242,000)	(483,920)	(3,338,192)
-	-	-	729
-	-	-	269,049
(226,282)	88,904	59,372	(149,423)
229,594	-	-	965,179
-	-	-	(424,719)
229,594	-	-	540,460
-	-	(37,707)	(57,844)
-	-	(37,707)	(57,844)
-	1,020	170	28,589
-	1,020	170	28,589
3,312	89,924	21,835	361,782
15,935	44,821	-	1,594,036
\$ 19,247	\$ 134,745	\$ 21,835	\$ 1,955,818
\$ (229,594)	\$ 92,396	\$ (995)	\$ (422,378)
-	-	72,149	120,667
-	(236)	(114)	(5,742)
-	-	-	101,809
-	-	(327)	(6,674)
3,312	(3,380)	167	5,582
-	124	301	(8,423)
-	-	(11,809)	(101,809)
-	-	-	167,545
3,312	(3,492)	60,367	272,955
\$ (226,282)	\$ 88,904	\$ 59,372	\$ (149,423)

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

Fiduciary Funds



City of Ridgecrest
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private Purpose Trust Funds		
	Parks and Recreation Donation	Senior Donation	Total
ASSETS			
Cash and investments	\$ 257	\$ 97	\$ 354
Total assets	257	97	354
LIABILITIES			
Accounts payable	257	-	257
Total liabilities	257	-	257
NET ASSETS			
Reserved for:			
Unrestricted	-	97	97
Total net assets	\$ -	\$ 97	\$ 97

City of Ridgecrest
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Trust Funds
For the year ended June 30, 2010

	Private Purpose Trust Funds		
	Park & Recreation Donation	Senior Donation	Total
ADDITIONS:			
Other revenue	\$ 3,462	\$ -	\$ 3,462
Total additions	3,462	-	3,462
DEDUCTIONS:			
Culture and leisure	3,462	-	3,462
Total deductions	3,462	-	3,462
Change in net assets	-	-	-
NET ASSETS:			
Beginning of year	-	97	97
End of year	\$ -	\$ 97	\$ 97

City of Ridgecrest
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<u>ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 808,458	\$ -	\$ (265,493)	\$ 542,965
Accounts receivable	-	786	-	786
Interest receivable	2,186	-	(2,186)	-
Total assets	\$ 810,644	\$ 786	\$ (267,679)	\$ 543,751
Liabilities:				
Accounts payable	\$ 67,345	\$ -	\$ (67,345)	\$ -
Due to City of Ridgecrest	157,386	-	-	157,386
Due to bondholders - special assessment district	585,913	-	(199,548)	386,365
Total liabilities	\$ 810,644	\$ -	\$ (266,893)	\$ 543,751

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

Statistical Section



CITY OF RIDGECREST - STATISTICAL SECTION

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

CONTENTS	PAGE
Financial Trends - These schedules contain trend information to help the reader understand how the City of Ridgecrest's financial performance and well being have changed over time	
1 Net Assets by Component	128
2 Changes in Net Assets	129
3 Governmental Activities Tax Revenues by Source	131
4 Fund Balances of Governmental Funds	132
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Revenue Capacity - These schedules contain information to help the reader assess the City of Ridgecrest's most significant local revenue source, the property tax.	
6 Assessed Value of Taxable Property	136
7 Direct and Overlapping Property Tax Rates	138
8 Top Ten Principal Property Taxpayers	139
9 Property Tax Levies and Collections	140
Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	
10 Ratios of Outstanding Debt by Type	141
11 Ratios of General Bonded Debt Outstanding	142
12 Direct and Overlapping Governmental Activities Debt	143
13 Legal Debt Margin Information	144
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Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
15 Demographic and Economic Statistics	147
16 Principal Employers	148
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
17 Full Time Equivalent City Government Employees by Function/Program	149
18 Operating Indicators by Function/Program	150
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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 Eight Fiscal Years (accrual basis of accounting)

	FISCAL YEARS							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities								
Invested in capital assets, net of related debt	\$ 31,515,820	\$ 32,676,918	\$ 34,321,803	\$ 36,151,924	\$ 36,723,055	\$ 38,924,688	\$ 41,091,665	\$ 39,690,604
Restricted	25,130,907	23,615,054	18,483,103	12,758,127	9,423,134	6,582,149	302,406	272,879
Unrestricted	(220,511)	798,741	2,858,388	2,914,754	3,210,134	1,657,163	5,095,753	4,902,632
Total governmental activities net assets	<u>56,426,216</u>	<u>57,090,713</u>	<u>55,663,294</u>	<u>51,824,805</u>	<u>49,356,323</u>	<u>47,164,000</u>	<u>46,489,824</u>	<u>44,866,115</u>
Business type activities								
Invested in capital assets, net of related debt	16,522,152	16,979,238	17,259,625	17,439,700	16,761,833	16,045,165	18,098,541	18,722,370
Restricted	-	-	-	-	-	-	-	-
Unrestricted	11,109,512	11,807,479	11,511,303	13,002,769	12,279,782	12,271,560	9,759,630	8,294,789
Total business type activities net assets	<u>27,631,664</u>	<u>28,786,717</u>	<u>28,770,928</u>	<u>30,442,469</u>	<u>29,041,615</u>	<u>28,316,725</u>	<u>27,858,171</u>	<u>27,017,159</u>
Primary government								
Invested in capital assets, net of related debt	48,037,972	49,656,156	51,581,428	53,591,624	53,484,888	54,969,853	59,190,206	58,412,974
Restricted	25,130,907	23,615,054	18,483,103	12,758,127	9,423,134	6,582,149	302,406	272,879
Unrestricted	10,889,001	12,606,220	14,369,691	15,917,523	15,489,916	13,928,723	14,855,383	13,197,421
Total primary government net assets	<u>\$ 84,057,880</u>	<u>\$ 85,877,430</u>	<u>\$ 84,434,222</u>	<u>\$ 82,267,274</u>	<u>\$ 78,397,938</u>	<u>\$ 75,480,725</u>	<u>\$ 74,347,995</u>	<u>\$ 71,883,274</u>

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

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

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

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

	FISCAL YEARS							
	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	10,044,411	9,915,676	9,573,705	8,621,750	6,520,691	4,452,522	3,445,492	2,969,614
Sales taxes	2,856,313	3,297,900	2,996,734	3,477,010	3,392,280	2,807,751	2,705,467	2,592,363
Special assessments	-	-	-	-	-	1,738	349	5,400
Other taxes	3,250,486	2,960,971	3,689,557	2,797,223	3,007,834	3,019,446	2,709,319	3,101,059
Investment earnings	131,130	99,550	743,954	743,571	454,613	203,827	129,142	158,205
Miscellaneous	116,840	1,180,496	868,501	819,361	2,171,014	1,831,295	997,998	572,527
Gain (loss) on disposal of capital assets	-	-	-	-	809,326	-	-	-
Transfers	470,400	444,799	1,318,981	280,735	401,031	1,051,811	431,912	732,478
Total governmental activities	16,869,580	17,899,392	19,191,432	16,739,650	16,756,789	13,368,390	10,419,679	10,131,646
Business type activities:								
Other taxes	665,449	776,431	563,141	614,994	718,734	586,019	579,761	683,228
Investment earnings	127,570	349,595	596,679	683,951	502,255	255,984	186,175	274,756
Miscellaneous	8,150	12,227	10,737	7,828	13,388	-	-	-
Capital Contribution	-	-	-	-	257,375	-	-	-
Transfers	(470,400)	(444,799)	(1,318,981)	(280,735)	(401,031)	(1,051,811)	(431,912)	(732,478)
Total business type activities	330,769	693,454	(148,424)	1,026,038	1,090,721	(209,808)	334,024	225,506
Total primary government	\$ 17,200,349	\$ 18,592,846	\$ 19,043,008	\$ 17,765,688	\$ 17,847,510	\$ 13,158,582	\$ 10,753,703	\$ 10,357,152
Change in Net Assets								
Governmental activities	(664,497)	1,427,421	3,838,489	2,468,482	1,487,156	195,652	(1,629,073)	(5,976,809)
Business type activities	(1,155,053)	15,789	(1,671,541)	1,400,854	754,099	410,626	841,012	985,775
Total primary government	\$ (1,819,550)	\$ 1,443,210	\$ 2,166,948	\$ 3,869,336	\$ 2,241,255	\$ 606,278	\$ (788,061)	\$ (4,991,034)

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

City of Ridgecrest

Schedule 3

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years (modified accrual basis of accounting)

Sources of Tax Revenues	Business <u>Licenses</u>	Franchise <u>Fees</u>	Property <u>Tax</u>	Sales <u>Tax</u>	Transient <u>Occupancy</u>	Gas <u>Tax</u>	<u>TOTAL</u>
2009-2010	137,487	1,267,910	10,093,190	2,856,313	1,411,903	427,938	16,194,741
2008-2009	150,431	1,320,356	9,915,676	3,297,900	1,347,063	429,560	16,460,986
2007-2008	161,156	2,105,350	9,626,639	2,996,734	1,168,986	465,806	16,524,671
2006-2007	176,583	539,355	8,724,901	3,477,010	999,839	451,270	14,368,958
2005-2006	142,476	1,206,115	6,637,688	3,392,279	886,816	452,071	12,717,445
2004-2005	137,732	559,011	4,532,781	2,807,752	875,808	449,735	9,362,820
2003-2004	122,445	581,400	3,504,079	2,705,466	773,190	444,549	8,131,129
2002-2003	109,429	599,744	3,011,221	2,701,643	867,758	434,408	7,724,203
2001-2002	97,073	589,946	2,815,337	2,584,662	717,101	437,283	7,241,402
2000-2001	106,241	503,071	2,642,568	2,535,239	753,729	495,038	7,035,886

NOTES:

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

City of Ridgecrest

Schedule 4

Fund Balances of Governmental Funds

Last Ten Fiscal Years (modified accrual basis of accounting)

	FISCAL YEARS				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General fund					
Reserved	\$ 302,583	\$ 665,322	\$ 465,103	\$ 619,360	\$ 305,836
Unreserved	236,708	903,897	1,124,552	1,587,568	2,359,373
Total general fund	<u>539,291</u>	<u>1,569,219</u>	<u>1,589,655</u>	<u>2,206,928</u>	<u>2,665,209</u>
All other governmental funds					
Reserved	11,019,602	11,158,572	11,121,284	11,361,910	13,184,361
Unreserved, reported in:					
Special revenue funds	8,506,599	7,174,341	5,784,155	1,298,263	1,298,702
Debt service fund	4,013,657	2,478,251	-	765,071	(7,412,765)
Capital projects funds	1,417,077	2,855,423	1,652,863	(1,358,472)	679,826
Total all other governmental fund	<u>\$ 24,956,935</u>	<u>\$ 23,666,587</u>	<u>\$ 18,558,302</u>	<u>\$ 12,066,772</u>	<u>\$ 7,750,124</u>
TOTAL FUND BALANCES	\$ 25,496,226	\$ 25,235,806	\$ 20,147,957	\$ 14,273,700	\$ 10,415,333

FISCAL YEARS				
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ -	\$ 536,280	\$ 318,132	\$ 361,404	\$ 351,712
2,344,973	1,796,246	2,169,848	2,591,372	4,402,533
<u>2,344,973</u>	<u>2,332,526</u>	<u>2,487,980</u>	<u>2,952,776</u>	<u>4,754,245</u>
-	2,647,904	3,407,708	5,145,508	4,047,515
122,365	99,787	(276,527)	(544,120)	110,111
4,003,925	648,107	301,748	-	(998)
672,438	(267,567)	(571,372)	(157,619)	439,935
<u>\$ 4,798,728</u>	<u>\$ 3,128,231</u>	<u>\$ 2,861,557</u>	<u>\$ 4,443,769</u>	<u>\$ 4,596,563</u>
\$ 7,143,701	\$ 5,460,757	\$ 5,349,537	\$ 7,396,545	\$ 9,350,808

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

	FISCAL YEARS				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues					
Taxes	\$ 15,530,273	\$ 16,223,465	\$ 16,313,383	\$ 14,137,641	\$ 12,247,901
Intergovernmental	2,575,356	2,111,122	2,309,609	1,783,935	1,917,323
Licenses, permits and fees	986,291	490,564	587,531	1,361,033	649,325
Fines and forfeitures	131,851	110,785	99,751	93,950	93,498
Use of money and property	255,750	422,410	673,407	640,658	464,460
Charges for services	828,784	656,543	816,897	786,753	923,449
Assessment revenues	-	-	-	4,520	26,427
Other revenue	127,332	850,061	1,033,309	1,148,125	12,874,961
Total revenues	<u>20,435,637</u>	<u>20,864,950</u>	<u>21,833,887</u>	<u>19,956,615</u>	<u>29,197,344</u>
Expenditures					
General Government	934,445	1,083,484	1,479,393	1,236,437	1,657,522
Public safety	7,302,660	7,248,370	6,972,804	5,921,981	5,752,857
Public works	323,167	2,056,584	897,772	1,217,673	594,434
Transportation	1,174,816	-	-	-	-
Community development	5,370,242	2,543,211	2,283,268	1,822,720	1,441,906
Health	205	61,417	156,948	1,105,735	873,806
Culture and leisure	1,899,143	2,184,997	2,095,579	1,899,677	1,815,338
Capital outlay	1,321,645	-	1,275,392	2,108,419	1,388,073
Debt service:					
Principal	1,109,695	1,065,747	1,075,690	1,069,235	10,361,445
Interest	900,785	932,768	978,031	1,053,156	2,108,534
Total expenditures	<u>20,336,803</u>	<u>17,176,578</u>	<u>17,214,877</u>	<u>17,435,033</u>	<u>25,993,915</u>
Excess of revenues over (under) expenditures	<u>98,834</u>	<u>3,688,372</u>	<u>4,619,010</u>	<u>2,521,582</u>	<u>3,203,429</u>
Other financing sources (uses)					
Proceeds from capital lease	231,645	-	-	527,626	-
Transfers in	10,627,925	10,114,766	8,591,148	4,969,572	6,728,624
Transfers out	<u>(10,697,985)</u>	<u>(8,715,289)</u>	<u>(7,335,901)</u>	<u>(4,160,413)</u>	<u>(6,861,722)</u>
Total other financing sources (uses)	<u>161,585</u>	<u>1,399,477</u>	<u>1,255,247</u>	<u>1,336,785</u>	<u>(133,098)</u>
Net change in fund balances	<u>\$ 260,419</u>	<u>\$ 5,087,849</u>	<u>\$ 5,874,257</u>	<u>\$ 3,858,367</u>	<u>\$ 3,070,331</u>
Debt service as a percentage of non-capital expenditures	10.6%	11.6%	12.9%	13.8%	50.7%

FISCAL YEARS

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$	8,725,616	\$ 7,657,442	\$ 7,300,623	\$ 7,135,067	\$ 7,383,128
	2,626,347	3,253,013	4,477,119	4,187,715	3,863,857
	447,594	245,025	248,319	245,583	115,473
	97,364	104,260	100,396	79,580	82,494
	274,229	202,816	263,345	382,629	630,207
	773,345	623,191	497,612	465,605	451,993
	1,738	349	1,573	2,736	1,321
	901,769	318,051	531,145	584,799	1,203,099
	<u>13,848,002</u>	<u>12,404,147</u>	<u>13,420,132</u>	<u>13,083,714</u>	<u>13,731,572</u>
	2,208,144	2,245,850	3,124,345	2,589,481	1,603,392
	4,287,023	3,862,446	3,933,757	4,046,744	3,875,717
	286,716	549,946	777,075	-	-
	698,515	562,118	1,842,018	2,469,333	1,583,683
	1,255,675	1,115,528	3,169,935	1,485,757	1,782,139
	27,683	8,669	336,488	473,511	406,118
	1,311,110	1,263,589	1,742,237	1,518,235	1,497,989
	281,614	1,109,864	-	-	-
	844,167	792,923	671,202	4,855,800	622,523
	<u>1,270,947</u>	<u>1,312,023</u>	<u>1,358,421</u>	<u>1,486,697</u>	<u>1,367,140</u>
	<u>12,471,594</u>	<u>12,822,956</u>	<u>16,955,478</u>	<u>18,925,558</u>	<u>12,738,701</u>
	<u>1,376,408</u>	<u>(418,809)</u>	<u>(3,535,346)</u>	<u>(5,841,844)</u>	<u>992,871</u>
	-	170,735	1,038,183	4,389,981	-
	5,914,392	4,367,282	5,421,253	5,810,163	3,803,827
	<u>(5,607,856)</u>	<u>(4,007,988)</u>	<u>(4,971,098)</u>	<u>(6,312,563)</u>	<u>(3,565,877)</u>
	<u>306,536</u>	<u>530,029</u>	<u>1,488,338</u>	<u>3,887,581</u>	<u>237,950</u>
\$	<u><u>1,682,944</u></u>	<u><u>111,220</u></u>	<u><u>(2,047,008)</u></u>	<u><u>(1,954,263)</u></u>	<u><u>1,230,821</u></u>

17.4%

18.0%

12.0%

33.5%

15.6%

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

<u>CATEGORY</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Residential	1,108,999,868	1,084,808,408	1,058,498,321	911,494,904	788,678,966
Commercial	237,376,125	205,319,656	179,110,827	174,032,874	157,444,654
Industrial	17,843,091	18,105,232	17,971,395	11,837,503	10,882,183
Government	167,751	161,605	128,221	146,152	136,999
Institutional	8,540,128	14,877,479	15,142,018	14,742,327	12,205,814
Miscellaneous	240,526	238,916	234,383	157,037	154,247
Recreational	5,603,484	5,000,813	4,698,128	4,642,201	4,721,225
Vacant Land	75,024,042	71,345,463	65,109,045	49,323,706	36,481,201
SBE Non-Unitary	842,761	842,761	842,761	842,761	842,761
Unsecured	38,641,463	38,435,738	29,790,351	29,827,806	27,176,839
Exempt	-	(4,173,979)	(4,178,993)	(1,069,989)	(984,427)
Unknown	-	543,791	662,290	544,550	533,877
TOTALS	1,493,279,239	1,439,679,862	1,372,187,740	1,196,521,832	1,039,258,766
Total Direct Rate	0.69471%	0.68679%	0.67270%	0.62767%	0.57120%

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

Source: HdL Coren & Cone

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
713,926,081	633,401,029	580,667,757	569,181,954	572,575,284
143,927,504	129,256,590	123,503,418	123,985,900	127,824,529
10,860,581	10,413,965	10,113,348	9,989,713	10,913,461
132,341	156,446	152,488	149,549	146,666
12,553,443	13,614,469	10,817,736	10,693,526	10,521,662
151,512	151,691	146,374	143,793	141,263
4,484,762	3,619,797	3,507,733	3,490,803	3,438,048
34,935,069	31,321,458	31,213,075	32,984,147	33,043,434
842,761	800	800	800	300
28,626,497	27,232,504	28,203,161	30,858,937	26,111,600
(988,262)	(1,108,762)	(2,289,514)	(2,530,752)	(2,135,314)
394,287	394,763	380,610	370,097	383,603
950,834,838	849,563,512	788,870,650	781,849,219	785,099,850
0.51486%	0.45724%	0.41538%	0.42577%	0.42901%

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

City of Ridgecrest

Schedule 7

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(RATE PER \$100 OF TAXABLE VALUE)

10 Year Detail of Rates producing Revenue for City of Ridgecrest and Ridgecrest Redevelopment Agency					
City General Fund Direct Rates				RDA Incremental Rate	Total Direct Rate
City Share of 1%					
Year	Levy per Prop. 13	Debt Rate(s)	Total City Rates	1% + applicable voter approved debt	
2009-2010	0.05196%	0.00000%	0.05196%	1.00000%	0.69471%
2008-2009	0.05196%	0.00000%	0.05196%	1.00000%	0.68679%
2007-2008	0.05020%	0.00000%	0.05020%	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%

10 Year Detail Breakdown of the Property Tax Dollar										
Agency	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
City of Ridgecrest	0.05196	0.05196	0.05020	0.05068	0.05191	0.05191	0.05191	0.05191	0.05191	0.05191
Sierra Sands Child Dev	0.00509	0.00509	0.00000	0.00000	0.00509	0.00509	0.00509	0.00509	0.00509	0.00509
County Advertising	0.00070	0.00070	0.00070	0.00070	0.00069	0.00069	0.00069	0.00069	0.00069	0.00069
East Kern Res Con	0.00066	0.00066	0.00070	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066
Education	0.01917	0.01917	0.01897	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917
Education Revenue Augmentation Fund	0.12490	0.12490	0.12984	0.12989	0.12504	0.12504	0.12504	0.12504	0.12504	0.12504
Fire	0.10580	0.10580	0.10583	0.10577	0.10577	0.10577	0.10577	0.10577	0.10577	0.10577
Kern Community College	0.06770	0.06789	0.06789	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770
Kern County	0.14130	0.14130	0.14277	0.14263	0.14117	0.14117	0.14117	0.14117	0.14117	0.14117
Kern County Water Agency	0.00718	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719
Sierra Unified School	0.47560	0.47560	0.47591	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560
TOTAL PROP. 13 RATE	1.00000									
Kern Community College	0.00940	0.00905	0.00804	0.00528	0.00963	0.00918	0.01180	0.00000	0.00000	0.00000
Sierra Sand Unified School District	0.05113	0.04077	0.04231	0.04209	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total Voter Approved Rate	0.06053	0.04982	0.05035	0.04737	0.00963	0.00918	0.01180	0.00000	0.00000	0.00000
TOTAL TAX RATE	1.06053	1.04982	1.05035	1.04737	1.00963	1.00918	1.01180	1.00000	1.00000	1.00000

NOTES:

- City share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures
- Total Direct Rate is the weighted average of all individual direct rates applied by the City of Ridgecrest.
- RDA rate is based on the largest RDA tax rate area and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.
- Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Source: HdL Coren & Cone

City of Ridgecrest
Schedule 8
Top Ten Principal Property Taxpayers
Fiscal Year 2010 and Ten Years Prior

Taxpayer	2009-2010			2000-2001		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
K Partners Ridgecrest I LP	1	\$ 12,530,111	0.84%			
Walmart Stores, Inc.	2	9,712,529	0.65%	2	6,375,268	0.81%
HD Development Maryland Inc.	3	8,798,384	0.59%			
New Albertsons	4	8,552,544	0.57%	5	5,122,370	0.65%
Carriage Inns	5	8,141,884	0.55%	1	8,237,904	1.05%
Inland Westn MDS Portfolio LLC	6	7,031,477	0.47%			
First Berkshire Properties	7	6,723,285	0.45%			
PAM Ridgecrest Venture	8	6,528,165	0.44%			
China Lake & Ridgecrest LLC	9	6,278,425	0.42%			
Alta One Federal Credit Union	10	5,667,373	0.38%			
Drummond Medical Center				3	6,255,376	0.80%
Ridgecrest Heritage Inn				4	6,204,396	0.79%
Housing Urban Development (HUD)				6	4,606,587	0.59%
First Berkshire Business Trust				7	4,350,000	0.55%
Ridgecrest Capital LLC				8	4,279,671	0.55%
Mervyns				9	4,242,486	0.54%
Beverly Enterprises California				10	3,901,698	0.50%
Top Ten Totals		<u>\$ 79,964,177</u>	<u>5.35%</u>		<u>\$ 53,575,756</u>	<u>6.82%</u>
CITY TOTALS		1,493,279,239			785,127,850	

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
		<u>Amount</u>	<u>Percentage of Levy</u>	
2010	10,014,973	9,985,447	99.71%	29,526
2009	9,684,531	9,669,503	99.84%	15,027
2008	9,082,220	9,069,060	99.86%	13,159
2007	7,413,971	7,406,500	99.90%	7,471
2006	5,822,621	5,817,552	99.91%	5,070
2005	4,958,439	4,953,104	99.89%	5,335
2004	3,915,945	3,908,652	99.81%	7,293
2003	3,446,694	3,441,268	99.84%	5,426
2002	3,311,476	3,307,514	99.88%	3,962
2000	3,481,425	3,476,202	99.85%	5,223

NOTES:

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

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

City of Ridgecrest
Schedule 10
Ratios of Outstanding Debt by Type
Last Seven 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			
2010	8,460,000	7,290,000	-	400,000	615,249	16,765,249	2.25%	\$ 591
2009	8,830,000	7,905,000	-	600,000	739,943	18,074,943	2.45%	\$ 647
2008	9,190,000	8,490,000	115,000	800,000	860,688	19,455,688	2.62%	\$ 694
2007	9,535,000	9,050,000	220,000	1,000,000	1,031,380	20,836,380	2.89%	\$ 746
2006	9,870,000	9,590,000	315,000	1,200,000	1,225,614	22,200,614	4.49%	\$ 837
2005	-	19,355,000	405,000	1,400,000	1,167,060	22,327,060	4.74%	\$ 843
2004	-	20,070,000	485,000	1,600,000	1,135,552	23,290,552	5.35%	\$ 901

NOTES:

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

City of Ridgecrest
Schedule 11
Ratios of General Bonded Debt Outstanding
Last Seven 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			
2010	8,460,000	7,290,000	-	15,750,000	1.05%	\$ 555
2009	8,830,000	7,905,000	-	16,735,000	1.16%	\$ 599
2008	9,190,000	8,490,000	115,000	17,795,000	1.30%	\$ 635
2007	9,535,000	9,050,000	220,000	18,805,000	1.57%	\$ 673
2006	9,870,000	9,590,000	315,000	19,775,000	1.90%	\$ 746
2005	-	19,355,000	405,000	19,760,000	2.08%	\$ 746
2004	-	20,070,000	485,000	20,555,000	2.42%	\$ 795

NOTES:

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

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

City of Ridgecrest
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Debt Outstanding 6/30/2010	% Applicable ¹	City's Share of Debt as of 6/30/10
Kern Community College District Safety, Repair & Improvement District	\$ 111,721,213	0.715%	\$ 798,807
Kern Community College District Assessment District	4,465,000	0.776%	34,648
Sierra Sands Joint Unified School District	<u>24,359,430</u>	52.667%	<u>12,829,381</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 13,662,836
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Kern County Certificates of Participation	136,830,000	0.659%	901,710
Kern County Pension Obligations	474,206,067	0.659%	3,125,018
Kern County Board of Education Certificates of Participation	53,470,000	0.659%	352,367
Kern County Community College District Certificates of Participation	87,205,000	0.627%	546,775
Kern County Community College District Benefit Obligations	84,970,000	0.627%	532,762
Sierra Sands Joint Unified School District General Fund Obligations	4,185,000	52.667%	2,204,114
City of Ridgecrest Certificates of Participation	<u>8,460,000</u>	100.000%	<u>8,460,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT	849,326,067		\$ 16,122,746
COMBINED TOTAL DEBT			<u><u>29,785,582</u></u> ²

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

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

2009-10 Assessed Valuation	\$ 1,467,073,491
Redevelopment Incremental Valuation	980,915,085
Adjusted Assessed Valuation	486,158,406

Ratios to 2009-10 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 0.93%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$8,460,000) 1.74%
Combined Total Debt 6.13%

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

Source: California Municipal Statistics, Inc.

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

Legal Debt Margin Calculation	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2008</u>
Assessed value	\$ 1,493,279,239	\$ 1,439,679,862	\$ 1,372,187,740
Debt limit (15% of assessed value)	223,991,886	215,951,979	205,828,161
Debt applicable to limit:			
General obligation bonds	15,750,000	16,735,000	17,795,000
Less: Amount set aside for repayment of general obligation debt	<u>1,807,736</u>	<u>1,808,337</u>	<u>1,814,042</u>
Total net debt applicable to limit	<u>13,942,264</u>	<u>14,926,663</u>	<u>15,980,958</u>
Legal Debt Margin	210,049,622	201,025,316	189,847,203
Total debt applicable to the limit as a percentage of debt limit	<u>6.64%</u>	<u>7.43%</u>	<u>8.42%</u>

NOTES:

Under State Finance Law, the City's outstanding general obligation debt should not exceed 15% of total assessed property value. By law, the general obligation bonds.

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

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

al obligation debt subject to the limitation may be offset by amounts set aside for repaying

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

REDEVELOPMENT BONDS					
Fiscal <u>Year</u>	Net Property	Debt Service		<u>Coverage</u>	
	<u>Tax Increment</u>	<u>Principal</u>	<u>Interest</u>		
2010	9,627,922	615,000	466,635	8.90	
2009	9,297,103	585,000	495,113	8.61	
2008	8,698,122	560,000	522,165	8.04	
2007	7,036,646	540,000	547,150	6.47	
2006	5,451,361	9,765,000	1,570,069	0.48	
2005	4,588,460	715,000	1,164,698	2.44	
2004	3,547,966	690,000	1,237,983	1.84	

SPECIAL ASSESSMENT BONDS					
Fiscal <u>Year</u>	Special	Current	Debt Service		<u>Coverage</u>
	<u>Assessment</u>	<u>Account</u>	<u>Principal</u>	<u>Interest</u>	
2010	-	24,659	-	-	-
2009	-	125,700	115,000	4,773	1.05
2008	116,927	125,700	105,000	13,903	2.04
2007	115,531	125,700	95,000	22,179	2.06
2006	113,633	125,700	90,000	29,810	2.00
2005	109,046	125,700	80,000	36,803	2.01
2004	105,976	125,700	75,000	43,158	1.96

NOTES:

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

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

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Personal Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment**</u>	<u>Unemployment Rate</u>
2010	28,362	745,268,274	26,277	30.9	5,652	8.30%
2009	27,951	737,095,821	26,371	31.8	5,690	5.50%
2008	28,038	743,680,000	26,524	n/a	5,727	4.60%
2007	27,944	720,647,816	25,789	30.0	5,929	4.20%
2006	26,515	494,133,540	18,636	29.8	5,972	3.40%
2005	26,493	470,595,159	17,763	30.1	5,889	4.60%
2004	25,842	435,308,490	16,845	30.5	5,813	5.60%

NOTES:

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

Population projections are provided by California Department of Finance

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

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

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

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

n/a = not available

Source: MuniServices, LLC

www.cde.ca.gov

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

<u>Employer</u>	<u>2009-2010</u>			<u>2003-2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Naval Air Weapons Station China Lake (4197 civilians, 677 military, 1733 contractors)	6607	1	42.35%	4093	1	31.24%
Searles Valley Minerals	640	2	4.10%	625	2	4.77%
Sierra Sands Unified School District	600	3	3.85%	620	3	4.73%
Ridgecrest Regional Hospital	452	4	2.90%	340	4	2.60%
Jacobs Technology	360	5	2.31%	184	6	1.40%
City of Ridgecrest	252	6	1.62%	134	10	1.02%
Wal-Mart	195	7	1.25%			
Albertson's	170	8	1.09%			
Cerro Coso Community College	164	9	1.05%	175	7	1.34%
L-3 Communications, Government Services	140	10	0.90%	150	9	1.15%
Advanced Information Engineering Services				280	5	2.14%
Alta One Federal Credit Union				161	8	1.23%
			61.41%			51.62%
	Total City Employment		15,600			13,100

NOTES:

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

Source: MuniServices LLC

City of Ridgecrest

Schedule 17

Full Time Equivalent City Government Employees by Function/Program

Last Seven Fiscal Years (As of June 30)

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

NOTES:

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

The sharp increase in the number of employees hired for the WIA grant in FY 2010 was due to additional infusion of ARRA money

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

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

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

NOTES:

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

a) Street light replacement is done by Southern California Edison

b) Friday and Saturday transit services were discontinued in FY 2010.

Source: Various City Departments

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

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

NOTE:

* There are 14 traffic signals in total but only eight are maintained by the City while the six others are maintained by CalTrans.

** Hellmer's Park was closed in FY 2010 due to budget cuts

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

Source: Various City Departments

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2010

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

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

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

We have audited the basic financial statements of the City of Ridgecrest, California (City), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are reported in the Schedule of Findings and Questioned Costs as items 2010-01 and 2010-02.

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on it.

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

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
December 22, 2010

City of Ridgecrest
Schedule of Findings and Questioned Costs
For the year ended June 30, 2010

A. CURRENT YEAR FINDINGS AND QUESTIONED COSTS

2010-01 Program Enrollment and Compliance

Condition:

During our interview with Program Coordinator, we noted that youth participated in Workforce Investment Act program and were paid wages when they were not properly enrolled in the program with Employers' Training Resource (ETR).

Criteria:

The City is required to enroll the participants with ETR. Applications and eligibility determination worksheet are required to be submitted to ETR for approval prior to putting participants in the City's payroll.

Cause:

Finding was a result of misconduct on behalf of staff.

Context and Effect:

Because of the noncompliance, the City returned the disallowed cost to ETR on January 29, 2010.

Questioned Costs:

Eighteen youth participated in the program earned total of \$19,920.

Recommendation:

We recommend the City to develop procedures and enrollment monitoring process to ensure the participants are properly enrolled with ETR.

Management Corrective Action Plan:

The staff was suspended from employment with the City. The City is still in the process of trying to hire a replacement for previous staff. New staff will be subjected to thorough background check and the City will ensure oversight of Coordinator and spending expenses. Human Resource department has put a few more checks and balances in place to ensure proper ETR status prior to placement on Ridgecrest payroll or eligibility to begin earning wages.

City of Ridgecrest
Schedule of Findings and Questioned Costs
For the year ended June 30, 2010

A. CURRENT YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)

2010-02 Work Site Agreement, Work Site Visit Monitoring and Compliance

Condition:

During our review of work site agreements and work site monitoring documentation, we noted six instances of missing work site visit documentations. Of the six incomplete files, two were missing the work site agreements.

Criteria:

According to *Subgrant Agreement Under the Workforce Investment Act* between County of Kern and City of Ridgecrest, *Exhibit "A," 5. Management and Reporting Requirements*, the City shall provide written work site agreement to be reviewed and signed by the participant, work site representative, and City staff. In addition, the City shall "maintain documentation of regular work site monitoring visit. Each work site shall be monitored at least once during the period in which the participant is at the site."

Cause:

Finding was a result of misconduct on behalf of staff.

Context and Effect:

Because of this deficiency, the City is not in compliance with work site agreement requirement and work site visit monitoring requirement.

Questioned Costs:

No questioned costs were noted for noncompliance of work site visit.

Recommendation:

We recommend the City to develop procedures to ensure work site agreement and work site visit monitoring requirements are followed.

Management Corrective Action Plan:

The staff was suspended from employment with the City. The City is still in the process of trying to hire a replacement for previous staff. New staff will be subjected to thorough background check and the City will ensure oversight of Coordinator and spending expenses. Human Resource department has put a few more checks and balances in place to ensure proper ETR status prior to placement on Ridgecrest payroll or eligibility to begin earning wages.

City of Ridgecrest
Schedule of Findings and Questioned Costs
For the year ended June 30, 2010

B. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

No findings or questioned costs were noted for the year ended June 30, 2009.